

## KEY ACCOUNT MANAGEMENT IN PROFESSIONAL SERVICE FIRMS: AN EXPLORATORY STUDY

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### Extended Abstract

Within the business-to-business (B2B) marketing environment, key account management (KAM) constitutes a form of team selling, in which a firm's most important customers are provided special attention. Adoption of KAM has been influenced by escalating customer expectations during the past few decades. In addition, many firms have recognised the importance of relationships with their major customers and that complex customer requirements are best managed with a KAM approach.

Typically, key account managers coordinate activities undertaken across different functions of the firm. Their roles include channelling and filtering information at the supplier-customer interface and within the firm itself. KAM teams can comprise members from all functions within the firm who have contact with key customers, promoting closer inter-functional cooperation. Various KAM frameworks have been suggested for application in traditional B2B marketing environments. Limited case study research in the professional service sector suggests that effective KAM facilitates (1) greater cooperation between specialist groups within a professional service firm, (2) access to key-account relationships by all specialist groups within the firm and (3) the use of expertise from throughout the firm during 'the value-creation process', improving the 'profession-driven system in which expertise and customer knowledge tend to reside in the individual'. However, very little research has been published regarding KAM operations within professional service firms. On the other hand, there is evidence that professional service firms have greater problems than other firms regarding communication and promotion, and typically do not have salespeople due to the nature of professional services and client expectations regarding relationships with professional service providers. Therefore, the application of KAM principles within professional service firms is likely to be substantially different to that within traditional B2B selling environments.

In the absence of knowledge regarding KAM-related practices within the professional service sector, it was considered appropriate to undertake an exploratory study to identify and explain current practices, and to compare those with practices within traditional B2B selling environments - thus extending our knowledge of KAM in different environments.

Due to the lack of knowledge regarding KAM-related practices within the professional service sector, and evidence of substantial sales-related differences between professional service firms and traditional B2B marketing firms, it was decided that an interpretive research approach, incorporating both case study and grounded theory approaches, would be most appropriate for this study. Such an approach is supported by researchers within the B2B marketing field. Given the nature of KAM, the population for this study was defined as those firms within the accounting and finance, architectural, engineering (consulting) and legal professions that target business markets. In this study, following explanation of the study (required under ethics protocols), initial interviews commence with the following questions: 'How does your firm win and maintain business at major organisational clients?' and 'What is your role in winning or servicing major clients?' Both questions are followed by probing questions, such as: 'Are there account strategies to target and win major clients?', 'Who gets involved in the planning and implementation of those strategies?' and 'What account management responsibilities do service providers have, in addition to delivery of professional services?' In subsequent interviews, questions are being refined to identify variables influencing core concepts. Such questions include the following sequence: 'What are the major challenges or problems facing your firm regarding winning or retaining large clients? How has your firm's approach to selling and account management influenced these issues? What changes would improve the situation?'

Interviews are being recorded, and then transcribed and analysed as soon as practicable. A transcribing service firm is being employed for 'word-by-word' transcription, followed by verification by the researcher (by comparison with the voice recording). Brief notes ('memos') also are being made during interviews, and subsequently imported into the data analysis software (*NVivo 10*) if the content has not been covered in the relevant transcript. (At the request of the participants, two interviews have not been recorded. Instead, detailed notes were taken by the researcher during those interviews.) All interviews, coding and data analysis are being undertaken by the researcher. To date, interviews have been conducted with ten participants from five professional service firms. Participants have included partners, other professional service providers and business development executives. All participants have had direct involvement in CRM (as well as service delivery in the case of partners and other service providers). Participants have included males and females, ranging from below 30 to about 60 years of age. The preliminary findings are therefore based on a diverse sample of participants, consistent with grounded theory requirements.

The following major themes have emerged from the preliminary data analysis.

First, like traditional B2B marketing organisations, all participating professional service firms recognise the significance of large customers and prospects, including the opportunities from penetrating all divisions of large corporate accounts. They understand the concepts of key account and KAM (although different terminology might be used). They also recognise the opportunities from cross-selling to large organisations (although there are regulatory constraints in some areas, such as the requirement for a given corporate client's accounting and auditing services not to be undertaken by the same accounting firm).

Second, some form of KAM is undertaken for major customers by all participating firms. KAM for each key account is coordinated by a partner or other senior service provider. Prospecting activities related to potential key accounts are undertaken by partners or other senior professional service providers (managers). Business development managers often provide high-level advice about account-level strategies for key accounts and prospects. They also may participate in relationship-building activities, along with partners and other senior service providers. If a major project requires a proposal or tender submission to an existing or prospective key account, a project team is likely to be established under the direction of a business development manager, partner or professional service manager. Professional service providers other than partners and managers do not normally participate in account planning or prospecting activities related to key accounts, although being informed of major issues relating to those accounts for whom they undertake work. Overall, these approaches are not substantially different from those in traditional B2B selling environments, with the exception that there are no specialist key account managers within participating firms.

Third, there is recognition within all participating firms of the importance of effective relationships with key accounts (which explains why some form of KAM is employed). Personnel interacting with key accounts are encouraged to develop effective relationships (and 'goodwill') with their customer contacts rather than providing services in a technically correct but aloof (or 'clinical') manner. There also is recognition of the importance of (1) developing relationships with a range of executives within a key account, at different levels in the hierarchy and across all relevant functions, while respecting regulatory constraints relevant to government departments and some professional services; and (2) developing effective internal communication and sharing relevant customer- or project-related information among participating personnel (or 'account team members'). Again, overall, this situation is not substantially different to that within traditional B2B selling environments, except that account relationships tend to be developed by different levels of service provider rather than by specialist key account sales executives.

Fourth, there is recognition within all participating firms of the need for *senior* service providers (partners and managers) to undertake prospecting activities relating to potential key accounts, since purchase decisions for professional services normally require approval of senior management. Consequently, prospecting activities normally circumvent the Salesperson—Purchasing Department interaction within the traditional B2B selling process (although formal or informal tendering processes still are followed by some organisations, such as government departments). However, it is not yet clear whether adequate information-gathering activities (such as detailed customer needs analysis) are undertaken as part of the typical prospecting process within the professional service sector. Further, partners and, to a lesser degree, managers are held accountable for achievement of customer- and revenue-related growth targets. Overall, therefore, responsibility for the prospecting process within participating professional service firms appears to be a major difference from that within traditional B2B selling environments.

Fifth, all participating firms utilise some form of CRM, some having purchased systems customised for their specific professional service sector. Those firms utilising sophisticated CRM systems also utilise sophisticated business planning processes and systems, and employ specialist business development or marketing executives to support their KAM and other business and marketing processes. Overall, the situation within this sector does not appear to differ substantially from that within traditional B2B selling environments, except that business development or marketing functions comprise much smaller numbers of executives within participating professional service firms (even after adjusting for differences in the size of overall business operations).

In summary, it seems that the major components of KAM employed by participating professional service firms are reasonably similar to those employed by traditional B2B marketing organisations.

The main difference identified to date in this study is the employment of professional service providers - especially *senior* personnel such as partners and managers - rather than sales specialists to undertake prospecting and other KAM activities.

Reasons for this difference will be explored in detail in future interviews, but probably include the nature of professional services and related customer expectations (Hodges and Young, 2009; Nätti et al., 2006; Nätti and Still, 2007).

Reliance on professional service providers to undertake KAM activities leads to a question regarding expertise. While well-trained in their areas of specialisation, professional service providers normally have little or no training in sales or other aspects of KAM. Unless firms arrange training, it is unclear how professional service providers would have the expertise to successfully undertake KAM activities, including prospecting and winning new customers. These issues will be explored in future interviews (along with other issues already identified).

References are available on request.