# Three level model of KAM metrics

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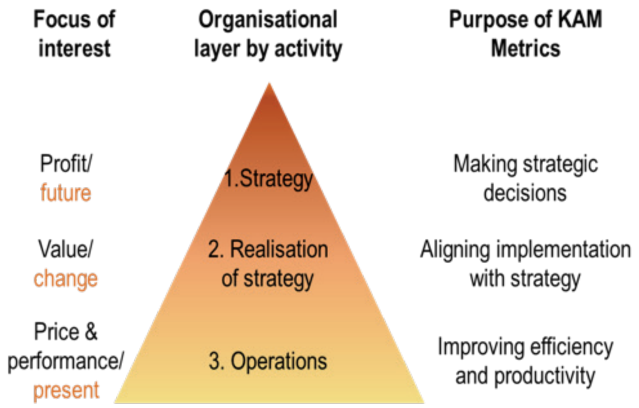
Most organisations have an avalanche of data at their disposal and still find they don't have metrics that satisfactorily represent KAM. This model was identified by a group of companies exploring the issue, starting with the highly relevant question 'Who cares?' Because if nobody wants to know and is ready to act on the information, there's no point in collecting the data.

The group highlighted three pertinent levels of activity with different decisions to make about KAM:

- Board of Directors
- Cross-functional middle management including key account managers
- Operations

It surely makes sense to tailor your KAM dashboard to these different levels of interest. And since just about every organisation has this same simple structure, including key customers, it should not be surprising that they are generally interested in the same metrics (see diagram).




## 1. Strategy: Board of Directors

Boards generally do not want a deluge of data. They want to be able to make evidence-based decisions and objective assessments of KAM strategies that will maximise ROI. High-level metrics like ROI, the asset value of customers, risk and opportunity are what they want to see. That will allow them to make better decisions on these issues and more:

- Key customer selection
- Customer portfolio management
- Key accounts' contribution to corporate goals and planning cycle
- Resource allocation/prioritisation
- Response to new multiple customer requirements

## 3. Price and performance: Operations

The bulk of the data you already have will probably be about things like service levels, price, revenue, volume, OTIF, failure rates etc. It's important to benchmark any metrics, and the benchmark for performance should be the Service Level Agreement, although many companies use the previous year's performance. But that can give a false illusion – in the customer's eyes, better than last year isn't good enough if it falls short of the SLA.

Key account managers certainly need to be aware of, concerned by and supportive of these metrics, but they do not lie within their responsibility: that belongs to Operations.

## 2. Realisation of strategy: cross-functional middle management

### including key account managers

These are the metrics that key account managers need to put in place for each key account so they can monitor and evaluate their own progress, and reflect it to others in the organisation.

Take a look at these measurements and those in this issue's other articles and identify your own 'necessary and sufficient' set of metrics. Then start to work with them: it's a great way of focusing on the really important parts of the job.

## Level 2 metrics

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| **Sales?**<br>Always, but a fickle metric: unreliable indicator of KAM quality or future and may be poor quality business. | **Customer relationship**<br>Many approaches available: no. of contacts, seniority, quality of relationship |
| **Customer profitability**<br>Gross margin not enough: should be contribution after all logistical and customer management costs | **Customer satisfaction**<br>Customer's view of supplier's business strength v. each customer's criteria |
| **Customer retention**<br>More indicative than sales, is your share of their spend of goods and services like yours growing or shrinking? | **Customer riskiness**<br>Often discussed, rarely measured but fully possible v. supplier set of risk criteria. (Solvency not nearly enough) |
| **Business extension**<br>Better indication than sales, additions of products new to account or current products to new customer locations? | **Key account attractiveness**<br>A compound metric against supplier's criteria (see first AKAM webinar) |
| **Contribution to KA portfolio**<br>Portfolio position indicates performance expectations: esp growth/ profit. | **KAM input**<br>Quantification of investment in customer, monetised or at least quantified. |

MEMBERS: Click here to access a full set of slides for AKAM's Technical workshop on Metrics in Paris in 2018