

23E50010

# KEY ACCOUNT MANAGEMENT

21.11.2023

Pekka Töytäri  
Professor of Practice  
Management of Product-Service Systems Sales  
Aalto University School of Science & School of Business

# ARTICLE REVIEW

Payne, A., Storbacka, K., Frow, P. (2008). "Managing the co-creation of value". *Journal of the Academy of Marketing Science*.

- What did you learn by reading the article?
- Prepare to share your thoughts

## Managing the co-creation of value

Adrian F. Payne • Kaj Storbacka • Pennie Frow

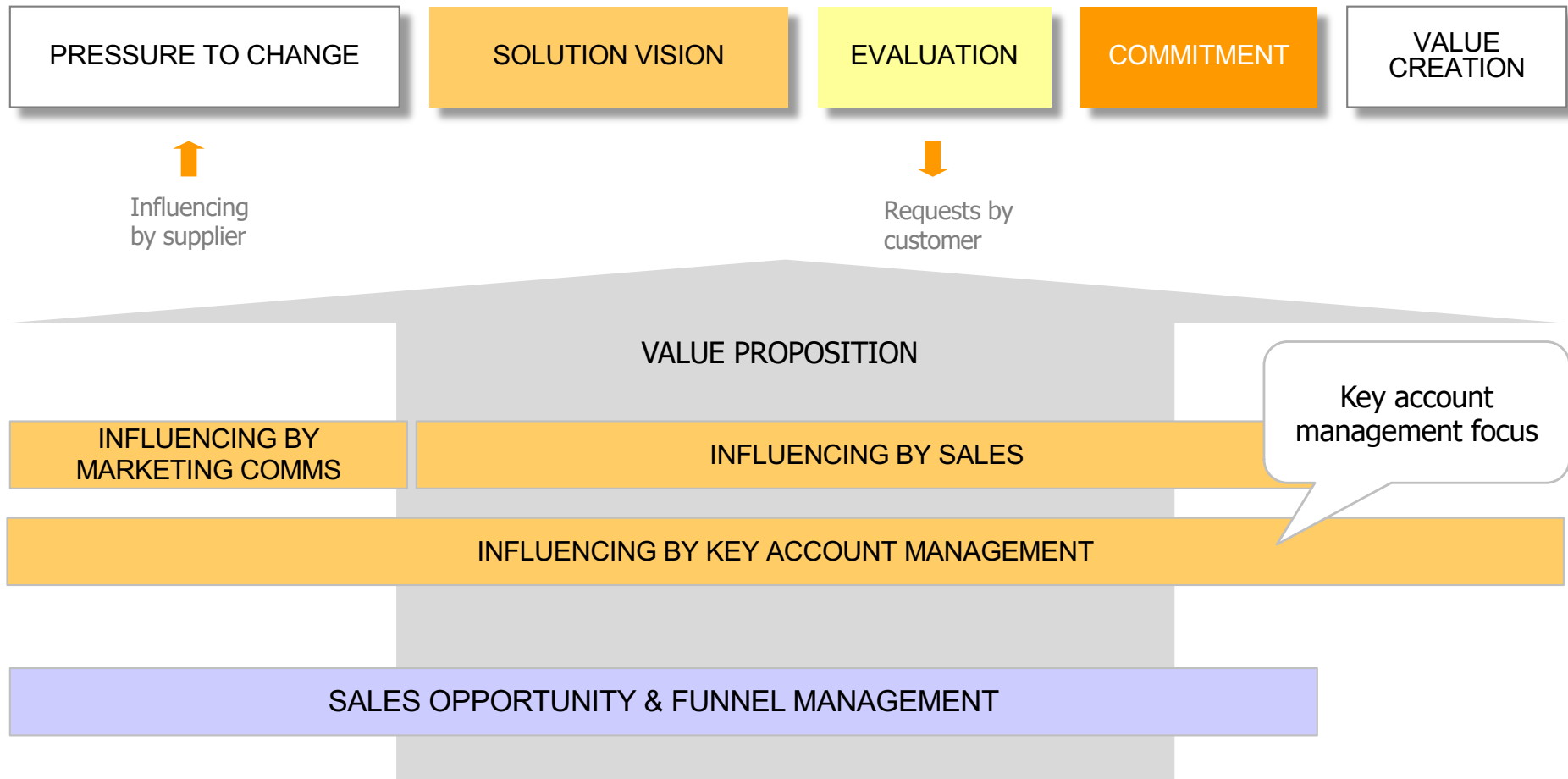
# GROUPWORK

Discuss the following question in groups for 5 mins:

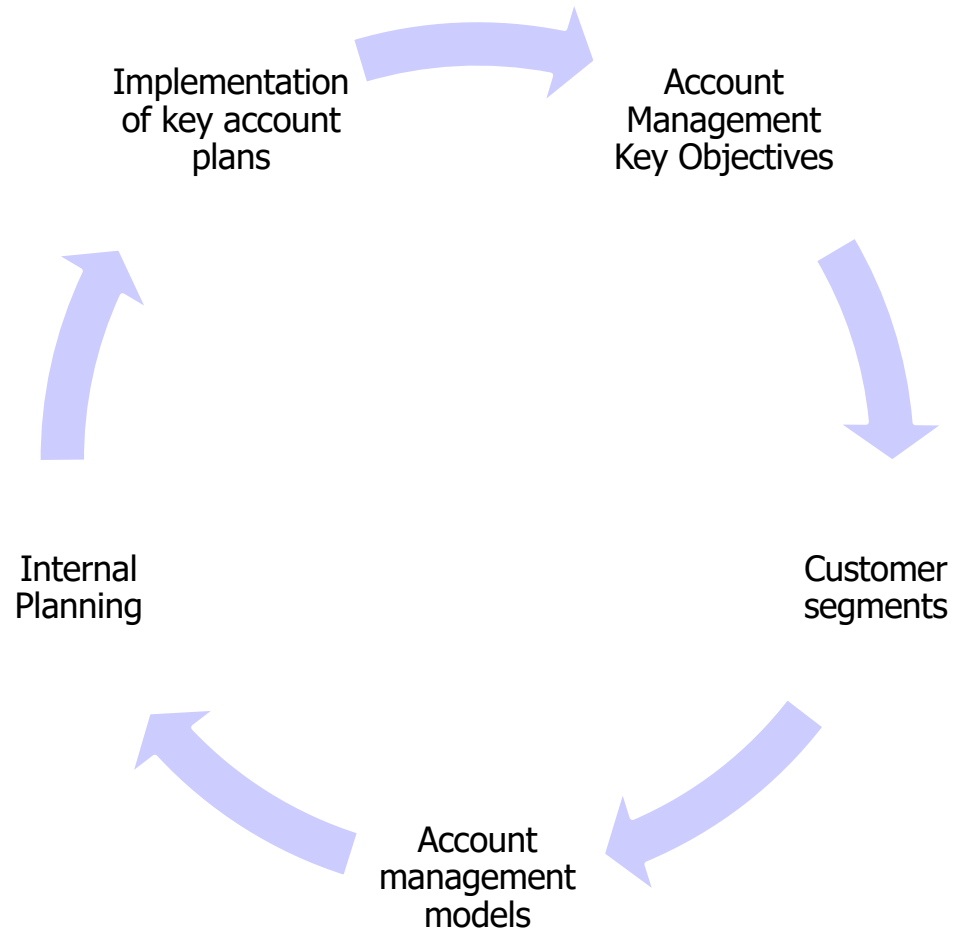
*How is key account management different from selling?*

Prepare to share your findings with the rest of the group.

# STRUCTURED INFLUENCING



# KEY ACCOUNT MANAGEMENT CYCLE



# ACCOUNT MANAGEMENT KEY OBJECTIVES



# ACCOUNT MANAGEMENT KEY OBJECTIVES

- Identify new opportunities without competition
- Improve forecasting reliability
- Sell with better margins
- Gain greater influence in the customer's planning and decision making process
- Coordinate customer relationship management activities
- Exceed customer's expectations profitably by delivering professional customer experience

→ **Differentiating by relationship**

## LEVELS OF RELATIONSHIP





# HOW IMPORTANT ARE WE?

## ROUTINE

Supplier's product are critically important, but relatively easy to replace.

Customer target is process optimization.

## STRATEGIC

Supplier's products and services are both critically important and difficult to replace.

Customer target is deep strategic relationship

## COMMODITY

Supplier's products are non-important and easy to replace.

Customer target is to leverage buying power for best price

## BOTTLENECK

Supplier's products are not critical, but difficult to replace.

Customer goal is to ensure availability and to seek alternatives

## DISCUSSION

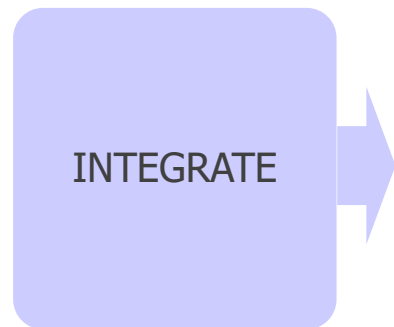
In which category would you like to be in, and how do you get there?

# 3 WAYS TO BECOME STRATEGIC

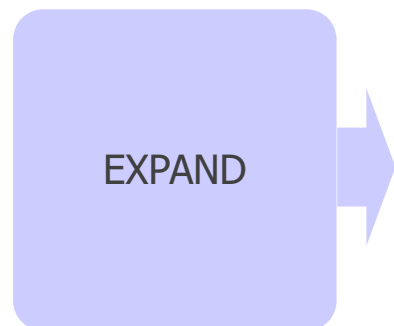
Three ways to create differentiating customer offerings



Traditional route to create competitive advantage is to specialize and "have the best product".

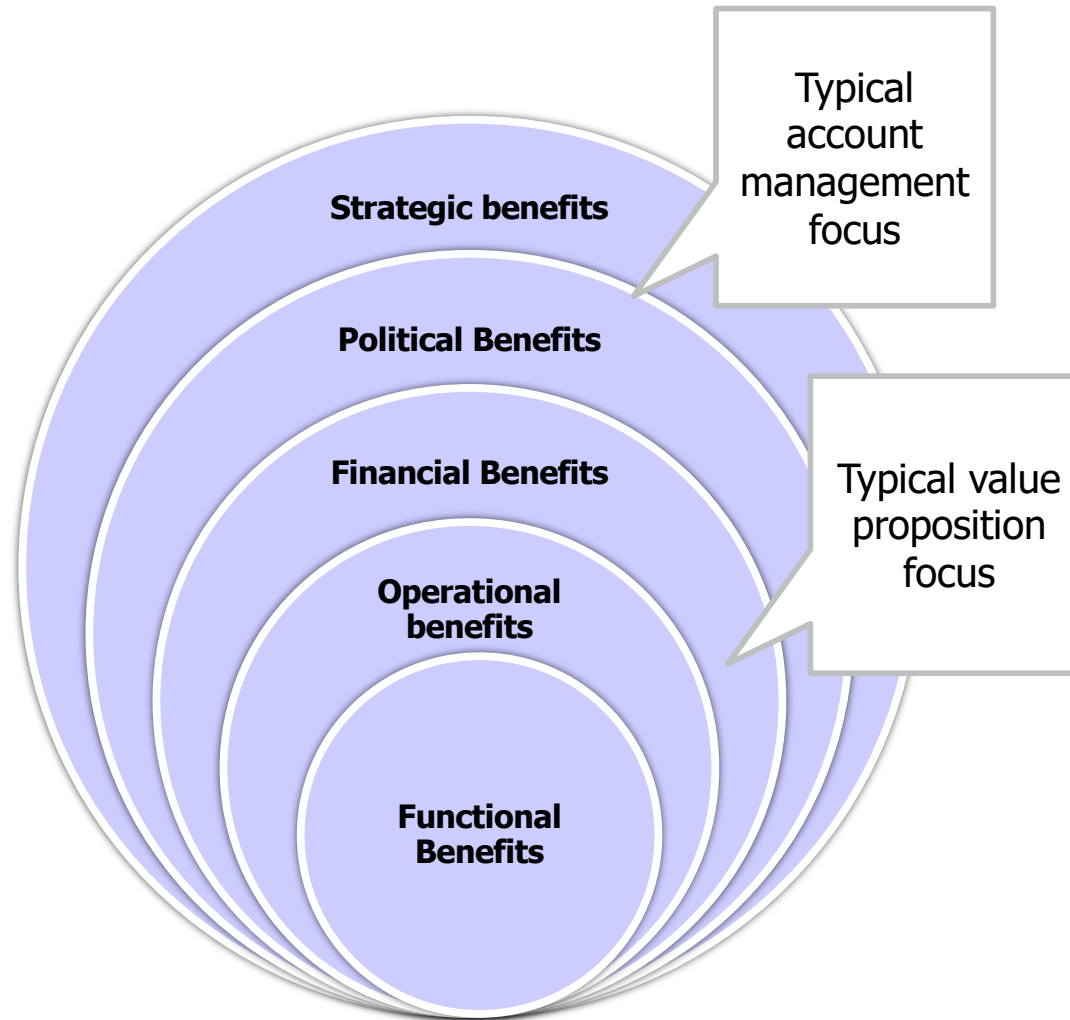


In cases, where the offering cannot be made more strategic, suppliers can make the relationship itself more significant by integrating a large number of individual products and services, i.e. becoming a "one stop shop"

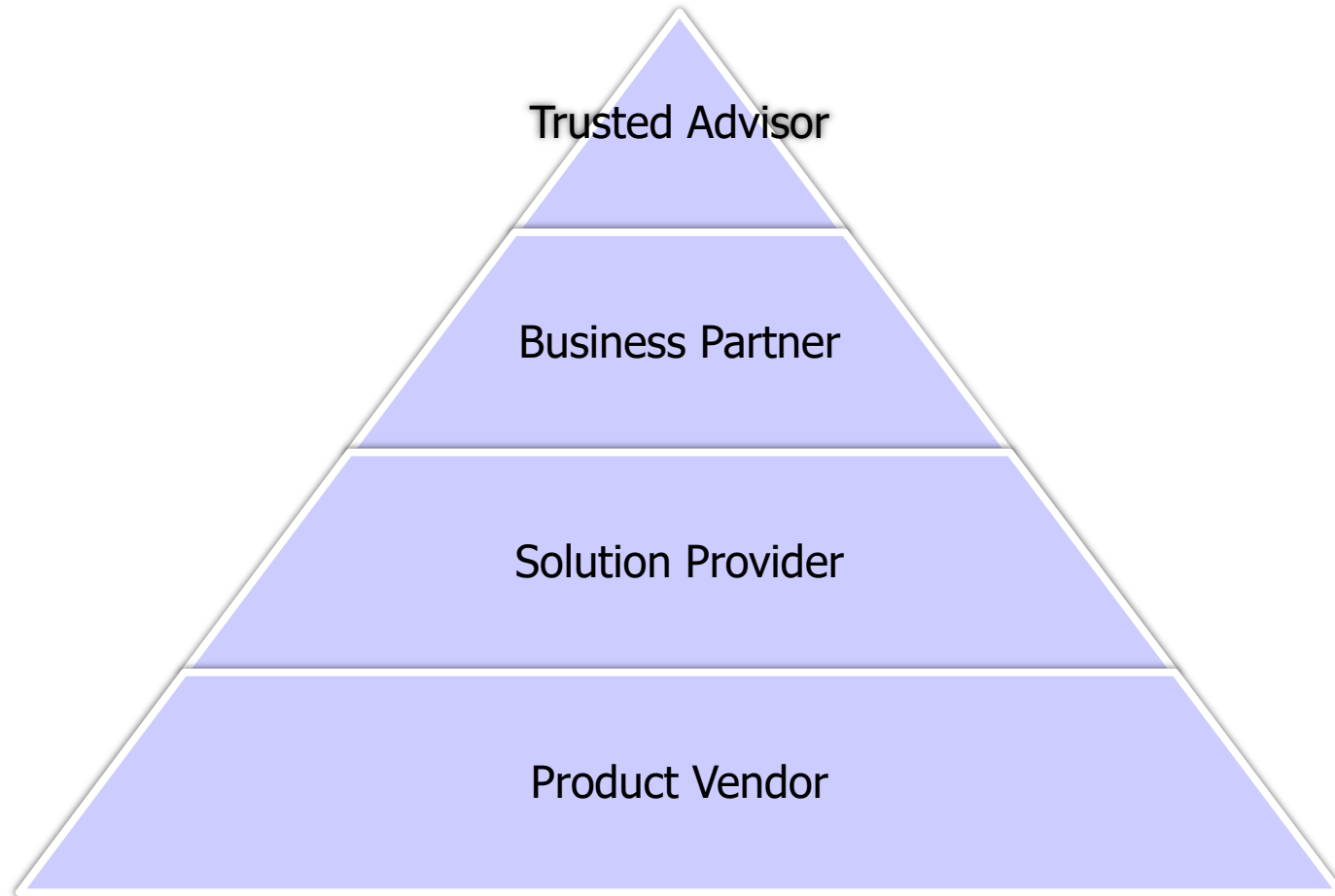


Combining products & services creates a ... in industry this development is called "servitization". Customers are outsourcing parts or entire business processes for the suppliers against service level agreements.

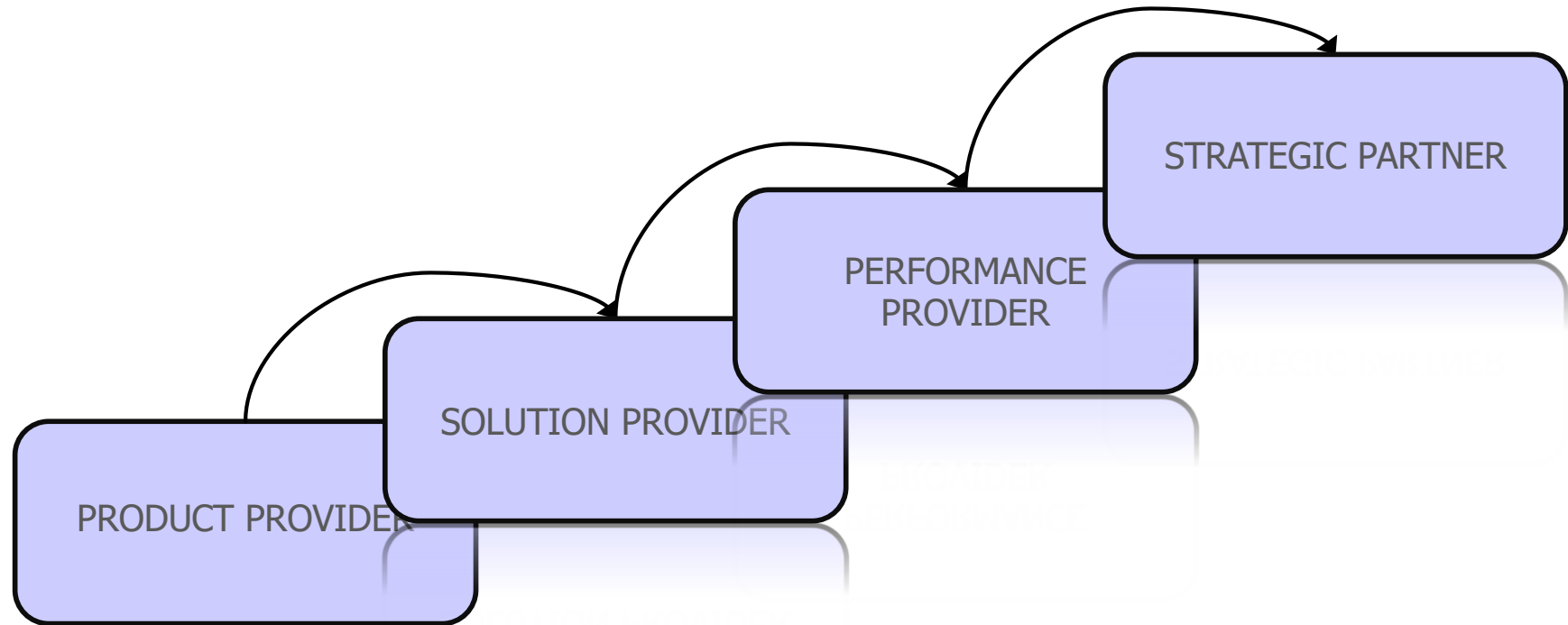
# HIERARCHY OF BUSINESS BENEFITS



# LEVELS OF RELATIONSHIP



# LEVELS OF RELATIONSHIP



- Selling features & **functionality**
- Having best product

- Selling **availability** & match with customer needs
- Best solution

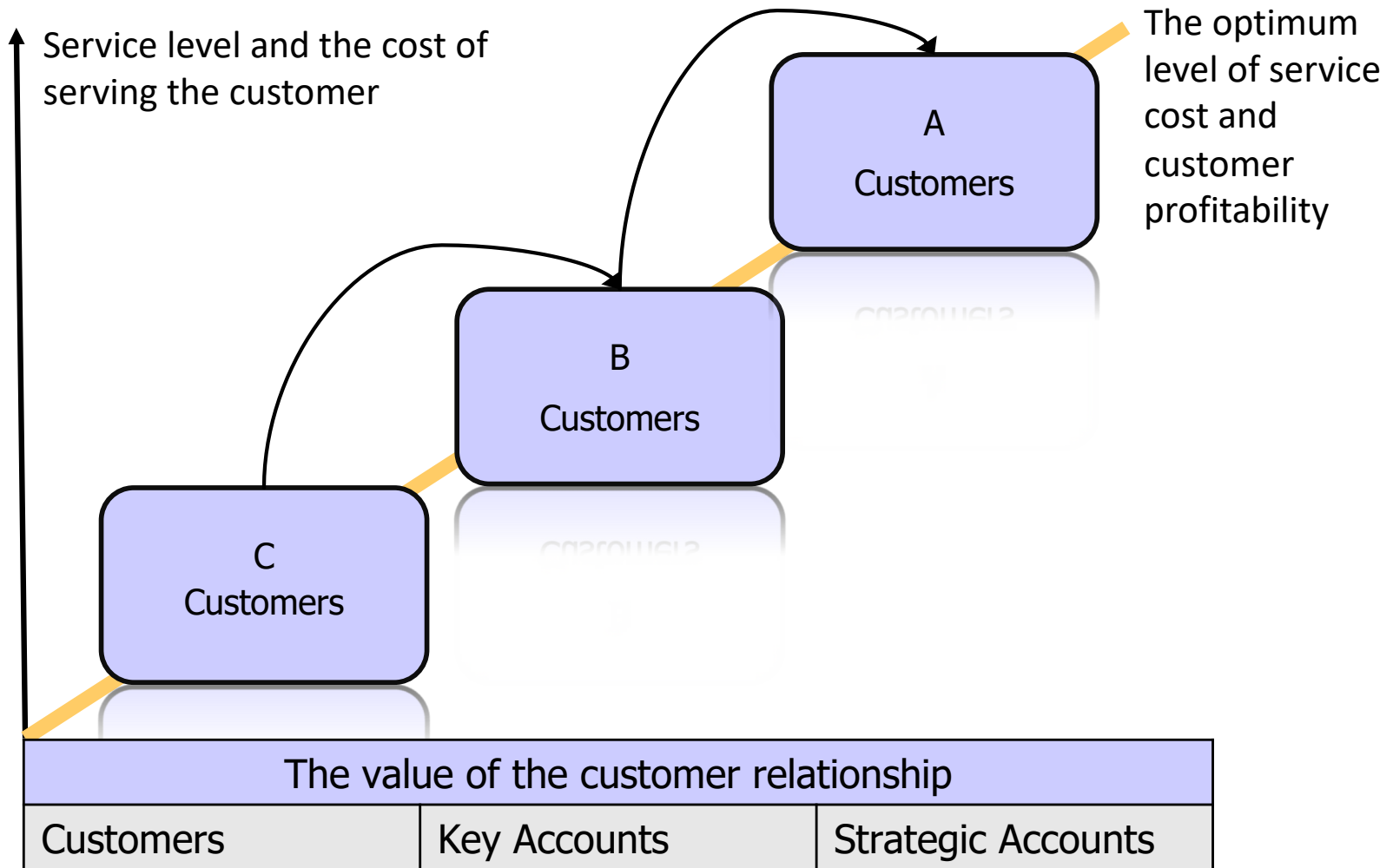
- Consulting & operational services, outsourcing
- Focus on customer business **performance**

- Mutual dependency
- Focus on ecosystem performance & competitiveness by joint **innovation**.

# ACCOUNT MANAGEMENT MODELS



# ACCOUNT MANAGEMENT MODELS



# RELATIONSHIP LEVEL AND BUSINESS BENEFITS

Level of Customer Relationship	Business Benefits	Sales Profile
Strategic	<ul style="list-style-type: none"><li>• Strategic</li><li>• Political</li></ul>	<i>Strategic account management</i>
Business Partner	<ul style="list-style-type: none"><li>• Political</li><li>• Financial</li></ul>	<i>Key account management</i>
Solution Provider	<ul style="list-style-type: none"><li>• Financial</li><li>• Operational</li></ul>	<i>Solution Sales</i>
Product Vendor	<ul style="list-style-type: none"><li>• Functional</li></ul>	<i>Product Sales</i>

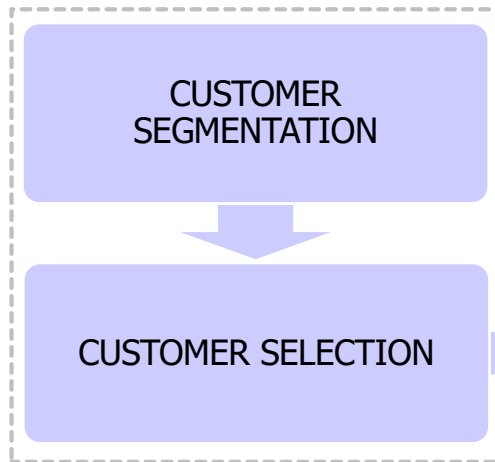


# INTERNAL PLANNING

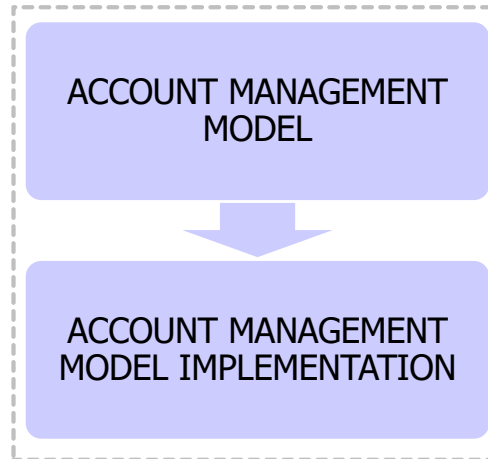


# KAM MODEL

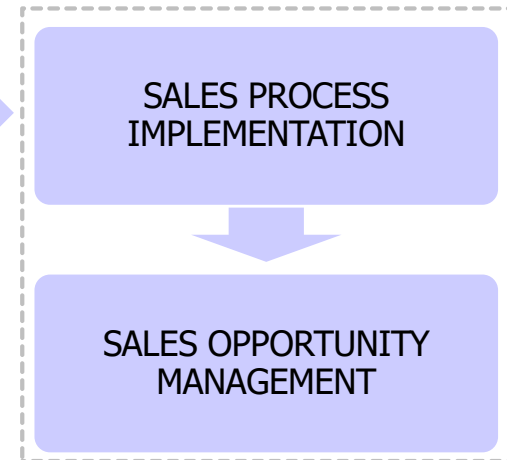
## CUSTOMER SEGMENTATION



## KAM PROCESS



## SALES PROCESS



TASK-TO-ORGANIZATION ALLOCATION

# KEY ACCOUNT BUSINESS PLAN

Customer	<ul style="list-style-type: none"><li>• Customer name and location</li></ul>
Industry analysis	<ul style="list-style-type: none"><li>• What are the business development goals, drivers, and challenges that our customer's industry is facing?</li><li>• Industry = the value chain/network of companies in which our customer belongs to</li></ul>
Customer analysis	<ul style="list-style-type: none"><li>• Customer's strategic goals for the next year.</li><li>• (= How are their planning to respond to changing customer needs and competitive pressures? =</li></ul>
Stakeholder analysis	<ul style="list-style-type: none"><li>• Use the relationship map template to identify key stakeholders, their goals, specific challenges, and our proposed solutions to those challenges</li></ul>
Competition analysis	<ul style="list-style-type: none"><li>• Use the attached template to identify and analyze key competitors</li></ul>
Value proposition	<ul style="list-style-type: none"><li>• What is our value proposition for the customer that addresses the goals and overcomes the challenges?</li><li>• Implement the systematic customer value research process to identify improvement opportunities and formulate those as value proposition(s)</li></ul>
Opportunity analysis	<ul style="list-style-type: none"><li>• What the key opportunities identified? (= what are our solution proposals to the identified challenges?)</li><li>• Use the attached template to document the opportunities</li><li>• These are ideally tracked in a CRM system</li></ul>
Influencing plan	<ul style="list-style-type: none"><li>• What are the key actions planned to influence the key stakeholders awareness, sense or urgency, solution vision, and preference at the different stages of their decision making?</li><li>• Use the attached Influencing template to document and track the actions</li></ul>

# INFLUENCING PLAN

- The influencing plan combines the target audience, the channel and the message (such as reference story) and the objective of the action to a collection of thought-out marketing and sales actions
- Ideally, the influencing plan is designed to move the customer through the sales process

Target person / group	Message	Channel	Goal	Buying process stage
Business owner	Topical Business issues	Marketing communications by email	Create awareness	Pressure to change
All stakeholders	Discussion on topical business challenges	Geographical roadshows, expert meetings	Identify GAP and create urgency	Pressure to change
Business process owner	Value research / Process audit	Workshop	To create interest and urgency by performance benchmarking	Pressure to change
Champion	Case stories, case interviews	Meetings, email, conferences, ...	Build solution vision	Solution vision
Budget owner	Share PoC results	Workshop	Create commitment by showing results	Search & evaluation

# INFLUECING PLAN ACTIVITIES BY SEGMENT

ACTIVITY	OWNER	SEGMENT A	SEGMENT B	SEGMENT C	SEGMENT D
Newsletter		X	X	X	X
Customer magazine		X	X	X	X
Personalized messages		X	X	X	
Frequent meetings		X	X	X	
Invitations to seminars		X	X	X	
Named key account manager		X	X		
Social events		X	X		
Joint planning		X	X		
Management meetings		X	X		
tbc					

# PREPARING AN INFLUENCING PLAN

## SEGMENTATION

- Identify and select strategic relationship and document selection criteria

## VALUE RESEARCH

- Conduct customer value research

## VALUE PROPOSITION

- Create segment specific value propositions

## STAKEHOLDERS

- Select stakeholders to address

## FUNNEL IMPACT

- Design actions that address stakeholders at the different stages of their buying process

## INFLUENCING PLAN

- Document the influencing plan

# SALES PLAN

CUSTOMER	Customer name
RELATIONSHIP MAP	A relationship map of customer key people, who are active in this sales opportunity
CUSTOMER GOALS, CHALLENGES, VISION, AND ACTIVITY PLAN	What do we know of customer and key people's goals? What challenges have they identified that prevent them from achieving those goals? What is customer's solution vision (if any)? What is customer's plan to progress the case (if any)?
SOLUTION PROPOSAL	What is our solution proposal? What are the deal characteristics? Deal size, profitability, timeframe, ...
SOLUTION VALUE FOR CUSTOMER	What is our value proposition for the solution we are proposing?
OPPORTUNITY ASSESSMENT	Periodic evaluation of the opportunity against the opportunity analysis framework (by using the opportunity management process)
ACTIVITY PLAN	What is the next step? What has been agreed with the customer? (activity plan)

# IMPLEMENTATION OF KEY ACCOUNT PLANS





# KEY ACCOUNT MANAGEMENT YEARLY CADENCE

