



The Association for
Key Account Management

Diploma competency workbook

2

Sales and business development

Name:

Organisation:

Date:



2.1 Product/service and application knowledge

Supporting items of evidence submitted (if applicable):

Knowledge of own company's range

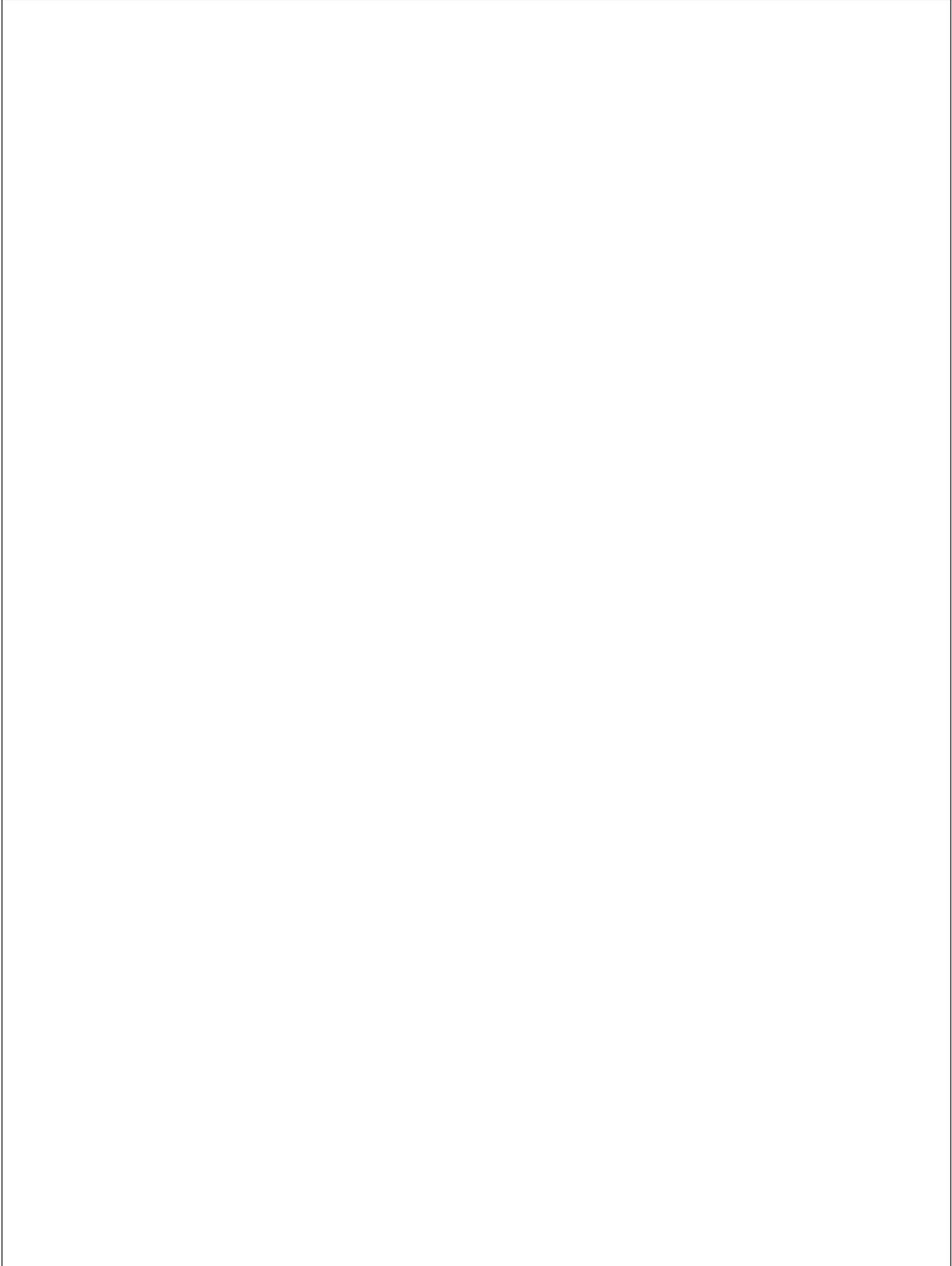
- Is aware of the supplier's total product/service offering, including that of other business units.
- Demonstrates understanding of how the supplier's products/services from other business units are viewed by the customer.
- Recognises the full range and the structure of their business unit's product/services and how they fit together.
- Understands the supplier's offering of product/service support and other services.
- Keeps up-to-date with new introductions and modifications and deletions.

Product application and performance

- Recognises the role of the supplier's products and services in the customer's processes and/or offering.
- Articulates key features, benefits and any significant limitations of the supplier's products. Is aware of key elements of product/service performance and how that impacts their use.
- Demonstrates knowledge of how products/services are used by the customer and finds opportunities to observe products/services in use.
- Identifies benefits of genuine value to the customer and formulates coherent value propositions.
- Appreciates and articulates how the supplier's support services can improve performance.

Competitors' product/service offering

- Is aware of competitors' product/service offering.
- Appreciates and articulates the positions of both full range and specialist competitors.
- Compares ranges and understands strong areas and gaps in each.
- Understands and articulates relative product/service strengths and weaknesses in feature and benefit terms.
- Keeps up-to-date on competitor prices and promotions.



2.2 Consultative selling and business development

Supporting items of evidence submitted (if applicable):

Consultative selling

- Researches customer for areas of opportunity complemented by own company's expertise in any area, e.g. technology, marketing, sector, information, management or any other.
- Explores willingness of own company to offer expertise.
- Gains internal agreement on role and detail of 'trusted advisor' status with specific accounts.
- Establishes own company's areas of expertise with appropriate customer people.
- Shares own expertise whenever possible and facilitates input/expertise from others.
- Develops offers and value aligned with the customer's needs and expectations.

Customer's buying process

- Logs and tracks anticipated sales opportunities.
- Plans and secures attendance of necessary participants at sales meetings, prepares thoroughly, manages meeting, listens well and follows up commitments.
- Demonstrates understanding of the customer's buying strategy, demands and constraints

- Prepares for and complies with the customer's tendering and contract process, its steps, critical dates and typical lead times.
- Identifies the roles of key managers involved in the buying process, builds relationships with them, including procurement.
- Through early engagement influences the specification and terms of tenders/RFQs (requests for quotation).

New product services

- Identifies products/services within the supplier's range not yet bought by the key customer.
- Explores the buying process for the new product/service and purchase decision-making unit (DMU).
- Uses existing relationships to build new relationships with DMU members.
- Analyses opportunities and why needs are currently satisfied by a competitor or alternative product or left unsatisfied.
- Builds benefit cases, quantifies them and creates opportunities to present selected benefits to key decision-makers.
- Expands range of products/services bought by the customer.

New customer business units

- Identifies sites and business units within the customer not currently buying from the supplier.
- Uses existing relationships to gain introductions to contacts on other sites/in other divisions.
- Builds relationships with key contacts and gains information about situation, marketplace, strategy, activities, needs and issues, buying process and DMU etc.

- Analyses opportunities and why needs are currently satisfied by a competitor, alternative product, or left unsatisfied.
- Builds benefit cases and quantifies them and creates opportunities to present selected benefits to key decision-makers.
- Expands number of the customer's business units/sites buying from the supplier.

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2.3 Negotiations with customers

Supporting items of evidence submitted (if applicable):

Situation analysis

- Establishes history, both parties' needs and their strength, scope, flexibility, timescales etc
- Builds relationships with key people, especially Procurement in sales/bid negotiations, and collects more information from them to gain greater depth of understanding
- Identifies people involved on both sides (Decision-Making Units), their goals and objectives, decision making/buying process and budget
- Analyses information to identify key issues and priorities.
- For key accounts, identifies supplier's position in the customer's Kraljic matrix (market risk/purchasing power) for this acquisition and hence their likely buying strategy.
- Creates/identifies value required and value offered and clarifies relevance.
- Considers how each negotiation will impact on other current and future business activities.

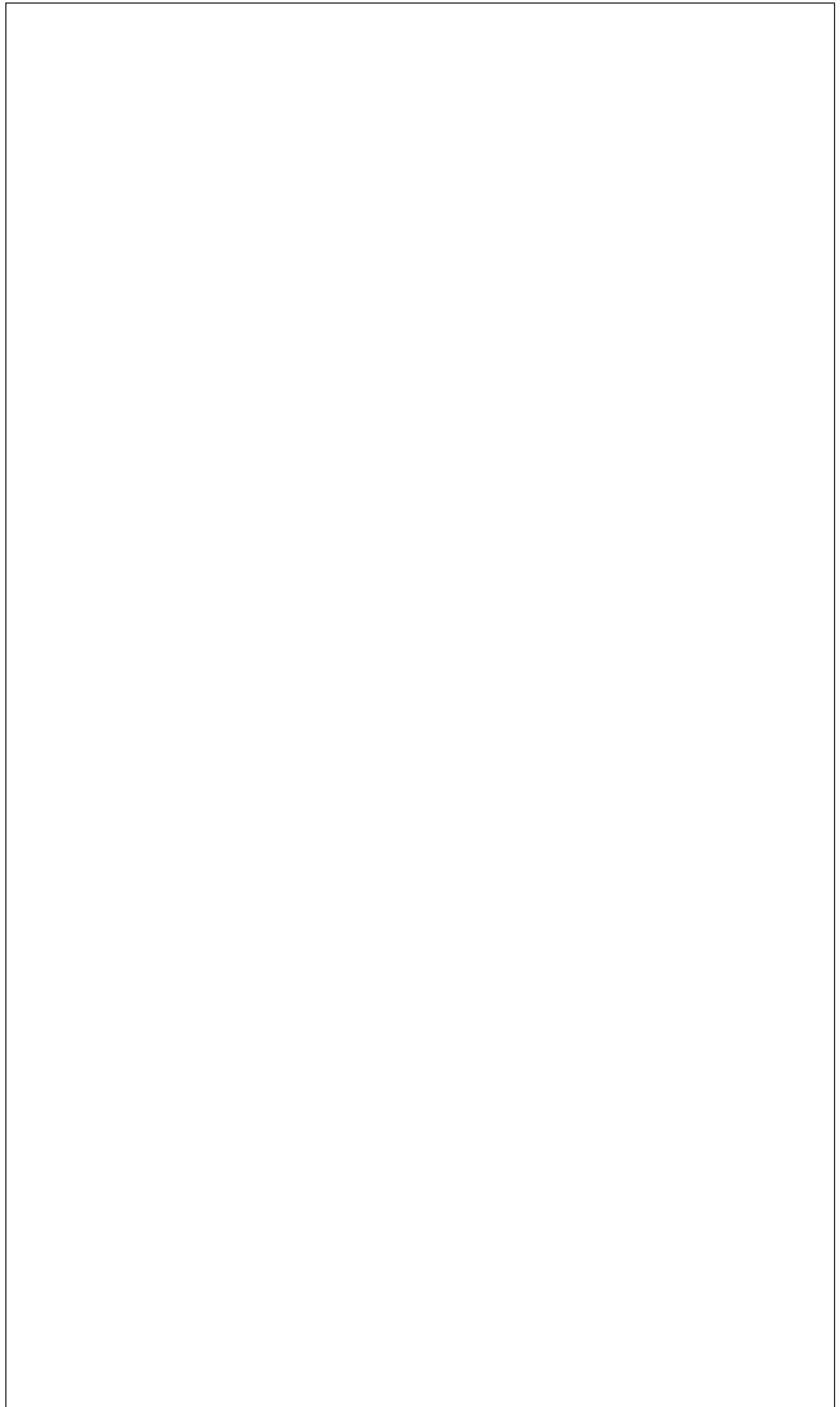
Preparing to negotiate

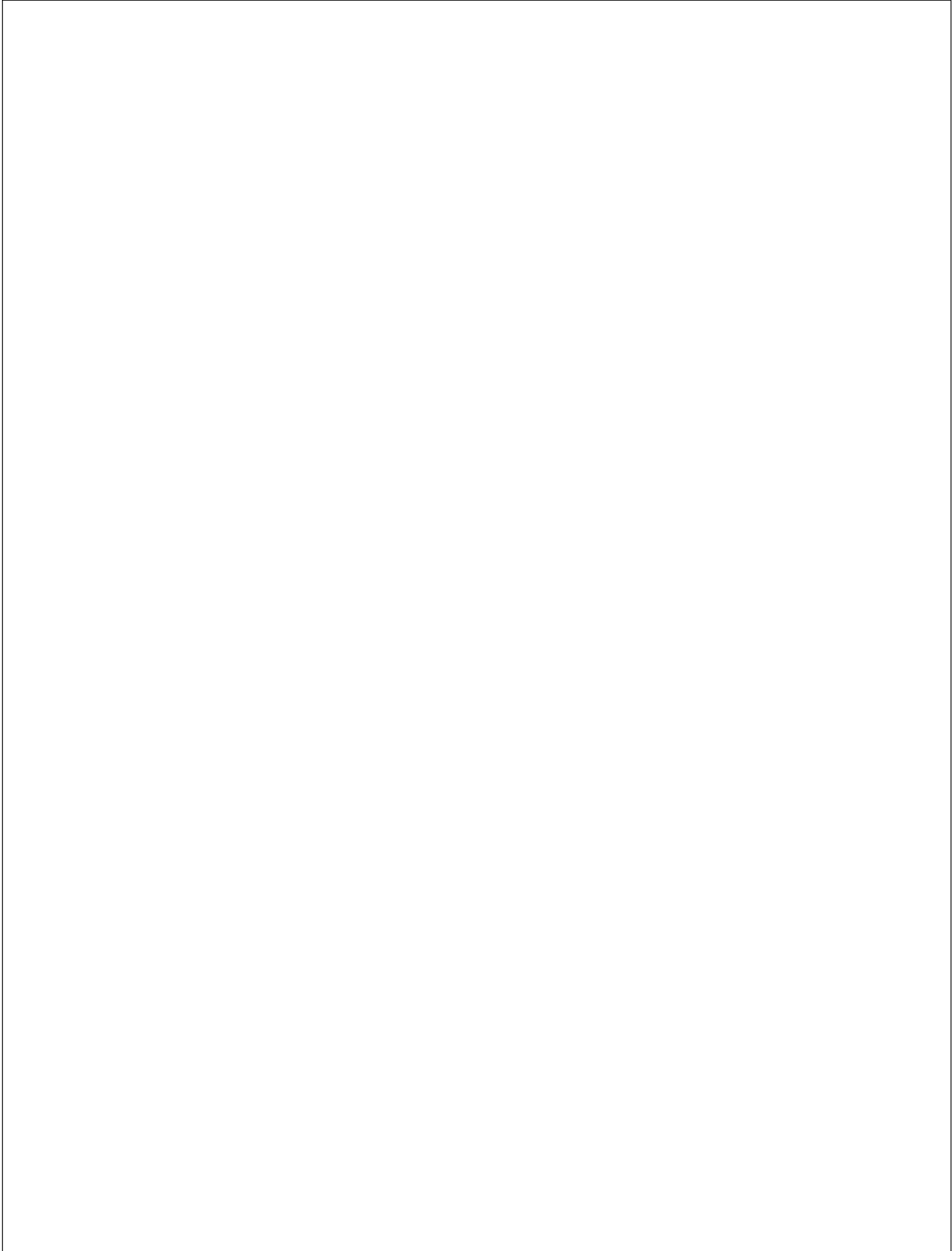
- Understands and follows a negotiation process
- Identifies own objectives for all parameters and prepares view of levels of achievement, including BATNA (Best Alternative To Negotiated Agreement, NOT 'lowest we will go').

- Puts him/herself in the other party's 'shoes', anticipates their objectives and strategies.
- Identifies who will be involved in the negotiation on both sides, explores their personal approaches and agendas.
- Agrees own negotiation strategy, assigns roles to others involved and rehearses.
- Makes 'shopping list' of exchangeable benefits in terms of value and cost, predicts other party's shopping list.
- Investigates cost and viability of performance-based and risk/reward contracts.

Negotiation and follow-up

- Sets ambitious but realistic opening stances.
- Describes key benefits and values for the other party in their language.
- Maintains confidence in value offered but is flexible to make progress in accordance with internally pre-agreed parameters.
- Understands and uses different negotiation styles as appropriate.
- Makes clear agreements that all parties will adhere to.
- Agrees mechanisms for monitoring and controlling progress and handling disputes.
- Reviews negotiations to learn and improve future undertakings.





2.4 Financial understanding

Supporting items of evidence submitted (if applicable):

Financial awareness and acumen

- Responds to Finance Department thinking/processes, develops business cases to support proposals
- Understands importance of cash flow, calculates the time value of money, and applies concepts like Discounted Cash Flow (DCF) and Net Present Value (NPV)
- Factors risk into financial calculations and applies as a quantifiable concept
- Reads key account's annual report, especially the balance sheet and other financial information, and develops an interpretation of the account's financial position
- Discovers the account sensitivity to and key influences on its share price, checks regularly

Customer profitability

- Regularly receives and analyses data on customer sales, analyses cost, price, and gross margin (GM) data
- Establishes customer-relevant costs and calculates true profitability of customer's business for the supplier (their own business), i.e. 'customer profitability'
- Understands concepts like fixed and variable costs and works to reduce the biggest and most important costs in each part of the product/service/supply chain.

- Identifies product/services sold to the customer that make a poor return, finds out why and takes action to improve performance.
- Appreciates the scope of customer support costs and seeks to optimize them.
- Works to reduce avoidable cost-causing customer and supplier behaviours and actions e.g. unnecessary duplication of work, over-specification.

Pricing

- Matches different pricing strategies with the situation, proposes and applies them (i.e. cost-based, market-based, competitive, value-based, etc.)
- Demonstrates understanding of the impact of discounts and free product offers on profitability and formulates strategies/tactics to avoid them.
- Readily accesses current prices and understands the impact of the customer's terms and conditions.
- Prepares for and professionally handles price changes with the customer.
- Anticipates and calculates the financial effects of price/volume elasticity in the key account and competitor reactions to price changes.

