BREEDING THE KEY ACCOUNT MANAGER OF TOMORROW

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ABSTRACT

The employability of sales students as well as providing sales people the most suitable skill-set with respect to their assignments pose major challenges towards sales education. To overcome these challenges, an education concept in Key Account Management is proposed. It will be demonstrated that depending on the sales person's 'development stage' as well as on the 'Key Account Management Cycle' different skills should be taught by using various means of instruction.

INTRODUCTION

Training sales people belongs to the most crucial tasks in sales force management and has to be considered as one of the most challenging training areas: In theory, it aims at increasing the sales force's productivity, improving the employees' morale, lowering a company's attrition rate, improving customer relations as well as the sales force's selling skills (Johnston & Marshall, 2011). Thus, the classical areas of sales force training encompass the following (Tab. 1): product knowledge, market/industry orientation, company orientation, self-management, legal/ethical issues as well as special training topics.
However, training the sales force or the sales students mostly deals only with selected topics, which misses to prepare them adequately for their future sales job by interlinking and applying these topics under genuine conditions. Particularly the two most important abilities of a sales person, i.e. to profoundly understand his customers and to customize correspondingly his company's products, are rarely trained in-depth, but will make the difference between successful and unsuccessful sales people. These deficits become even more challenging as the customers' procurement organizations extremely professionalized their staff and structures over the last three decades (Hutt, Johnston & Ronchetto, 1985). Due to increasing 'market dynamics', i.e. the world is globalizing (implying an increasing challenge in overcoming geographical as well as cultural distances/changes), technology is advancing at an unprecedented speed (leading towards shorter product cycles), an oligopolistic customer structure (number of customers decreases, but those surviving become bigger and more professional) as well as competition is intensifying across the world (as products equal each other more and more), customization requirements are growing.

With respect to the current market scenario the need for a more professional human resource development of a company's sales staff becomes evident. Innovative concepts and considerable financial investments will therefore be required to match the abilities and professionalism of the customers' procurement organizations. Continuing with 'training on the job' programs, which many companies still apply, has nowadays to be considered as too risky:

1. There is no guarantee that 'training on the job' will succeed.
2. Major mistakes by inexperienced/insufficiently prepared sales people can lead to unproductive frictions within the customer-supplier relationship (or even provoke the loss of the key account for at least one product cycle).
3. Future business opportunities may not be recognized sufficiently.

In the following, the article will focus on teaching and training in the area of key account management (KAM) as one of the most advanced selling approaches. In the next sections, the concept of key account management as well as the various development stages of a sales person will be shortly explained, teaching and training approaches including their results in detail described, the results discussed and management implications for the design of an appropriate teaching and training program for key account management derived.

CONCEPT OF KEY ACCOUNT MANAGEMENT

Key Account management is a supplier's relationship marketing program which aims at establishing, developing and maintaining a successful and mutually beneficial business relationship with the company's most important customers (Wengler, 2007). Applied for the first time in the 1960s (Weilbaker & Weeks, 1997), it can today still be considered as one of the most advanced marketing and sales tools. Already more than 50% of the companies make use of the KAM concept (Napolitano, 1997) as they try to retain existing customers and expect higher profits at the same time (Berry, 2002; Blois, 1996; Hogan, Lemon & Roland, 2002).

Despite considerable consensus in the KAM literature about organizing the various KAM tasks with respect to their strategic, functional as well as organizational dimensions (Wengler, 2007), it seems to be more appropriate to think in a 'Key Account Management Cycle' (Fig. 1). This approach consists of five different management stages: selection of key accounts, design of KAM programs, implementation/adaptation of KAM programs, management of key accounts (i.e. managing customer satisfaction and customer development), and controlling of key accounts. The major advantage of the 'Key Account Management Cycle'-concept is that it recognizes KAM as a dynamic process and allows to sensibly cluster the required tasks – depending on the management stage.

As the majority of companies have already implemented KAM, the relevance of staffing KAM positions with adequate sales people has become the more relevant: Every key account has to be considered so valuable that inadequate training concepts will immediately pose an enormous economic risk to the company. Therefore, a sales person should not become a 'key account manager' just by assignment, but he has to be developed, trained and qualified for this position. Five 'development stages' for 'Breeding the Key Account Manager' should therefore be distinguished: Each and every sales person starts at the students' level as a *bachelor student* and/or *master student*, where an introduction into the KAM concept takes place as well as advanced topics are discussed respectively. The transition into the KAM team generally starts as a *junior KAM team member*, where the new team member gets acquainted with the new setting and supports the Key Account Manager in various tasks over a period of one to two years. The *senior KAM team member* can be recognized as a specialist, who is assigned to a specific task and works mainly independent. The *key account manager* at the last 'development stage' is the brain and supervisor of the whole KAM team, and therefore responsible for a continuous inflow of orders as well as a systematic development of the key account.

APPROACHES & RESULTS

New KAM-related teaching and training concepts were developed and refined by the author over the last decade for sales students as well as for marketing & sales professionals. Both settings will be described successively: first the approaches developed and applied in the university environment (Setting I) and second the concepts used in management education (Setting II).

Setting I: Teaching Sales Students

The first setting is taking place in a German state-run 'University of Applied Sciences', which aims at 'breeding' fully employable graduates: The teaching focus of the professors is primarily on the introduction of analytical tools and their application rather than marketing theory. The close collaboration between the university and companies even allows occasionally for research-project-based cooperation in student education providing a genuine environment.

Before the first sales-related research projects started, the author collaborated at the bachelor studies level with companies for the development of 'international market entry strategies'. The students were split into groups of 3-5 and assigned to a specific country, in which the company was not doing any kind of business, but wanted to expand to. While in the class the structure of an international market entry analysis was taught and discussed, the students had to work parallel on their real cases. The duration of these research projects is between 12-16 weeks – with positive results as the Managing Directors were mostly happy and some even hired the students from the spot. Over the years the following project structure evolved (Tab. 2): kick-off, first coaching meeting (after 3-4 weeks, intermediate presentation, second coaching meeting (after 3-4 weeks) as well as the final presentation (after 3-4 weeks).

Motivated by these results a transfer of the idea was done for teaching sales students, where a company's sales structure in two countries was analyzed and the students had to explain the drivers behind the different sales structures (BA1 in Tab. 3). The results of this approach was rather ambiguous as the approach was too time-consuming for the companies and – in contrast to the market entry studies – there was no additional value as the students were too inexperienced.

In the meantime, this "sales student approach" was modified (BA2 in Tab. 3): Instead of focusing on one company, a group of students now has to analyze how companies presented themselves at a trade fair and how they used trade fairs in their sales approach. Even though it is a much slimmed down approach, the students get a pretty good idea of how important it is to align a company's objectives with its own marketing & sales activities and to compare the companies' selling approaches with each other for further improvement.

One of the most successful 'teaching approaches' is the combination of a six months internship with a bachelor thesis (BA3 in Tab. 3). The topic with the highest impact for the company as well as the students is the re-evaluation of the companies Top-20 customers. Interestingly, in most cases the analyses have proved valuable, but devastating for the companies: The number of customers which were part in the previous as well as the new Top-20 list varied between 2-4 customers.

At the master studies level, the teaching approaches become more KAM oriented and specific as the students are capable of understanding much better a company's context. Here, case studies are used (MA1 in Tab. 3), which were developed particularly for MBA classes covering the complete 'Key Account Management Cycle' in one mega case study (consisting of various small cases – one for each stage). By doing so, the students get already a pretty good idea of the KAM concept and selected challenges.

How valuable this approach proved can be shown by the second "teaching approach", the master theses, which were again written during six months internships (MA2 in Tab. 3). Building upon the classroom teaching as well as their case study results, the students were now able to tackle much more advanced topics like pricing and organizational issues in global account management.

Setting II: Management Education

In management education the training approaches are different as they are more specific and the trainer can already assume a considerable amount of experiences in marketing and sales. Depending on the participants' 'development stage', three approaches are distinguished for systematically breeding them:

(1) General training seminars on KAM are most suitable for junior KAM team members who want to learn more about the KAM concept. The case study approach is again chosen as the major mean of instruction, but it is most important to include the participants' own experiences in the seminars by discussing how to proceed in various settings or how to overcome certain challenges.
(2) More specific and adapted to a company's own KAM program are in-house seminars, in which the training can aim at up to three objectives: providing the participants the necessary conceptual background on KAM, evaluating the current status of the existing KAM program and develop – together with the participants – a refined approach on how to manage a company's key account more effectively in future.
(3) The most comprehensive approach in KAM training is a continuous Key Account Manager coaching. In contrast to the training seminars, which just take 3-5 days and which can only outline certain KAM strategies and procedures, the coaching approach is even more customized. It allows the Key Account Manager to have a competent sparring partner with whom he will be able to discuss challenges within existing customer-supplier relationships, as well as develop, implement and control new (strategic) approach for his key account(s).

DISCUSSION & MANAGEMENT IMPLICATIONS

What evolved in a trial and error process over a decade has developed towards a systematic education concept. The introduced teaching and training approaches are primarily organized along two dimensions: the various 'development stages' of the sales person as well as the 'Key Account Management Cycle'. Depending on the sales person's 'development stage' different teaching and training approaches seem to be appropriate – and will change depending on the assigned position within the company (Fig. 2). This perspective contrasts classical teaching and training concepts, in which e.g. 'Pricing in Key Account Management' is taught as a separate module that is detached from the specific 'Key Account Management Cycle'; instead, not pricing should be taught, but how to proceed e.g. in managing a key account relationship, where pricing will be just one out of many management aspects.

Considering the teaching approaches for the students it seems to be more suitable to teach selected topics rather in-depth (enabling them to apply – at least – a limited amount of these tools correctly) than a wide variety of tools without any kind of application. Thus, the "trade fair" approach, the "evaluation of top 20 customers" as well as KAM design-related topics are feasible, but still rather conceptual tasks that can be taught easily in universities and will still provide the students an indispensable skill-set which will be helpful in the beginning of their career.

The management education approaches need to be much more organized around the specific requirements of the training's participants: The more advanced in the sales person's 'development stage', the more customized and practice-oriented the approach needs to be. Despite the fact that many training providers have been offering KAM seminars for decades, these seminars are just offering general insights on KAM without providing sufficient knowledge on how to apply these tools and/or how to transfer it to the company's key accounts. In my own seminars in Germany I learned over and over again how poorly companies prepare their employees for the management of the company's most precious resources, their key accounts. They are rather hesitant or even unaware of the need of investing into (continuous) trainings, particularly management coaching, as they assume that their well-paid Key Account Managers should already know. The need for knowledge exchange and sparring – even within the own company – is too often neglected by the companies' management boards.

The teaching and training scenario will become even more challenging if 'market dynamics' are included as a third dimension into the KAM education concept. Particularly the intercultural aspects regarding customers as well as KAM teams are often underestimated. Thus, the more global the key account is, the more challenging will be the training for the trainer himself if he wants to make an impact. Especially a high level of experiences, much flexibility regarding the moderation of an open discussion as well as an exceptional willingness to learn from new cases provided by the participants are required. Interestingly, the later aspect is giving the trainer the necessary recognition within the group if he is sufficiently able to put their cases and questions in a proper context of the 'Key Account Management Cycle' and work with them on sensible solutions.

Like most approaches, also this KAM education concept comes with limitations: Although the concept has so far been used extensively over the last five years, it has only been applied in Germany in one university as well as one training institute. However, at least some batches/seminar groups had a multi-cultural background.

CONCLUSION

Training a company's sales force or teaching sales students belongs to the most difficult tasks in sales force management – creating a genuine environment is almost impossible as the company's most precious assets are its customers. The challenges even grew over the last three decades as the customers' procurement organizations were extremely professionalized and the 'market dynamics' increased. Many companies will no longer be able to train their own sales people by themselves; instead, universities as well as professional training institutions will have to take over the task of increasing the sales students' employability as well as providing the sales peoples with an effective skill-set by developing and applying innovative training concepts.

Various teaching and training approaches were discussed in this paper suggesting a new perspective on teaching and training in the context of Key Account Management. It has been demonstrated that depending on the two dimensions, the 'development stage' of the sales person as well as the 'Key Account Management Cycle', different approaches seem to be more suitable than others to breed tomorrow's key account managers.

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Table 1: Classical training areas (similar to Johnston & Marshall, 2011)

Training Area	Content
Product Knowledge	to foster e.g. • pride and confidence in product quality, • self-assurance emanating from the technical knowledge of a product, • communication with customer by using the peculiar vocabulary, • understanding product functioning for diagnosing customer problems.
Market/Industry Orientation	to understand e.g. • position of own industry within the overall economy (to understand the dependence on certain trends & developments), • customers (i.e. customer insight) and industry structure.
Company Orientation	to learn e.g. about company policies on • salary structure and company benefits, • price adjustments, product modifications, delivery or credit terms.
Self-Management	to assist e.g. in • time & territory management, • efficient use of sales technology.
Legal/Ethical Issues	to avoid e.g. • legal claims, • compliance issues.
Special Training Topics	to create specialists e.g. in • price negotiations, • key account management.

Table 2: Project structure for "Going International" research projects

Project Phase	Content	Effort
Kick-off	• company presentation • introduction into product portfolio • in-depth visit of manufacturing site	• finding companies • 3-4 hours for each kick-off
Coaching meeting I (after 3-4 weeks)	• meeting of student group with company mentor • answering questions regarding company & product portfolio	• 1-2 hours meeting per group
Intermediate presentation (after 3-4 weeks)	• meeting of student group with company mentor & professor • presentation of results on company (incl. its product portfolio), macro- as well as micro-economic analysis	• 1 hour meeting per group
Coaching meeting II (after 3-4 weeks)	• meeting of student group with company mentor • answering questions regarding customers & competitors	• 1-2 hours meeting per group
Final presentation (after 3-4 weeks)	• meeting of student group with mentor, professor & managing director • presentation of final results	• 1-2 hours meeting per group

Table 3: Teaching approaches on the bachelor & master studies level

Level	Approach	Content	Effort
BA1	Research Study on "Comparison of sales structures within one company"	• understanding the company & its product portfolio • description & comparison of two different sales approaches in two countries of the same company • suggestions for improvement	• effort very high for collaborating company • missing win-win-situation from company's point of view
BA2	Research Study on "Trade Fairs"	• interviews of 5-6 companies at a trade fair • evaluation of alignment of sales objectives with the company's marketing & sales activities • benchmarking of interviewed companies • suggestions for improvement	• visit of trade fair (one full day) • booth visit of one benchmark company
BA3	Bachelor Thesis	• literature review on key account management • development of a scoring model for the selection of key accounts • development of an exemplary key account management plan	• guidance for bachelor student • visit of company for refining results with sales director/ managing director
MA1	Case Studies	• solving case studies with respect to different stages in the Key Account Management Cycle	• development of one mega case study • low teaching effort
MA2	Master Thesis	• working on advanced KAM topics (understanding the KAM concept & assessment of current status quo in company) • suggestions for improvement	• guidance for master student • visit of company for discussing & refining intermediate results

Figure 1: Key Account Management Cycle

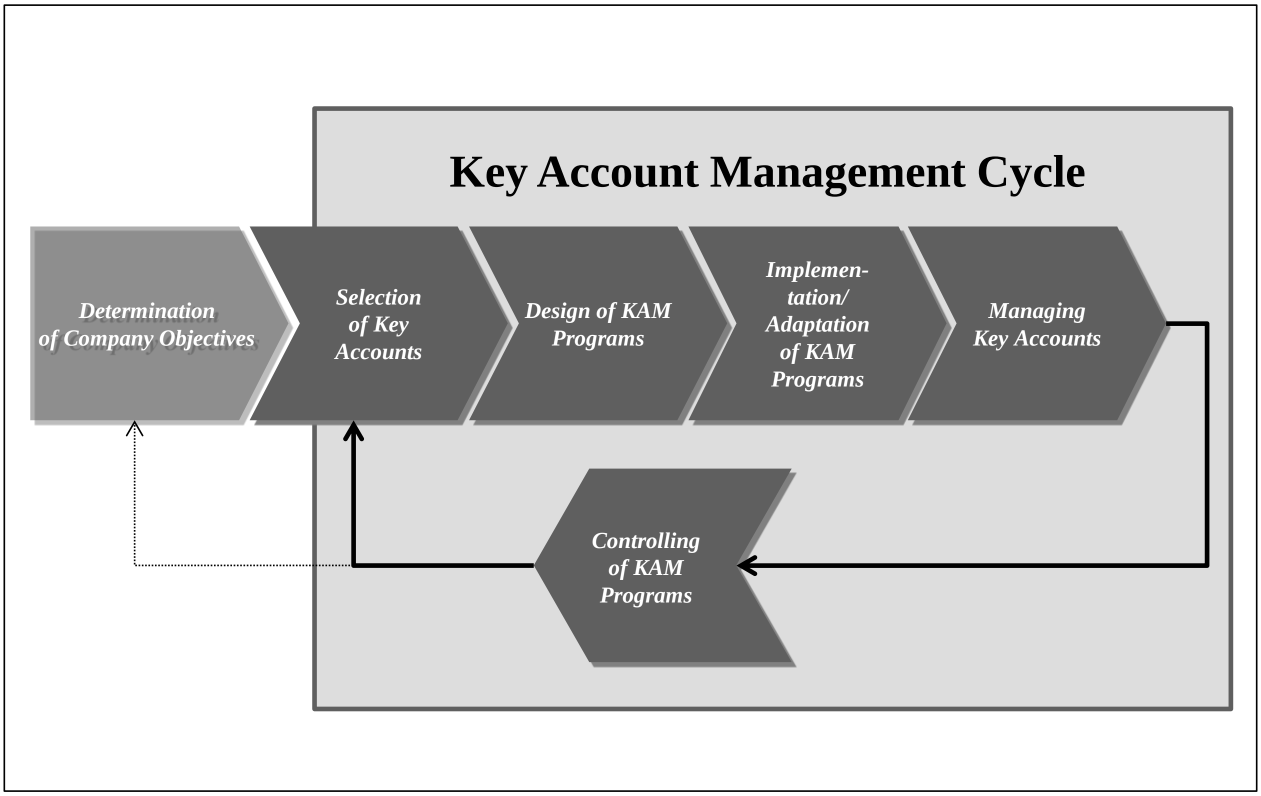

Figure 2: Breeding Concept for Key Account Managers