

Why success in key account management starts within your own company

In order to build a relationship with strategically important customers, companies create dedicated functions and units to manage these key accounts. The so-called key account management (KAM). The ultimate objective of KAM lies in optimizing the value creation within the supplier-key account relationship for both parties. In order to be successful, key account managers not only have to maintain external relationships to the key account, but also need to sustain internal relationship networks in their own company. In fact, internal networking is a significant success factor of KAM. However, many companies only insufficiently take this factor into account.

The pivotal function of the key account manager

The key account manager plays a crucial role in this context: He is responsible for ensuring a smooth collaboration between key account and supplier. For example, he must ensure that commitments are complied with, promised performances are delivered, conflicts get resolved promptly and complaints are processed timely. For this, the key account manager needs to be able to rely on an established network in his own company. Therefore, he must succeed in mobilizing the required resources for the key account, as well as connecting the people or business units that are involved directly or indirectly in providing services for the key account. The better he is at coordinating the internal network, the more success he will have.

Typical challenges of internal network management

The key account manager constantly navigates through an area of tension in terms of diverging interests. This additionally increases the complexity of his tasks. The following factors pose great challenges to key account managers – in particular with regard to internal networks:

1. **Heterogeneity of the internal work environment:** Within the company, key account managers often work together with people from different hierarchical levels or functional areas. At the same time, some people involved in the supplier-key account relationship might be working in a geographically distant location. Here, key account managers must overcome those distances and adapt to the respective context or person on a case-by-case basis in order to expand and stabilize the internal network.
2. **The lack of authority within the own organization:** In most companies, key account management holds no formal power over people outside the functional KAM team. Therefore, the challenge lies in fully exploiting the potential of KAM within the company despite the lack of direct authority. Here, key account managers must try indirectly to achieve cooperation with the involved people in their company.
3. **Reluctance to cooperate:** Often, the people and business units involved in KAM compromise the capacity of the internal KAM network by failing to see the necessity of putting their own activities on the back burner and prioritizing a key customer instead. In addition, the people involved in key account management may feel like they are getting too little support or are sacrificing much more resources than other business units, placing themselves at a disadvantage.

Approaches for a top-performing, internal KAM network

Companies can take the following action steps in order to boost the effectiveness of their KAM through a strengthened internal network:

1. **Connect with the right people and speak their language:** Similar to the buying center of the key account, it might also be helpful to identify the relevant key players involved in performing services for the key account in one's own company. Once introduced, the key account manager needs to maintain close contact with these people and interact with them regularly. Successful key account managers treat their internal contact persons ("internal customers") in the same way as contacts with the customer. Here, the key account manager should be able to adjust to the needs of his counterparts, only discussing information that is relevant to them.

2. **Strengthen informal structures and establish routines:** To reinforce the sphere of influence of KAM within the company, all people taking part in the supplier-customer relationship must be involved. As not everyone in the company is equally “close” to the customer, it makes sense to split the KAM team into three subgroups: (1) “core team” (regular contact with the key account, e.g. key account manager), (2) “support team” (project- or request-based contact with the key account, e.g. production) and (3) “extended team” (contact with the key account only if required, e.g. member of top management). To improve the willingness to cooperate of everybody involved, routines for communication and clearly defined processes of collaboration need to be established. For this, a regular exchange of views is crucial. Whereas it is of secondary importance whether the weekly meeting should take place in person or via video conference.
3. **Create an atmosphere of trust and commitment:** Studies have shown trust and commitment to be the cornerstones of KAM success. Therefore, companies need to (re)build these values within their internal KAM network by actively fostering constructive communication between the people involved. For instance, centrally organized events for the involved business units that serve the participants as communication platforms (e.g. regular conferences for core and support team) may be helpful. This way, personal relationships can be built, a common understanding for collaboration is encouraged and opportunistic behavior of individual people may be prevented.

Sources:

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