



MADKAM

*Overview – major account and
key account management*

Customer relationships – Transactional or relational?

For years, companies have talked about the need to develop 'deeper relationships' with their customers. "We need to embed ourselves in the account," they say. But how?

- How do we turn apparently close relationships into more and better business?
- Do we need, and can we sustain, embedded relationships with all our customers? Why some and not others? What should those relationships look like in each case?
- What's in it for us? And to make it happen, how can we show what's in it for our customer?
- What, exactly, do we mean by *relationships*? How do we go about developing them? What specific actions must we take to turn the aspiration into reality?
- How do we manage a portfolio of customers who make conflicting and competing demands on our resources?
- How do we decide which customers to invest in? What type of relationship do they want with us and does this match our objectives? If not, what can we do about it?

Clearly there is an opportunity. Deeper, broader and more profitable relationships – relationships that go beyond the mere buying and selling of products and services – carry obvious long-term business benefits.

But there is a real threat too. You don't want to be 'rationalised from the supply chain' next time your customers look closely at the relative value you bring them, compared to your competitors.

Shorter product life cycles and increasing commoditisation generate pressure to reduce purchase costs – while demands for improved service levels continue to increase. Most suppliers have already countered this by training salespeople to communicate the value their solutions bring, so that won't be a differentiator for you.

But it's not just about developing *big* accounts. A study in the US showed that in 1987 the top 25% of one company's accounts produced a healthy profit for the company. By 1997, only six of the top 20 accounts were making a healthy profit and five were actually being serviced at a loss.

So, developing the right relationship in the right way, at the right level with the right people – including those at the very top – has never been so important.

One thing is certain. Relationships happen between people. CRM systems might remind you to call the client and tell you what to talk about. They are great for handling and generating critical information; but in the end, people relate to people – a simple truth that business complexity can often obscure.

This increasing complexity affects the selling process. The sales team is becoming increasingly important – which only adds to the problems of the key account manager who now also needs practical, political skills to persuade everyone in the internal team to work together and rise above the inevitable internal conflicts. Not only that, but your customer has the same pressures too, so you also need the skills to help them to co-ordinate and focus their own team on the value you can bring.

Account Development is an increasingly strategic issue and the three biggest questions facing salesforces are:

- Which accounts are worth developing?
- How do we create value for the customer *beyond* our products and services – beyond even the process improvements we may be helping them to realise?
- Do we have the skills to initiate and develop these relationships into profitable new business?

Huthwaite's power tools

Processes, systems and theories all have their uses in solving the problems we have identified. But ultimately, you cannot tackle the real issue without skills and tools specially engineered for the purpose. And that's what Huthwaite can give you – diagnostic and planning tools, strategies, tactics and practical implementation skills to help you win in a world where you have to transcend the kind of relationships you are used to, even with your best customers or clients. Because if you don't, somebody else will.

Huthwaite has been researching the key success factors in major sales for more than twenty years. Since the early '80s we have monitored with interest the evolution of the long-cycle, complex sale.

Our researchers have carried out hundreds of interviews with salespeople and, most importantly, customers involved in such sales. Thousands of sales calls have been subjected to Behaviour Analysis, a technique for observing and quantifying interactions between customer and seller.

Where appropriate, we have evaluated and integrated secondary research from respected sources. Always the same two questions were asked:

- What happens in a successful sale that makes it different from a failed sale?
- What are top performers doing that differentiates them from their less effective colleagues?

To develop this researched set of tools and skills for key account managers, Huthwaite has partnered with the Sales Research Trust to investigate critical success factors in managing strategic accounts at a national and international level.

By combining these research sources, Huthwaite has produced Success Models that will help you understand the complex relational environment in which you are selling, and plan a series of strategies that will help you to succeed: winning profitable business by developing

the most appropriate type of relationships with customers and their internal team in order to embed yourself within the client account.

The research behind the Huthwaite models says that the most effective people in this arena:

- understand the *psychology* of high-value decision making and can approach the sale from the customer's point of view
- have account penetration strategies which transcend traditional labels of influencers, users, screeners etc
- evaluate their competitive position using the same techniques as their customer, and then use that analysis to influence the customer perceptions in their favour
- view the customer in their own environment – what are the strategic; competitive and operational issues facing the client. More importantly, they understand how their unique *value proposition* will help the customer to address these issues.
- know how to use the sales opportunity to establish relationships and a set of values that will live on beyond the short-term opportunity and contribute towards the development of true partnership.

Huthwaite also has almost thirty years' experience of designing flexible skill development processes that help the average or even weak performers acquire the skills of their most successful colleagues.

What follows is an overview of a typical MADKAM programme. The tools are not simple hand tools, dependent on the strength and experience of select individuals. They are power tools, designed especially for tough problems, and engineered to be used by all who need to deploy the skills and knowledge to tackle complex relational selling.

MADKAM – A typical programme outline

Objectives

To change the mindset of account managers from just 'seller' to 'business entrepreneur'.

Deliverables

Diagnostic, analytical and planning tools with which to:

- assess the methodologies our customers might use to rate us as suppliers
- accurately measure the depth of current relationships with clients
- understand which accounts to focus on in order to develop and manage their client portfolio
- produce Business Plans for chosen accounts that identify why they are worth developing, how to develop them and with what resources
- develop a common language/framework with their managers for reviewing and refining these plans.

Improved behavioural skills with which to:

- network effectively to identify, reach and influence previously inaccessible decision-makers
- develop creative but practical solutions
- investigate the client's strategic vision and demonstrate that the vision is both understood and shared by the account team
- influence key individual's allegiances as the journey towards strategic account development proceeds
- create impact and embed themselves as a trusted, primary supplier in a long-term, profitable relationship.

Target audience

Account Managers, whatever their job title, who are responsible for managing and developing strategic and/or major client organisations.

Senior management, to whom the Account Managers report (part-programme).

Programme content

Module one

- Strategic Accounts in context – why they need to be treated differently to just **big** accounts and the implications of this on the sales process.
- Tools – for analysis of resources, inputs, people, and processes.
- Gap analysis:
 - where they are now with their target clients, against where they want to be
 - what they need to know, against what they actually know
 - a plan to fill the gaps.
- Models to help delegates understand and plan:
 - current and optimal levels of relationship with each client
 - what levels of interaction to have with client contacts and team members to develop the relationship
 - how they are perceived by clients within the context of the client's business environment
 - what value propositions they can offer to clients which meet the objectives of both parties
 - how to network effectively.

Inter-module work

- Development of a business plan as the basis for skills development during Module Two.

Module two

- The development of the interpersonal skills needed to implement the business plan successfully:
 - How to develop better relationships with key people in the client and their own organisation.
 - How to develop a shared vision among the whole account team to facilitate account development.
 - How to develop a shared vision with clients to help develop a profitable business relationship.



Training design and methodology

This programme teaches a combination of strategic and business concepts, planning processes and interpersonal skills. Its overriding objective is to ensure that delegates improve their effectiveness by integrating research findings into their real life account development strategy.

To achieve this the programme is typically structured as a pair of workshops. In Module One the focus is on introducing key concepts from current research in key, strategic and global Account Management and applying this to the participant's own client portfolio. This is integrated into the way the organisation wants to implement strategic account development. Participants are required to bring details of current major accounts, which will be used as the basis for real-case work.

In Module Two participants take part in a simulation to develop relationships and business opportunities within a simulated key account. There is further development of concepts introduced in Module One, with the addition of interpersonal skills, to enable people to implement development plans effectively. Participants receive objective individual feedback and evaluation of their performance.

After each key phase of the workshop, trainees apply their learning to create a strategic real-case account plan.

Materials

There are a number of tools to enable people to consolidate learning, assess their current position and plan ahead, plus reference material giving practical explanations of key concepts.

Trainees also receive a set of Excel spreadsheets to help them assess their client position and share this with team members and managers.

The simulation can be customised to reflect customers' market conditions.

Duration

The typical programme design consists of two modules with some inter-module work. Module One lasts three days, with a gap of 4-6 weeks to allow application of key concepts for review and development in Module Two, which also lasts three days. Other timing designs are possible to suit individual customer requirements.

Faculty and group size

The MADKAM programme is delivered by two Huthwaite consultants. To ensure that each participant receives individual attention and feedback, training group size is limited to a maximum of twelve.

Achieving maximum impact

In addition to the skills and strategies described above, the MADKAM programme provides a set of basic tools to enable people to assess their current position and form a basis for developing action plans.

The approach taken depends on what stage of development your account management process has reached. If you have developed a Key or Strategic Account process this will be taken into account. If not, there will be discussions with the appropriate senior managers to decide how to handle the issues that arise from any event of this kind. The aim of this is to ensure that the plans developed are in line with your company's overall business strategy and any criteria developed for selecting major, strategic accounts. We therefore seek the opportunity to work with senior managers before implementation to ensure that productive and sustained change can be achieved.

Typical problems

One of the key factors in developing major accounts is the attitude of the account managers. If they don't *view* those accounts differently, the risk is that they won't *treat* them differently. Someone once said:

"If you always do what you always did, you will always get what you always got"

Many businesses are struggling to:

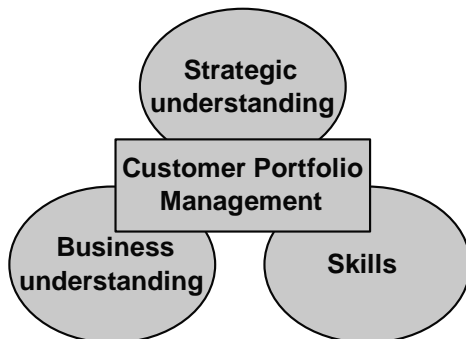
- change the context of their relationship with key customers, typically from 'transactional' to more 'relational'
- sustain the right relationship levels.

This is further complicated by:

- the context of their company's strategic objectives
- constraints on resources.

One critical difference between people who can do this effectively and those who can't, lies in the quality of their understanding of:

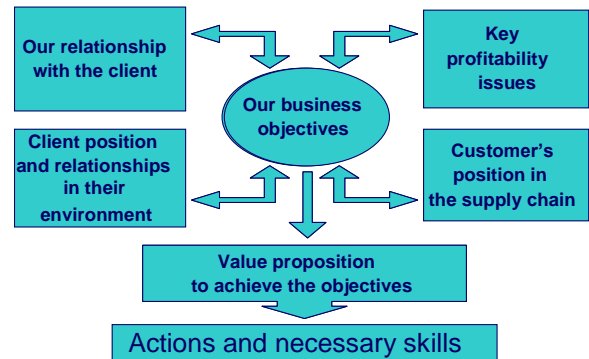
- the relationship between their company's and their client's overall strategy
- the factors affecting the business they do together and how they do it
- the skills to gain the commitment of people on both sides to a shared vision that can lead to improved business opportunities for both parties.



This is the basic requirement for the effective management of a customer portfolio.

To do this, sellers need to 'change the level at which they think and operate'. They need to be able to assess

situations from the customer's point of view – at a deeper level than simply exploring and understanding how their products or services can meet the presenting needs of the customer.



The diagram above summarizes areas where account managers need analysis and interpretation of what is going on in the customer's world as well as their own. By giving your people the understanding and skills to do this we can help them to overcome problems with:

- account development
 - selling upwards, to strategic decision-makers and across, to other divisions/international subsidiaries of the customer organisation
 - selling other products, services or solutions to already familiar parts of the customer organisation
 - identifying which accounts are at the limits of their expansion, and which have headroom for growth, so they can focus effort effectively
 - improving year-on-year consistency of major earning accounts, reducing 'churn' because only intermittent 'projects' are being sold
 - reducing the number of accounts where the buyers are 'lovely people but we don't sell them much'
 - reducing the number of accounts which are maintained but not developed
- being moved down the decision making hierarchy
- reliance on too few/narrow/similar buyers
- failing to sell to non-technical buyers
- lack of confidence or competence talking with senior managers and directors.



A simple decision

This brochure has been about complexity: of competitive markets, of customers' buying processes, of multi-level customer-seller relationships. It seems appropriate to end with three simple questions that may lead you to a simple decision.

- Are you or your people involved in the kind of complex, relational selling that we have described?
- Are you experiencing any of the problems, uncertainties, worries, opportunities or disappointments that we have touched on?
- Would your sales efforts be more focused, better directed, and more effective if you had a research-based, expert model of the relevant planning processes and face-to-face skills?

If you answered 'no' to any of these questions, thank you for reading this brochure, we wish you continued success. If you answered 'yes' to all three, contact us and arrange an exploratory meeting with a Huthwaite consultant.

