

# AKAM BULLETIN



The Association For  
Key Account Management

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December 2020

# editorial



**Dr Diana Woodburn**  
AKAM Chairman

## KAMaraderie

This issue of the Bulletin is somewhat controversial in challenging some of the tenets and presumptions common in Key Account Management. In my reply to Board Member Richard Illesley's article in the last Bulletin 'You can't have a relationship with a key account', I'm suggesting that the most successful relationships with key customers consist of nonhuman links that are stronger and longer and a pain in the neck to exit: and that the real job of key Account Manager is to forge those links.

Olivier Rivière tackles the common misconception in many companies that they are doing Key Account Management when they have only got as far as Account Management, while Scott Waugh's research challenges the concept of the Challenger Sale, which claims that knowledge is enough. And Paul Wilson challenges the idea that big Pharma is really engaged in KAM when, in reality, the industry has made minimal changes to its KAM-inhibiting preferred structures. In such a generally highly successful industry, most companies apply a traditionally successful recipe and are reluctant to make major changes to it, even as the world around them shifts. And now big Pharma is at the centre of the solution to the world's pandemic agony, the industry's attention is unlikely to be focused on KAM.

But great examples of adaptation to new and difficult situations continue to appear, with key account managers managing the issues at the fulcrum between their supplier organisation and the customer. In many companies like Hiab (see October Bulletin) the pressure has brought key account managers closer together with the rest of the organisation, particularly logistics, production, customer service and finance. There are long-term benefits of greater mutual understanding leading to wider-ranging, practical and creative approaches to customers. So there is an upside to this pandemic but make no mistake, if your organisation is perceived to have failed its customers at this time, your company's legacy will be different - they won't forgive and forget.

Our webinar program continues with a lively schedule through to February. We hope to some extent to compensate for the loss of opportunities that you have for developing your knowledge and ideas about KAM. If there are subjects you would like us to address in a webinar, please let us know at [info@a4kam.org](mailto:info@a4kam.org). Even better, propose someone who could tackle the issue, and we'll take it from there.

We are fast approaching Christmas, but it's hard to get into the festive spirit in current circumstances. Nevertheless, we at AKAM wish you all a very enjoyable and well-earned break and a much happier New Year in 2021!

Hoping to see you in 2021!

Best wishes

Dr. Diana Woodburn  
AKAM Chairman

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for KAM of the Year  
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# calendar

## Webinars

**Webinar Open to all**  
Friday 18th December

**What do KAM and HR share in informal influencing?**

Ramunas Bagdonas, Telia; Geoff Quinn, Pfizer Global & Mantas Tvarionavicius, PVPA Lithuania

**Webinar Open to all**  
Friday 29th January  
2021

**How to get a Diploma in KAM**

Dr Diana Woodburn, AKAM Chairman

**Member Webinar**  
Friday 19th February  
2021

**Aligning your objectives with Procurement**

Colin Scott, Grange Partnership

## What do KAM and HR share in informal influencing?

**Webinar Friday 18th December**

**Ramunas Bagdonas, Telia**  
**Geoff Quinn, Pfizer Global**  
**Dr Mantas Tvarionavicius, PVPA Lithuania**

Key account managers rarely have direct authority and must depend heavily on informal influencing. For some people it's second nature, for others it's a constant struggle. So this is a great opportunity to learn from people who have similar issues but potentially more training in how to influence rather than direct or order, because that's never going to work in either function.

This webinar is a panel discussion with two experienced professionals tackling questions like

**How to move your role from tactical to strategic partnership?**

**How to get sponsorship of TOP management in your role?**

**and How to influence TOP management itself?**

Moderated by influencing specialist Mantas Tvarionavicius

[Click here](#)





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## Is the pharmaceutical sector different from others?

There are broadly speaking two different approaches adopted in the Pharmaceutical industry, and whilst they have the same customers and operate in the same market place the business models are fundamentally different. The big names you are likely to know, like Pfizer, GSK, Novartis and Roche, spend billions of dollars on R&D to produce innovative medicines which they patent. They then have 10-15 years of exclusivity, during which time the focus of their promotional effort is on healthcare organisations, senior physicians and others to ensure the new medicine is understood, available and utilized in the most appropriate patients.

Being patent protected the brand is strong and customers can only obtain the medicines from the original manufacturer. Governments encourage innovation in the pharmaceutical industry and as such support higher prices during the patent protected years in order to allow the innovative companies to recoup their R&D investments.

In contrast, once innovative medicines lose their patent protection. 'generic' pharma companies can manufacture and distribute their own 'generic' version of the off-patent brands. There is no limit to the number of companies that can manufacture generic versions, so competition can be fierce, prices and margins are much lower and branding is much weaker. Which explains why the top names like Teva, Sandoz and Mylan are probably much less familiar, even though they are also multi-billion dollar global companies.

## How does the marketplace drive the KAM approach?

Both types of pharma companies are promoting prescription medicines to the



same customers and organisations, like hospitals, general practice, pharmacies and payers (insurance companies, government organisations and healthcare systems). It is a curious feature of the pharma marketplace that the point of purchase may be far from the prescription decision point. The doctor or nurse writing a prescription may have made the selection decision, but is rarely paying for the product and may well not be aware of how much it costs. I don't think that's intrinsically true of many other sectors.

If the medicine is off patent and the prescription is by INN (International Nonproprietary Name) the dispenser (hospital or retail pharmacy) can generally select any manufacturer's version of the medicine. Generics manufacturers have long operated in a price competitive marketplace and are well aware that they have to appeal to their customers in different ways, because clinical differentiation in the product characteristics isn't available.

Traditionally, the reverse has been true for patented pharma companies, particularly in the days of the big blockbuster drugs. The primary focus was the point of prescription and the promotional effort was centered on the clinical difference between one treatment and another for any given

medical condition. One company could score a breakthrough on a unique treatment for a large volume disease or condition. But things are changing. Most of the common disease areas like cardio-vascular, respiratory or diabetes have a range of very good treatments now and it is difficult to develop innovative medicines which make a significant difference. So governments and others are less likely to agree to fund them. Innovation in more complicated, less common diseases is still strong but populations of potential patients are relatively small. Therefore prices can be high and are not automatically accepted by those who are paying for them.

**KAM is misunderstood and mis-applied in big Pharma**

## How does this affect pharma's approach to KAM?

Historically the prescribing doctor or the dispensing pharmacist had significant freedom to choose which medicine they used for their patients, but this has changed significantly over recent years. Nowadays governments, health authorities, insurance companies, pharmacy chains and

# KAM in the pharmaceutical industry *(cont.)*

others in charge of large healthcare organizations are making the decisions about what medicines are used throughout their organizations. The individual doctors, nurses and pharmacists have to select from a pre-determined list. This has meant pharma companies have had to get better at influencing organizational decision making rather than the individual, and they have tended to appoint Key Account Managers to lead this.

Overall, KAM is mis-understood and mis-applied in big Pharma. In branded pharma companies generally the title of Key Account Manager is used to differentiate people from the clinical representative role. Key Account Managers tend to be 'commercial' representatives who have a price offer where required. Or they may be 'access' representatives who use health economic data to encourage payers to allocate funding for the use of their particular medicine. Branded pharma is further hindered in KAM by its historic success with big brands.

Key Account Managers tend to have single brand or small portfolio responsibility and there is seldom anyone responsible for true KAM, i.e. strategic responsibility for the entirety of the business between the pharma manufacturer and the customer organization.

Furthermore, KAM in big pharma is not 'professionalized': it tends not to be an optimal route for career progression and doesn't attract the grade and salary that Key Account Managers in other industries are familiar with.

Finally, because branded pharma has always focused revenue and expenses around the big brands, they have traditionally 'given away' many added value services free of charge. This can

**Key Account Managers tend to have single brand or small portfolio responsibility and there is seldom anyone responsible for true KAM**

be problematic when they try to adopt a KAM approach and attribute value to goods and service previously given for free.

So, if you consider a big branded company's approach to a large hospital institution, there may well be in excess of 15-20 people from the pharma company who interact with the hospital, most with their own agenda and with little co-ordination. This is confusing and unpopular for the customer organization and inefficient from a KAM perspective.

Generally, the generics companies have been more successful with their KAM approach because they don't have a 'big brand' mentality, they more easily adopt a portfolio approach and they don't have to think about clinical differentiation.

## **That sounds expensive, how can it be afforded?**

It is expensive, for both sides. Physicians are very busy people and the trend is for them to allow less access for pharma company representatives. However, even though the pipeline of blockbusters has dried up, patented pharma is still a profitable business. Bringing a new drug to market is an extraordinarily expensive undertaking: 10-15 years of patent protection to recoup costs may sound like plenty of time, but years of R&D costs have to be covered, including the costs of all the failures and dead ends.

So branded pharma companies usually stick to tried and tested approaches when launching a new medicine. They will tend to recruit a completely dedicated sales and marketing team and send as many reps as they can afford to hire, to see as many doctors as they are able to access. The approach has been modified a little in response to the more specialised drugs which are now the norm, but branded pharma doesn't seem to see a 'burning bridge' that would demand a change of approach.

Patent pharma companies are, in fact, one of the last sectors to persist with

**A branded PharmaCo in Ireland was rather surprised to be invited to meet the senior executives of a large pharmacy co-operative, which wanted to them to consider a more strategic relationship. However, they went from that meeting to work together on a number of initiatives that originated in this more strategic approach and they worked together on a number of initiatives. Whilst it was difficult initially to quantify the benefit, the PharmaCo noticed that the customer had not asked for a price review in over a year, when historically prices had been challenged every quarter. Furthermore, because this customer had not had price reviews they noticed other customers were not seeking them either.**

large salesforces. Other sectors have segmented their customers and recast their approach, taking advantage of technology and optimising the competencies of their people, using fewer, more broadly and differently-skilled people for their customer interfaces.

For small and medium customers and in some parts of the world, it continues to make sense to sell direct to the doctors. But key accounts like big hospital groups, insurance companies, health care systems, wholesalers and retail pharmacy chains are asking, increasingly loudly, for a change in the approach and a change in the conversation. I think it's risky for pharma companies to go on blocking out the message. It's not as if these customers don't know what KAM is – they get it from generics pharma companies and other suppliers too.

# KAM in the pharmaceutical industry *(cont.)*

## So is KAM changing in Pharma?

To some extent the 'chicken or egg' conundrum comes into play. People are unwilling to leave the safety of the old ways until they see specific examples of how KAM can work and offer more benefits. (Ed. Quote from another pharma company "Nobody ever got fired around here for doing the same thing in the same way.")

It's always easier to stick with what you know. If all the conversations you've ever had with customers have been about products and patient pathways, it's difficult to imagine what else could come into play. And that's the deeply-established experience of senior management as well. Old habits make people sceptical about new ideas and rob them of the confidence to open up new conversations. Nevertheless, there are some great examples (see panel). But even these are sometimes downplayed, labelled as one-offs or unsustainable or insignificant. Why?

- Senior management sees the value of meeting senior physicians but not their senior management.
- The pharma industry is rightly subjected to very strong

compliance requirements which can be over interpreted to block new ideas.

- Pharma does a lot to help healthcare professionals improve patient outcomes, but neither side has put a value on that support, so it has been effectively burned as part of the benefit of a closer relationship.
- Everyone in sales, KAM, marketing etc is geared up to produce materials focused on clinical benefits for doctors. A mind and culture shift is required to recognise that different accounts like wholesalers and retail pharmacies require different messages in different forms.
- If you're a senior manager whose importance is evidenced through a substantial budget and staff, would you welcome a new approach that might mean rearranging responsibilities and budgets, and even downsizing your department?

## What about the future?

Nevertheless, the future for KAM in pharma is strong - large healthcare

organizations are looking for support from suppliers to help them achieve their goals. Decision making is shifting away from individual healthcare professionals to the organizations that employ them, and the innovative pharma model is moving away from blockbusters to niche medicines. Whilst these factors don't quite constitute the 'burning bridge' that will drive a sudden and significant change of approach, the trajectory is clear to see.

Big Pharma is well placed to adapt to these changes, but it will require a significant review of traditional approaches. KAM needs to be made a more senior role with a strategic focus, portfolio responsibility, budget ownership and authority to make decisions. The value proposition needs to shift from brand centric to customer centric and the organization needs to adopt a holistic, coordinated and co-operative approach to working with the world's largest healthcare providers.

*Paul Wilson, KAM & Retail Lead, Global Sales Excellence. Viatrix. Paul.Wilson@Viatrix.com*

These are my observations and do not necessarily represent the views of Viatrix

## How to get a Diploma in KAM

**Friday 29th January 2021**  
Dr Diana Woodburn, AKAM Chairman

You are a skilled key account manager with solid experience behind you and yet, until now, you haven't had any objective way to demonstrate your competency, and it could be even more important in the turbulent times ahead. .

So AKAM has developed the only independent Diploma in KAM, a qualification that can be respected globally because of AKAM's professional independence.



So, how do you gain the Diploma in KAM? In this webinar Dr Diana Woodburn will take you through the process to show you how to achieve this unique qualification.

- Explain the competencies
- How to evidence them
- Competency submission process
- How to get started and keep going

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# Inhuman relationships

**Dr Diana Woodburn,**  
AKAM Chairman [info@a4kam.org](mailto:info@a4kam.org)

In the last copy of the Bulletin, Richard Illsley argued that ‘you can’t have a relationship with the key account, only with the people in the organisation.’

I disagree. After all, a mathematician will say there is a relationship between two variables expressed in an equation like  $x = y^2$ , for example. No humans involved there!

I am not suggesting that you shouldn’t have good relationships with your customers’ managers, as Richard insisted - indeed you should, but there are other kinds of relationship which are important in KAM. They may even be more enduring and less capricious than person-to-person relationships.

Gadde and Snehota’s research into KAM relationships back in 1999 identified three layers of involvement which can be brutally summarised as:

**Activity links**, or ‘things we do together’, broadly aimed at coordinating transactions and traffic between the two organisations.

**Resource ties**, or ‘things we invest in together’, often designed to make some change to the way things work currently - otherwise we’d be unlikely to invest in them.

**People bonds**, or ‘good professional, bilateral associations with individuals’, which should be used to facilitate productive activity links and resource ties.

Exemplars of **activity links** could be processes in which both sides participate, or transactional software

that involves both sides, and the training required to support it. For example, carriers often install dispatch weighing, costing and tracking hardware and software for their customers that both sides use to follow transactions between them. There may be hundreds of customer employees using the system. They would be very unhappy to have to switch to another carrier’s system if there were a breakdown in the business that required exiting such an activity link. It would be deeply unpopular, expensive and time-consuming, and potentially chaotic.

A good example of **resource ties** was the jointly-owned and managed warehouse set up at a key customer’s factory gate into which the supplier delivered components to ensure JIT delivery for the van manufacturer. Again, R&D initiatives and software systems with joint copyright, funded by both sides, are other examples of investments which connect the partners together over the long term.

The nature of **people bonds** seems fairly obvious, though it’s worth noting that it’s not a real relationship if it’s one-sided i.e. to qualify as a people bond, or even a relationship, the association needs to be reciprocated. (Beware - the key account managers of supplier organisations frequently and hugely overestimate the level of relationship they have with their counterparts). As Confucius wisely queried, ‘What is the sound of one hand clapping?’ A one-sided, imposed relationship is not a relationship at all.

So what is the point of these personal relationships? The clue lies in the other layers of involvement. Through good relationships with managers in your key accounts, you should be able to work out what other links would add value to both sides and have a positive effect on your business together. Good relationships can get you more information, but it’s what you do with that information that counts in the long

## Layers of involvement



*From Gadde & Snehota 1999*

run. And when those links are in place, they can be stronger, last longer and be more difficult to exit than a personal relationship. They may continue to exist even after the departure of all the personnel who set them up.

There are companies whose business is going nowhere in particular, even though they have great relationships with their customers, because they are not using those relationships. The idea of ‘using’ a relationship is anathema to some people, but in KAM it is the purpose and *raison d’être* of the key account manager. The job is not to build ‘buddy’ friendships with the customers, it is to create these valuable ‘golden handcuffs’ that join the two organisations long-term.

It’s important to recognise that the human relationships in KAM are not an end in themselves. They take time, effort and therefore money to nurture and develop. Since we are all in business to make a fair profit, that investment is a means to an end, not itself a result. The role of a key account manager is to build person-to-person relationships in order to establish more continuous, binding and individual-independent links.

*Dr Diana Woodburn, AKAM Chairman*  
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“ People buy from people.”  
That’s often quoted in KAM,  
but what do customers think?  
A group of Procurement  
managers responded with  
“Amateurs buy from people,  
and we’re professionals.”

# Is trust in KAM obsolete?



**Scott Waugh MA,**  
Siemens Energy Global Corporate Account Manager

## The Challenger Sale

The Challenger Sale' approach was released by Dixon and Adamson in 2011 as a self-confessed advancement in value-based selling. Their approach captured the attention of the selling profession and academia primarily in its bold assertion that traditional Relationship Selling and Key Account Management are redundant.

They argue that organisations that over-emphasise customer satisfaction and customer relationship development had created passive sellers who avoid conflict – wrongly assuming it damages the relationship. They contested that the customer relationship was a reward for the knowledge-based seller who can:

- offer new insight into the customer's operations ('Teach for Difference')
- be an intelligent, adaptive seller with organisational authority to agree a flexible customer-specific solution design with the aptitude to gain internal buy-in from their organisation ('Tailor for Resonance')
- leverage their maturity, experience and emotional intelligence to guide their customer through the sales process of their value proposition ('Take Control').

## A Point To Prove

My Master's research thesis, "Exploring to what extent is trust important in the Challenger Selling approach", addressed Dixon and Adamson's assertion that a salesperson can successfully influence a customer's thinking to a point where they will endorse wholesale business change without the need for a pre-established

relationship. This presumes that trust is not essential either.

I interviewed 20 Procurement and Sales professionals in 12 companies. Analysis concluded that a Key Account Manager with pre-established relationships would find value in the knowledge-based, Challenger-style, value-based selling approach, leveraging their customer contacts to sponsor their message to senior decision-makers. However, it was not conclusive that this approach would work for any salesperson: Trust starts with credibility, and it is credibility that takes time to earn in the eyes of the customer.

## Credibility

Credibility is both individual and organisational. The key customer is attached to the organisational brand as well as the KAM relationship, which is built upon their experience of working with each through good times and in managing the conflicts together. The customer and Key Account Manager build more than rapport; they build respect for each other, dependency in some cases, and form a trust-based relationship.

Experienced customers collectively recognise the value in the soft skills – typically demonstrated by KAM – such as having internal influence and decision-making authority to commit project management or production resources, and strong communication skills and aptitude to decipher and promote the business needs of the key customer internally. The Key Account Manager intimately learns about the customer's enterprise and earns credibility through proven successes in delivering the customer value-adding products and services. He/she so earns the ability to contest or

challenge the customer's thinking.

The customer will quickly evaluate whether the unknown salesperson is presenting their insights with benevolence – helping the customer to answer an unrecognised or undisclosed business problem with a value-based proposal – or is only acting in an opportunistic manner for a short-term, self-centred gain with a misaligned sales pitch that doesn't fully answer the customer's problem. This opportunistic behaviour is incongruent with KAM practice where business relationships are expected to develop over years.

**"If I see anybody over the age of thirty who has evidence of a stable career [in our industry], evidence of internal relationship management and communication skills, that gives us confidence. Then I am prepared to listen to that person and be challenged"**  
– Head of Strategic Procurement, Oil Company

## Managing Behaviours

Following credibility, customers need to see consistent and customer-centric sales behaviours from the account team. The Key Account Manager is held responsible for leading by example to their account teams, demonstrating mature, customer-centric sales behaviours and instilling fundamental pre-cursors to credibility and positive individual reputation:

1. Consistent – Delivers promises
2. Reliable – Communicate and share information
3. Commitment – Customer-centric

# Is trust in KAM obsolete? *(cont.)*

4. Knowledgeable – Subject-matter expert
5. Conduit – Access into supplier organisation
6. Performance – Provide a service
7. Influential – Has access to and influence over resources
8. Professional – Prepared, informed and competent

The Key Account Manager gains additional credibility from their ability to manage their account team's behaviours. They fully understand the customer's DNA and create consistency in the account management approach. By co-ordinating contact, standardising communications into the customer's language, and reinforcing the strategic alignment of the key customer relationship internally, the Key Account Manager's objective is to avoid opportunistic selling behaviours. That further accentuates organisational trust by demonstrating internal authority and team respect for the Key Account Manager directing consistent customer engagement.

**"If they [salespeople/Key Account Managers] come in and they're well-prepared, they've done their homework, they're briefed, they understand who I am, what my role is, and have identified opportunities where they have a fit, then that reflects positively to me. It reflects a mature company"**  
 – Supply Chain Director, Construction company

## Enter the Key Account Manager

Building on individual credibility, organisational or brand reputation

and competent management of internal communications and sales teams behaviours, the key customer may choose to develop trusted relationships with key individuals – especially the Key Account Manager.

Why do customers want to develop relationships? Experienced customers recognise there is a competitive advantage in having a discrete Key Account Manager dedicated to their business success. Beyond the day-to-day sales management deliverables, the Key Account Manager is boundary-spanning. A trusted individual gains access to sensitive business strategic information because they have proven that, with the right information, they can bring the key customer relevant insights – new knowledge – with which they can steer a new course for their organisation.

The Key Account Manager embodies a competitive advantage: Researching industry trends, regulatory changes, potential risks and obstacles that could disrupt the customer's operations if not acted upon. KAM delivers this rich information as challenges or insights that test the customer's existing viewpoints and offers innovative products and services that would best fit the customer's new business direction. This business development aptitude differentiates a "Challenger Key Account Manager" who intelligent key customers embrace as a true trusted business partner. Both will sponsor joint value propositions in each other's organisations to achieve true "win-win".

## Summary

The fundamentals of developing a trust-based relationship with anyone is to demonstrate commitment and consistency in behaviour. The aim of the Key Account Manager is not always to

**"It's about your own personal experiences [of the Key Account Manager], and you're on the same level, because you each know where the pain is, where the trends have caused problems in the past and a supplier is saying 'I understand that and have solutions to help you'. That industry knowledge, not only past and present but also future, is very insightful and valuable"**  
 – VP Strategic Procurement, Construction Company

be liked, but respected for their ability to deliver their promises and get things done. Every customer appreciates having extra pairs of hands working for their benefit. The astute Key Account Manager understands and co-ordinates a consistent approach across their account/sales team.

To answer Dixon and Adamson, my research shows that, without a pre-established relationship, it would be difficult for an unknown salesperson and organisation (brand) to quickly shift a customer's business thinking. That's not to say never; it would likely take a much longer time to establish credibility and therefore trust in the offering. Whereas in comparison, a key customer with an established account sales team and Key Account Manager at the helm could more reasonably award a sale based on their historical experiences trading together. "Better the devil you know..."

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# Drawing a line between Account Management and Key Account Management



**Olivier Rivière,**  
AKAM Board Member, Partner at KAM WITH PASSION & POWERING

The terms Account Management (AM) and Key Account Management (KAM) appear in a lot of business conversations and articles. Listening or reading carefully often leads to the same conclusion: there is a lot of confusion around these two terms.

First, what people mean with each of them can vary tremendously, which leads to misunderstandings. Second, the difference in nature and goals between AM and KAM is often not clear and this amplifies the confusion.

This article suggests a few simple principles to establish clarity and help business leaders correctly position the two subjects.

## Account Management = A plain necessity for all organisations

We define Account Management (AM) as the set of methods, processes and practices to manage existing customers.

Account Management covers the commercial relationship, the delivery of products and services, customer support, administrative and contractual aspects as well as satisfaction measurement and the subsequent actions.

The ultimate goals of AM are to ensure the stability and loyalty of the customer base, the profitability of operations and the revenue growth on the whole customer portfolio.

AM should be treated as a key component of a company's operating system. The AM system must be formalised and standardised while adapting to how each customer buys and uses the vendor's offering. It must also take into account the level of revenue or margin generated with each customer. The nature of processes covered by Account Management depends on the type of business: a

logistics operator, a manufacturer of electrical equipment and a marketing agency will have quite different components in their AM system. But the essence of what must be delivered remains the same.

From an operational point of view, a good AM system defines how all customer-facing functions (sales, support and delivery, services, customer success) interact with customers and with each-others and how they are supported by back-office functions.

The overall quality of the AM system is the main driver of customer satisfaction and, normally, of profitability.

Seen from a sales rep and sales team point of view, AM defines:

- How each customer is engaged as soon as they have purchased
- How relationships with customer contacts are managed
- How the commercial parameters are managed (especially price and contract management)
- Up- and cross-selling practice and the associated tactics

A crucial component of a good Account Management system is the Commercial Segmentation which consists in categorising and prioritising customers both at organisational level (company, geography, region, ..) and at sales rep level.

The base criteria for the Commercial Segmentation are the current revenue or margin volume and the potential. Elements related to the customer profile and to the competitive position on the account can also be taken into account.

It is crucial to optimise how sales and support resources are used.

A good commercial segmentation helps optimise how sales resources are used as sales and support staff put a stronger focus on the best customers.

In B2B, existing customers account for 70% of the revenue on average, and this proportion is often higher for businesses selling complex products and services. So a clear and well implemented Account Management system is a crucial driver of the commercial and overall performance.

Do all companies see it that way? No. But those who do perform better and the others suffer. The CSO Insight 2018-2019 Sales Performance Report highlighted Account Management as a major missed opportunity for most B2B companies and showed that only 35% of sales executives believe Account Planning is a strength of their organisation.

## Key Account Management = A strategic choice and an act of faith

Key Account Management can be defined as the set of methods, processes and practices to create more value for and with carefully selected truly strategic customers in order to accelerate growth and innovation.

True KAM is a key instrument to expedite the execution of a company's strategy. It is often aligned with a focus on selected segments. In the most advanced organisations, the KAM capability is recognized as a core element of the operating model and of the strategic capabilities.

Despite this, although the definition of a KAM programme and the selection of Key Accounts are based on solid

**Companies with a solid KAM practice tend to grow faster than their sector's average and be more resilient to crisis.**

# Drawing A Line Between Account Management And Key Account Management *(cont.)*

methods and a lot of data, starting KAM and striving to make it work is an act of faith.

Implementing KAM means introducing new specific processes to:

- define the scope of the programme
- identify, select and deselect Key Accounts
- align the organisation for execution
- allocate resources
- form KAM teams
- design and implement Key Account Plans
- introduce new ways to interact with Key Accounts, including processes to cocreate value.

None of the above is trivial and real support from the top is required. Implementing KAM always comes with challenges. It pushes the limits of an organisation's culture and capabilities but experienced practitioners all know its transformational power.

KAM also comes with a cost as it uses precious resources: the time of key staff members as well as material and financial resources. So the investment must be controlled and the return carefully measured.

All in all, what matters the most is that, well implemented, KAM pays off. For decades numerous researches have found that companies with a solid KAM practice tend to grow faster than their sector's average and be more resilient to crisis.

Do the Boards of all companies see it that way? Not by a long way, no. But in most cases those who do create a solid competitive advantage.

## Being clear on AM versus KAM, why it matters

If both AM and KAM are key contributors to a company's success, why it is so important to make a clear distinction between the two? Because

Account Management	Key Account Management
Managed for stability and short- to mid-term growth	Managed for maximum strategic impact and mid- to long-term growth
1 year action plans based on supplier's strategy – prioritisation and depth based on revenue potential	3-5 year complete strategic business plans unique to account, closely aligned with account strategy*
Works within a perimeter mostly defined by the offering and how the customer uses it	Works on a broader perimeter: Corporate responsiveness, cross-boundary engagement and activity
Focus on expanding the footprint	Focus on joint innovation and adoption of the most advanced offering (with substantial volume potential), aligned with corporate strategy
Controlled investment driven by volume, mostly sales resource (time)	Readiness to invest beyond sales resources
Coordinated approach to account	Holistic, helicopter, longer-term approach to account
Necessary relationships	Many, multi-level, multi-function and senior relationships
Opportunity-focused understanding of customer	Deep understanding of account's business and strategy
Requires Account Manager (in charge of a whole portfolio of customers)	Requires Key Account/ Business Manager and KAM team (focused on one to three true Key Accounts)

\* not just personal plan or sales and marketing

they have different parameters and goals and require a different type of effort to enable the organisation to execute.

A strong Account Management practice allows the organisation to prioritise customers and resources and to leverage cross-functional collaboration to ensure customer satisfaction and growth.

In addition, a very important and often overlooked point is that strong Account Management creates a more solid foundation upon which to build a KAM initiative. When these crucial elements of AM are weak or even absent, driving a KAM initiative is even more difficult. It is like a tower built on sand.

While auditing an existing KAM programme, weaknesses on the AM side usually become visible quite rapidly. The same applies to weaknesses in the field of sales effectiveness.

In terms of skill and capability development, Account Management and Key Account Management have different requirements. Clarity on these differences and on the nature of the needs helps define the requirement for

skills development and talent management measures.

Of course there might be a grey area where the two concepts seem to overlap. For example, the nature of your business and the characteristics of your customer base might make it difficult to define a KAM initiative and to identify true Key Accounts. In this case, a safer option might be to first strengthen the Account Management capability, possibly with some specific elements to better manage large customers, and launch a KAM initiative only in a second phase. Conversely, launching or maturing a KAM initiative might reveal the need to enhance specific aspects of Account Management.

All in all, drawing a line between AM and KAM can only be beneficial to your organisation.

In both cases improving capabilities and execution will bring results but the effort to be made is not the same. Being crystal clear about this will increase the chances of success and avoid many troubles.

*Olivier Rivière, AKAM Board Member, Partner at KAM WITH PASSION & POWERING*

# Focus on University membership

## Supporting students and KAM education

AKAM is keen to promote better understanding of KAM wherever and whenever it can. Equipping ambitious young people to embark on a customer-facing career with more potential for development and reward is central to our ambition.

IESEG School of Management in France has a similar ambition. In 2017 Dr Fawaz Baddar, Programme Director of IESEG's MSc in International Business Negotiation identified an inbuilt synergy with AKAM. The MSc covers most of AKAM's identified Diploma competency areas, so IESEG joined AKAM as a Corporate Member.

IESEG's IBN MSc includes a module on KAM, so students learn about what KAM is, how it differs from selling (a lot!) and some of the theory that underpins practice. Students become members of AKAM so they have privileged access to the wealth of KAM papers and articles and much more on AKAM's website, available to them any time they need it.

At the end of their course they can enter for AKAM's Diploma in KAM (by study). Students have to demonstrate that they have absorbed the approach and can apply it in a KAM scenario. So gaining the Diploma isn't a 'shoo-in': they have to pass the case study as well as their IBN MSc. Not every student chooses to take the challenge, but there have been some brilliant responses from students who did!

### Potential research opportunities

AKAM is keen to develop new KAM insight. We can't guarantee participation, but our membership list is exclusively made up of people with a current and real interest in KAM, which isn't easy to find elsewhere. We welcome project proposals from University member researchers.

"I believe this certification will help us develop more the skills we have gained in our Masters program, to apply it in real world day to day context."

"I am very happy that I was awarded AKAM's Diploma in Key Account Management. It's a great privilege for me to have it."

"Having the AKAM certification now would help me to get my CDI contract at the end of my internship and keep building my career as I planned."



Programme director Dr Fawaz Baddar, says, "It's a tough world for jobseeking students right now - and for the sole suitable future. This Diploma in KAM gives them a differentiation which is relevant and important to potential employers. And, to be honest, IESEG also wants to differentiate itself from other universities in giving our students the best possible chance of gaining a good start to their careers".

As IESEG's website states, "Acquiring a professional qualification in Key Account Management helps to demonstrate to companies that students are up-to-date and multi-skilled employees. To support their graduates' careers, IESEG has partnered with the Association for Key Account Management (AKAM) to provide them with a competitive edge in the job market by earning a professional diploma in KAM. This Diploma represents a leap forward for candidates wanting to demonstrate their credentials."

[Click here](#)

### How does it work?

The university provides AKAM with enough information about its course to establish its alignment with our competency framework (See website a4kam.org click here <https://a4kam.org/diploma-competencies-in-detail/>).

AKAM reviews the coverage and, if sufficient, agrees that students awarded that qualification by the university AND passing the AKAM case study gain a Diploma in KAM. They receive a certificate from AKAM and have free membership of AKAM for an extra year.

**Interested in launching a 2-4 day Executive Education course in KAM? We can help!**

# Joining the AKAM community

## Membership packages for Individuals

### ▶ Full individual membership

gets you:

- workshops/conference meetings, normally 3 AKAM Technical workshops alongside 3 full-day participative meetings around Europe
- member-only webinars, monthly from April
- access to Member Resources, 150 items on the website and growing
- email networking among peers
- and more support and advice ....

All for just €180pa, everything then FREE (not just discounted!).

### ▶ Online individual membership

gets you:

**ALL the benefits of full individual membership EXCEPT workshops/conference/ meetings.**

If you are unlikely to ever reach an event in person you don't have to miss out on all the other benefits.

Online membership is just €90pa.

[Click here](#)

### ▶ Special offer: 'Cluster' membership - 4 for the price of 3.

If there are 3 people in your organisation who would like to join as Full members, we'll give you one extra Full membership FREE.

Go to [A4KAM.org](http://A4KAM.org)/ Join AKAM, easy sign up with a any credit or debit card.

## For Organisations

### ▶ Corporate University Membership

gets your organisation:

- virtually unlimited number of Full individual memberships for students and staff, with access to the website, webinars and meetings (when possible)
- provision of the Diploma case study, second marking and award of Diploma
- Diploma certificates and recognition for Diploma achievers
- seat on the AKAM Board with opportunity to influence its direction
- close engagement with and support from AKAM

Designed for universities and business colleges wishing to reach and support their students and staff and gain support for their KAM programmes. An opportunity to differentiate your offer to degree students and working executives for €5000pa.

### ▶ Corporate Membership

gets your organisation:

- Virtually unlimited number of Full individual memberships for students and staff, with access to the website, webinars and meetings (when possible)
- 2 memberships of the Programme Directors Forum
- seat on the AKAM Board with opportunity to influence its direction
- close engagement with and support from AKAM

Designed for universities and large companies wishing to reach and support their KAM people spread

across multiple organisations and regions, alongside gaining support for their KAM programme in complex situations. An opportunity to make corporate membership meet your needs for €5000pa.

### ▶ Programme Membership

gets your organisation:

- 10 Full individual memberships, with all the individual benefits
- 2 memberships of the Programme Directors Forum, meeting in person 1/ 2 times pa plus bimonthly virtual meetings.

Designed to give expert and peer support to KAM Programme Directors to help them develop KAM in their organisations. You will benefit from the experience and practical advice of peers on issues chosen by the members. Tangible benefits for €2500pa.

[Click here](#)

## Let's talk

Contact AKAM [info@a4kam.org](mailto:info@a4kam.org) or  
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# AKAM

