

Inhuman relationships

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'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 - 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.

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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."**