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# Key Account Management Process for ABB Large Motors and Generators

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<p>This thesis focuses on the development of strategic selling through a Key Account Management process in the case organization ABB Large Motors and Generators. This thesis was carried out to strengthen the sales by gaining a better understanding of the highly competitive markets and the customer value-creating processes, as well as the business needs of the company to then develop and offer sophisticated value propositions for the company. This thesis developed the key account management process for successful management of the company's current and strategically important potential customers.</p> <p>This thesis was conducted as action research. The data collection mainly relied on interviews and discussions, as well as analysis of relevant internal documents. The interviews were held with key account management team members, and the interviews were documented in field notes. These interviews provided data for the current state analysis and building the proposal in collaboration with the case organization.</p> <p>The outcome of this thesis is the Key Account Management process for ABB Large Motors and Generators which includes the key account selection processes, selected key account analyses, strategic marketing planning, communication processes and operational delivery processes. The outcome of this thesis will help the case organization in applying the Key Account Management approach in practice.</p>	
Keywords	Key Account Management (KAM), market analysis, key account analyses, strategy, profitability

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## 1 Introduction

The content of key account management has been studied by many leading researchers such as Porter, Miller, Heiman and McDonald. Business world today is highly competitive and more volatile than ever before. Technological revolution, globalization, mergers and acquisitions, market regulation, manufacturing overcapacity, eroding margins, and changing workforce demographics are factors, among many others, that are changing the markets. Competition in these changing markets is at the core of the success or failure of companies. Competition determines the suitable actions that are effecting to the company's overall performance. For this reason, the company needs competitive strategy to grow and establish a profitable long-term position in its industry. These changing markets and high competition inside them are creating unprecedented challenges for leaders, as well as for business managers, especially for those who manage strategically important customers. Maintaining and building relationships with these selected customers has become essential to the company to sustain a profitable profile needed to survive and grow in these volatile markets.

*Key account management (KAM)* is a marketing management approach based on relationship management on dealing with major customers, known as key accounts, in business-to-business markets. KAM is not just relationship management, it is a framework of processes related to market knowledge, key account selection, key account analyses, communication and operational delivery process management of the most important current and potential customers.

It can be said that all the customers are important to the company to gain revenue and profits, but with scarce resources, it is impossible to keep up equally good relationship with all the customers, irrespective of their size and profit. Therefore, companies need to know who are the key accounts who can make a significant contribution towards the company's long-term objectives.

The objective of this thesis is to propose a Key Account Management process for ABB Large Motors and Generators. The order for this thesis came from realizing the development need of Key Account Management approach concerning how the Key Account Managers should manage these strategically important customers in this ABB Product Group.

## 1.1 Business Context

The case organization of this thesis is ABB Large Motors and Generators located in Finland. Globally, “ABB is a pioneering technology leader that works closely with utility, industry, transportation and infrastructure customers to write the future of industries digitalization and realize value. With a heritage spanning more than 130 years, ABB operates in more than 100 countries and employs around 132,000 people” (New.abb.com, 2017).

ABB is organized into four global divisions: Electrification products, Robotics and motion, Industrial automation and Power grids (New.abb.com, 2017). ABB Motors and Generators Business Unit makes one part of the Robotics and motion division.

The customers of ABB Motors and Generators are manufacturers, original equipment manufacturers (OEMs) in a variety of industries and utilities, as well as industry end users and infrastructure operators (New.abb.com, 2017). ABB Motors and Generators offers them a comprehensive range of reliable and high efficiency motors and generators (New.abb.com, 2017). This thesis focus on *ABB Large Motors and Generators* which is one *Product Group* (PG) inside the ABB Motors and Generators Business Unit.

## 1.2 Business Challenge, Objective and Outcome

This thesis aims to give an answer to the burning question of how successful *Key Account Management (KAM)* can be established.

Presently, the key accounts of ABB Large Motors and Generators are identified and a basic categorization of them exists on a higher organizational level, but the approach concerning how key account managers should manage these customer relationships is missing. Accordingly, the objective of this thesis is *to propose a Key Account Management process for ABB Large Motors and Generators*. The outcome of this thesis is a Key Account Management process for ABB Large Motors and Generators.



### 1.3 Thesis Outline

This thesis is conducted qualitatively by interviews and utilizing existing knowledge of key account management. According to the existing knowledge, the scope of the thesis is limited to key account selection processes, selected key account analyses, strategic marketing planning processes, communication processes and operational delivery processes.

This Thesis is written in seven sections. Section 1 is the Introduction for this thesis. Section 2 overviews the research approach, and the method and material used in this thesis. Section 3 discusses the best practice research from existing knowledge related to key account management to search the key elements for first proposal of key account management process for the case organization. The identified key elements are subsequently transformed into the conceptual framework. Later on, in Section 4, the conceptual framework is used for conducting the current state analysis and, in Section 5, for building the proposal. Section 6 describes the results of the proposal validation. Finally, Section 7 presents the conclusions of this thesis.

The introduction of this Thesis explained the big picture of the challenges that companies are facing in the markets, and the importance of key account management in long-term company objectives, growth and profitability. It also explained the business context where this development need occurs, and the Thesis outline. The next sections help to build a broader landscape of this Thesis.

## 2 Method and Material

This section describes the research approach, method and material used in this thesis. It also gives an overview of how this thesis was designed and how it meets the quality requirements for a relevant and rigorous research.

### 2.1 Research Approach

This thesis utilizes Action research as its research approach, and it is conducted as field-work to tackle the organizational issues. This research approach suits best for studies where parts of one specific organization are developed by the researcher who is an active member of the organization in question.

*Action research* tends to deal with real-world organizations and managerial problems, while simultaneously accommodating the goals of science (Näslund, Kale and Paulraj, 2010: 331-332). It indicates the diversity of theory and practice by providing a choice for potential action that might be appropriate for research question. The central idea of action research is to use scientific approach to research the solution for important organizational issue in collaboration with organization where this issue occurs. Action research works through a process of planning, action taking, and evaluation of the action (Coughlan and Coughlan, 2002: 220-222). The desired outcome of the action research approach is not just the solution, but the importance of learning from outcomes and the contribution to scientific knowledge and theory.

Action research is typically conducted by utilizing qualitative research methods. One of the most popular data collection method used in research design is interview protocol. With a well-designed interview protocol, researcher can penetrate in-depth information known by interviewees (Turner, 2010: 754). A well-constructed and professional interview includes the preparation, the construction of effective research questions, and the implementation of the interview. The importance of the preparation stage includes building and maintaining an unambiguous focus to the effective research study with the interviewee. Selecting participants to the interviews makes another important step to obtain qualified candidates who are willing to openly and honestly provide credible data to the research. Another important element of the preparation stage is to pilot test the interview design with a participant that have similar interests as those that are participating in the

interviews (Turner, 2010: 756-757). This is conducted to reveal flaws, limitations, and weaknesses of the design.

Another important step in qualitative research is the analysis and interpretation of the data gathered from interviews. This analysis is typically conducted by uncovering and compiling the findings into categories, or groups of themes, or research areas, typically using the Thematic content analysis. These groups are identified from the consistent phrases, expressions, and views that were common for all the participants (Turner, 2010: 759). After the grouping, it is suggested to review the groups to strengthen the quality and rigor of the interview transcripts.

The data of this thesis is collected through interviews and feedback meetings in different stages: in the current state analysis, building the first proposal and developing the proposal draft towards the final proposal.

## 2.2 Research Design

Figure 1 below shows a graphical illustration of all the components of the research design used in this thesis, followed by an explanation of the different steps and what data was used to accomplish the objective of this thesis.

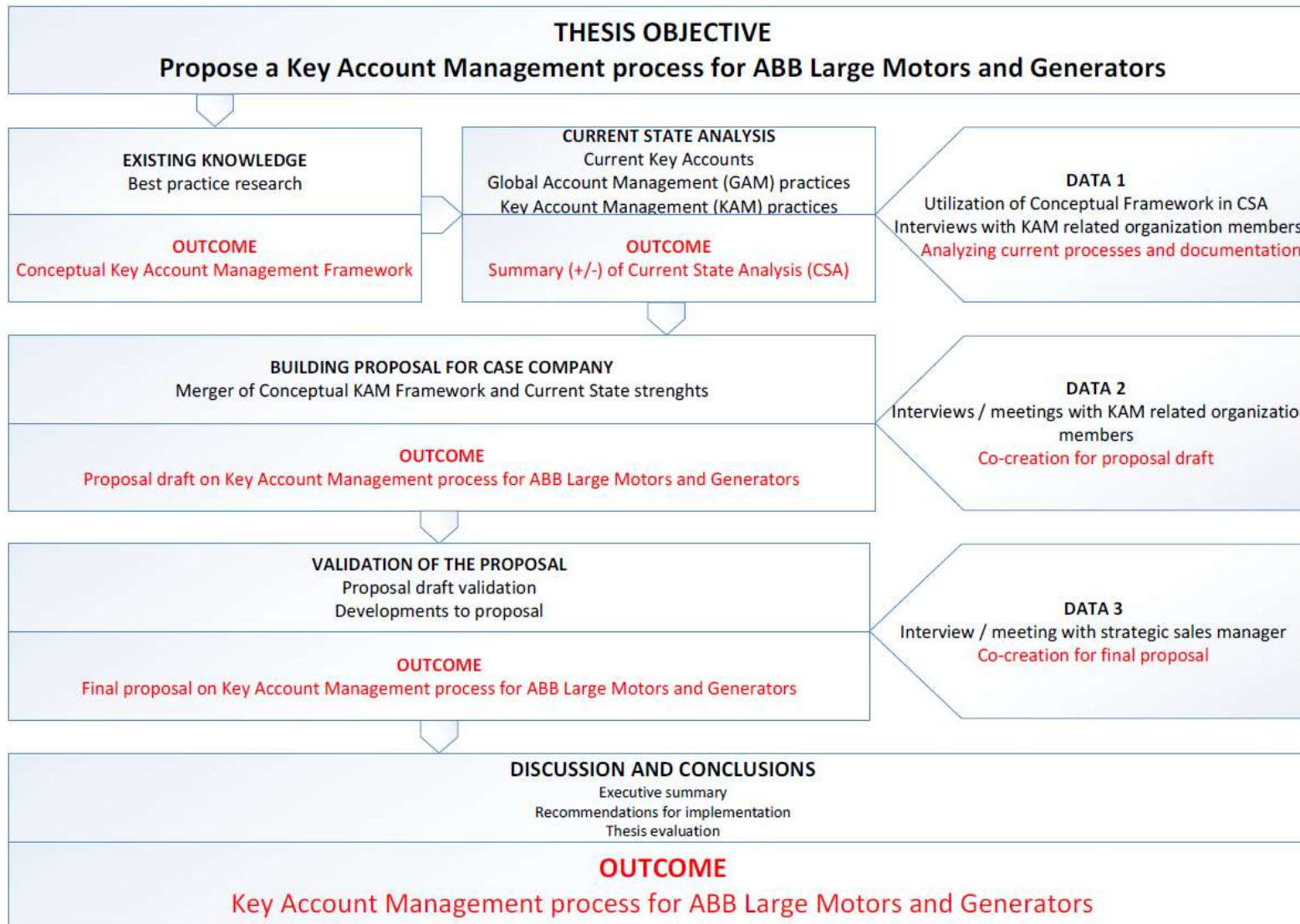


Figure 1. Research design of this thesis.

This thesis starts from a business development need identified in the organization, i.e. the thesis objective. With a clear thesis objective established, existing knowledge and best practice of key account management is reviewed from literature to build a conceptual key account management framework. This thesis is proposing a new KAM process for the organization, for this reason the conceptual framework is built before the current state analysis to provide a solid foundation for it. The current state analysis is conducted through interviews with organization members where this development need occurs. Based on the current state analysis and suggestions from existing knowledge, the proposal for the KAM process is built collaboratively, and subsequently evaluated in interviews and meeting with the organization members involved in the KAM. The proposal is co-created together so that it suits and works for the company.

### 2.3 Data Collection and Analysis

In this thesis, data is collected in 3 phases to develop a proposal that would fulfil company needs and works in a real-world business environment. Table 1 below provides an overview of the collected data, data sources, data types, and the purpose of data in this thesis.

*Table 1. Three rounds of data collection and analysis in this thesis.*

<b>Data collection</b>	<b>Data source</b>	<b>Data type</b>	<b>Purpose of the data</b>
<b>Data 1: Current State Analysis</b>	KAM related organization members, company processes and documentation	Interviews, examination	To do analysis and identify current state strengths and weaknesses
<b>Data 2: Building first proposal for case company</b>	KAM related organization members	Interviews / co-creation meetings	To build first proposal in collaboration
<b>Data 3: Validation of the proposal</b>	KAM related organization members	Interviews / co-creation meetings	To get feedback from team members to build the final proposal and provide recommendations for implementation

As seen in Table 1, first, Data 1 is collected individually in face-to-face interviews. This data is analysed in-depth to understand the current state of the case company, and to

find the strengths and weaknesses of current practices. Second, Data 2 collection is conducted collaboratively with the KAM team to gather ideas for an optimal solution that would suit and work best for the organization. Finally, Data 3 collection phase is conducted to validate the final proposal and make corrections to make it ready for implementation.

A detailed overview of the research Data 1 is shown in Table 2 below.

*Table 2. Details of Data 1 collection used in this thesis.*

	Data type	Participants and roles	Agenda	Date	Length	Documentation style
Phase	DATA 1					
	Face-to-face 1 meeting	Interviewee 1, Team leader, Key Account Manager	1. Conceptual KAM framework overview 2. Current state of practices	28.2.2017	3 hours	Field notes
	Face-to-face 2 meeting	Interviewee 2, KAM team R&D engineer	2. Conceptual KAM framework overview 2. Current state of practices	14.3.2017	2 hours	Field notes
	Face-to-face 3 meeting	Interviewee 3, Key Account Manager	3. Conceptual KAM framework overview 2. Current state of practices	15.3.2017	2 hours	Field notes

As Table 2 shows, Data 1 for this thesis was collected to conduct the current state analysis. Data 1 collection was conducted in face-to-face meetings in 3 interview sessions. The sessions were mainly 2 hours long to get proper orientation to the interviews (Appendix 1 shows the interview guidelines used in this thesis). Documentation was conducted by writing down field notes of the current state.

Next, for building the proposal, Data 2 was collected. A detailed overview of Data 2 is shown in Table 3 below.

*Table 3. Details of Data 2 collection used in this thesis.*

	Data type	Participants and roles	Agenda	Date	Length	Documentation style
Phase	DATA 2					
4	Workshop	KAM team	Proposal building	29.3.2017	2 hours	Field notes
5	Face-to-face meeting	Interviewee 4, Strategic Sales Manager	Proposal building	4.4.2017	1 hours	Field notes

Based on merging the current state strengths of the existing KAM activities and the existing knowledge extracted from Data 2 collection, the proposal was collaboratively built with the KAM team (the first proposal). This first proposal was subsequently inspected and commented for development in the interview with the Strategic Sales Manager. A detailed overview of Data 3 is shown in Table 4 below.

*Table 4. Details of Data 3 collection used in this thesis.*

	Data type	Participants and roles	Agenda	Date	Lenght	Documentation style
Phase	<b>DATA 3</b>					
	Face-to-face 6 meeting	Interviewee 4, Strategic Sales Manager	Validation	7.4.2017	2 hours	Field notes

As Table 4 shows, Data 3 made the final data collection phase in this thesis, and was conducted for the validation of the proposal. This was conducted in face-to-face meeting with the Strategic Sales Manager to get the approval for the final proposal. Meeting was 2 hours in length to allow enough time for co-creation and to obtain feedback for the proposed solution. The validation of the proposed key account management process was documented using field notes, and approved by the Strategic Sales Manager.

This method and material section overviewed how this thesis is conducted according to the research approach and design, data collection and data analysis. Next section is about best practice research from existing knowledge of key account management.

### 3 Existing Knowledge of Key Account Management

This section discusses the existing knowledge and best practice of key account management. This is conducted to search the key elements for the proposal of the key account management process for the case organization. Existing knowledge includes the areas of key account planning and implementation processes. The identified key elements are subsequently transformed into the conceptual framework later used for conducting the current state analysis and building the proposal.

#### 3.1 Basic Concepts of Key Account Management

*Key account management* (KAM) is a management approach aiming to build a portfolio of key accounts and offering them tailored products and services on a continuing basis to fulfil their individual needs (McDonald et al., 2000: 25). Key accounts are strategically important customers, identified by the selling company, who significantly contribute to the company's financial objectives.

Over the last few decades, key account management has been a widely used strategic customer relationship approach in business-to-business environment. Especially now when emergent trends are transforming the business world, companies are increasingly relying on KAM to build collaborative and mutually adaptive relationship with strategically important customers (Marcos-Cuevas et al., 2014: 1216).

Key account management aims to manage these strategically important customers intensively and in a coordinated manner. The primary focus of KAM is orchestrating inter-organizational relationships to attain mutually beneficial goals (Marcos-Cuevas et al., 2014: 1216). Inter-organizational alignment is a process to increase the organization's knowledge of the selected key accounts business concerns and opportunities, and jointly develop value propositions and delivering them to the customer (Storbacka, 2012: 261).

Elements of KAM approach in this thesis include several key account planning and implementation processes including key account selection processes, selected key account analyses, key account planning processes, communication processes and operational delivery processes. These processes are examined and discussed in more detail in the following sections.



## 3.2 Key Account Selection Processes

Organizations need strategical direction and focus to search and create new business opportunities (Ansoff, 1988: 100). As strategy is an elusive and abstract concept, its formulation does not produce immediate productive actions. Since management is practical and result-oriented, some questions need to be asked, for instance, how strategy can contribute to the organization's performance. Strategy gives consistency and direction for complex organizations to grow (Ansoff, 1988: 104-105). One essential requirement for strategy is when a company is competing in markets which are rapid and where interruptive changes occur. Under conditions like these, established organizational traditions, direction and experience is not enough for coping with the new opportunities and threats. When an organization is confronting interruptive changes in the markets, organization also need to confront very difficult problems of their own. Organization need to choose what kind of strategy organization is developing for future growth and profitability (Ansoff, 1988: 106-107). These choices of strategies start from market analysis.

Some markets and market segments are always more important to the company than others. Therefore, key account selection processes start from market segmentation. After market segmentation, accounts are analysed by their attractiveness to the organization (McDonald et al., 2000: 128). These are critical processes to enable organization to allocate its scarce resources effectively.

### 3.2.1 Market Segmentation Process

Market segmentation is a process where the whole market is divided into smaller groups called segments where customers have similar needs (McDonald et al., 2000: 109). Market segmentation is conducted to have a profound understanding of how markets work.

Market segmentation starts from the *market definition* and *market structure*. Market definition is crucial to measure correctly the market share and market growth, to identify main competitors, and to create successful marketing strategies (McDonald et al., 2000: 111). To represent what happens in the market, different purchase combinations need to be analysed; what is bought, who buys what from who, and for what reason (McDonald et al., 2000: 112).

Market segmentation makes a vital element in key account management since in today's competitive business world it is hard to compete only with the price. It is almost certain

that someone from somewhere can sell cheaper. Additionally, it is rare that the cheapest supplier is successful anyway. This means that organizations need to find a way to differentiate their offering from the competition, and this is what makes the eventual goal of market segmentation (McDonald et al., 2000: 109-115). Market knowledge gives key account managers a foundation for building a long-term relationship with their key accounts.

### 3.2.2 Account Portfolio Analysis

Companies need to know who are the customers who can make a significant contribution towards the company's long-term objectives (McDonald et al., 2000: 1).

According to Cheverton (2008: 271-273), customers can be divided into 4 groups based on their attractiveness to the organization, as shown in Table 5 below.

Table 5. Customers divided based on their attractiveness to the organization (Cheverton 2008: 271-273).

1. *Key accounts* are critical for future business and deserves special attention and resources from devoted key account team. Attraction is mutual and key accounts rate organization higher than other suppliers, but situations may change easily.
2. *Key development accounts* are those where future potential could lie. Key development accounts currently prefer more competitors offering.
3. *Maintenance accounts* are good customers, perhaps even loyal. Maintenance accounts rate organization highly, and are certainly personal favourites for many in the organization, but are not viewed as attractive prospects. As these customers are maintenance accounts, resources should be pulled off from these accounts and directed to where resources are the most needed.
4. *Opportunistic accounts* are those who are served willingly when it suits to own interests. Right customers to do short-term deals for short-term gains. No great attraction for the organization.

The relative attractiveness of customers can be evaluated by building an organization specific criteria derived from different factors. Criteria need to combine long-term potential as well as short-term realities in a mixture of tangible and intangible, quantitative and qualitative factors (Cheverton, 2008: 276). One approach on developing criteria is to evaluate factors through different but overlapping considerations.

As Wilson et al. (2010: 158) propose in table 6 below, there can be a number of factors to choose from and included into the criteria.

*Table 6. Customer attractiveness and competitive strengths criteria (Wilson et al, 2010: 158) for account portfolio analysis.*

<b>Customer Attractiveness Criteria</b>	<b>Competitive Strength Criteria</b>
Strategic alignment	Global congruence
Profit potential	Global product capability
Global spread	Pricing
Relationship positioning	Share of customer wallet
Account response to value proposition	Quality and reliability
Market sector performance	Relative size and group capability
Match to ideal customer profile	Dependency
Volume growth	

As seen in Table 6, one possible way to help in account portfolio analysis is to analyse the customer attractiveness and the competitor strengths criteria. When selecting criteria, business practice suggests to choose about 6 factors (Cheverton, 2008: 279). If more is chosen, the rating of accounts tends to blur and every account falls into middle ground. On the contrary, too few factors lead to a danger of being too narrow in the analysis. Another thing is, that it may be hard for other organization members to understand the basis of analysis (Cheverton, 2008: 279). Therefore, it might be beneficial to weight the chosen factors to highlight the importance of certain factors, or their relation to own objectives.

After the Key account selection processes (including the Market segmentation and Account portfolio analysis) are completed, next step is to make a more detailed Selected key account analyses.

### 3.3 Selected Key Account Analyses

The purpose of selected key account analyses is to produce a consistent strategic plan for each of the selected key accounts. These analyses are prerequisite for key account managers with deep understanding of their account's industry, strategy, competition, strategic players and value-creating processes.

### 3.3.1 Key Account Industry Driving Forces

*The first fundamental determinant of a firm's profitability is industry attractiveness. Competitive strategy must grow out of a sophisticated understanding of the rules of competition that determine an industry's attractiveness. The ultimate aim of competitive strategy is to cope with and, ideally, to change those rules in the firm's favor (Porter, 2004: 4).*

Business practice suggests that the rules of competition are typically embodied in five competitive forces (Porter, 2004), i.e. threat of new entrants, bargaining power of buyers, threat of substitute products or services, bargaining power of suppliers, and rivalry among existing companies. These forces vary from one industry to another and are changing as the industry evolves. Importantly, competitive forces determine the company's ability to earn returns in its industry. Figure 2 below illustrates the key elements of industry structure (Porter, 2004: 4-7).

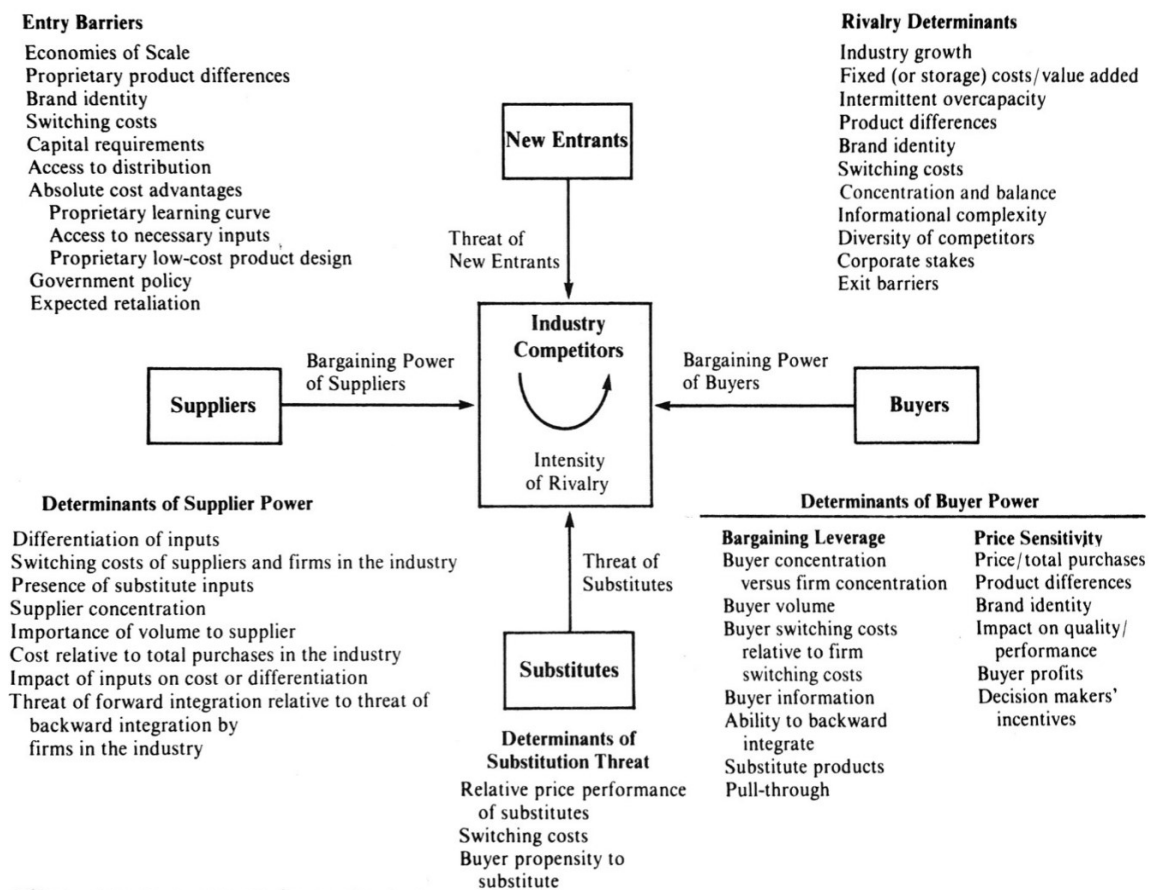


Figure 2. Elements of industry structure (Porter, 2004: 6).

Figure 2 illustrates the element of the industry structure that drives the industry. According to Porter (2004), every industry has its own unique structure, and the industry structure is relatively stable. The most important information comes from the industry trends that affect to the structure.

Satisfying the customer need is the prerequisite for viability in the industry and the companies within it. Customers must be willing to purchase products and services from companies at the price that exceeds the costs of production, otherwise the industry and companies within are not surviving in a long run (Porter, 2004: 7-9). The crucial question is how companies can capture the created value for the customers. The industry structure determines and gives answers to that question.

Porter's five forces framework helps to highlight the critical factors of competition in the industry, and direct the focus of management towards the aspects that are most important to the long-term profitability.

### 3.3.2 Analysis of Key Account's Strategy

This section focuses on analysing the key account's strategy and ensures that this knowledge is used to establish a link between company's sales team and key account (Hennessey and Jeannet, 2003: 135). This process helps building a successful key account team which can demonstrate to the account that together the companies can make accounts business more successfully in its own industry.

First, the account's corporate strategy is essential to understand because it sets the tone for the whole business. While companies are affected by investors and industry, companies are under constant pressure to adapt on the way to respond to these pressures (Hennessey and Jeannet, 2003: 111-112). Therefore, the key account team needs to know and be aware of the key account's possible strategic shifts and know the how it's affecting them.

Next, the account team needs to get a good understanding of the financial footprint of the account. Even though the customer's annual reports might show that its sales, profits, and dividends are rising, annual reports probably do not tell everything. Therefore, there is a need for financial analysis to understand the hidden risks and concerns in the customer's business. This analysis help to understand the ultimate financial situation of the

account, and what the account is trying to achieve. Financial analysis aims to get a full picture of the account's enterprise and funding structure (Rice, 2011: 133-134). The most useful parameters to gain insight into the account are ratios. Ratio trends show for example how a company is managed, and forecast the future performance. Benchmarking parameters against other customers are useful to get insight of relative strengths of different companies in the same industry (Rice, 2011: 145-146). To get most reliable picture of how companies are performing, the best approach is to analyse trends in parameters rather than at one point in time.

Next, the analysis needs to go down to the unit level. Most account teams do not face the entire customer corporation; most likely the account team is associating with business units. This needs further strategic analysis. Companies do business with products and service scope; therefore, charting this scope tells how the company operates and competes. Understanding the specific scope is helping the account manager to assess the account's needs, and uncover opportunities to contribute to the account's strategy. Geographical deployment, such as factory locations are important to determine the markets where the account competes (Hennessey and Jeannet, 2003: 115-119). If the customer has different offerings for different markets, important information comes from the market position by the market. With this knowledge, the account team can anticipate the future moves of the customer.

Summing up, a thorough analysis of the key account strategy aims at making the key account team a strategic insider (Hennessey and Jeannet, 2003: 135) of the customer company.

### 3.3.3 Competitive View Analysis

Customers have many suppliers to choose from. Only those who suit best for the customer are recognized as customer's strategic suppliers. Competitive view analysis helps the assessment of what is possible to achieve in this relationship, what kind of efforts it requires, and is it worth a shared strategic future with the customer (Cheverton, 2008: 217).

Competitive view analysis starts by the analysis of *the customer business opportunities, ambitions and hopes* for the future (Cheverton, 2008: 218). After finding out the customer's plans, the key account manager needs to find answers to questions about the

customer concerns related to the future, the threats that the customer sees towards their business, and the things that worry about these threats. Analysis of the customer specific industry (discussed earlier in Section 3.3.1) and the customer strategy (discussed earlier in Section 3.3.2) helps to find answers for these questions. For conducting this customer business opportunities analysis, one way is to simply ask the customer. After finding answers to these important questions, analysis turns to how the customer can see the supplier (the company).

The analysis of the company's *strengths and weaknesses as a supplier* is important since it determines the direction for the future relationship, so it must be right and honest. Again, the best way to conduct this analysis is to ask the customer. The goal is to identify the areas where (a) the company make a positive impact to the customer's ambitions, or reduce their concerns; (b) where the company make a negative impact to the customer's ambitions, or increase their concerns; (c) how company can resolve these weaknesses and how much that is costing. Along this discuss, it is also vital to check if the balance of strengths and weaknesses endorse mutual respect and partnership, or is it forecasting long battle over short-term profit (Cheverton, 2008: 219-220). These areas are covered to map the position between the supplier and the customer. A true strategic supplier is openly discussing about these findings with the customer.

Now when analysis about *position between the supplier (the company) and the customer* is conducted, the company has enough information to consider what the competitor is doing. Business practice suggests that, most likely, competitors are doing the same or very close things.

The final and the most important part of the *Competitive view analysis* is to include competitor's strengths and weaknesses into analysis and put all into same positioning matrix. After matrix is filled, there are three essential questions to answer: (a) what are the differences between company and other suppliers, (b) is there anything the company can do about it, and (c) is it be worth the effort (Cheverton, 2008: 217-221). Table 7 below illustrates the competitive view analysis.

Table 7. The competitive view analysis (Cheverton, 2008: 222).

		The customer's opportunities and ambitions				The customer's threats and concerns			
		1.	2.	3.	4.	1.	2.	3.	4.
<b>+ sign(s)</b> We/they make a positive impact on their ambitions or reduce their concerns	<b>- sign(s)</b> We/they detract from their ambitions, or compound their concerns								
Our strengths, as perceived by the customer	1.								
	2.								
	3.								
	4.								
Our weaknesses, as perceived by the customer	1.								
	2.								
	3.								
	4.								
The competitor's strengths, as perceived by the customer	1.								
	2.								
	3.								
	4.								
The competitor's weaknesses, as perceived by the customer	1.								
	2.								
	3.								
	4.								

As seen in Table 7, the competitive view analysis compares the company's strengths and weaknesses against the competitor's in the positioning matrix. It also immediately checks them against the customer's *business opportunities* and *ambitions*, and the customer's *threats* and *concerns*. (Cheverton, 2008: 221). Taken together, the competitive view analysis maps the differences between the company and other suppliers, and the directions to overcome them.

Based on the results, key account teams can start considering if the attempts to do business with this account is worth the effort. After the competitive view analysis, the key account team need to map the strategic players in the account for setting a successful strategy. This is discussed in the next section.



### 3.3.4 Strategic Players Analysis in the Account

*A company isn't a person. It's made up of persons. When you develop a business relationship, it's really the sum of those parts. – Damon Jones, Chief Operating Officer, Miller Heiman (Miller et al. 2005: 77).*

While managing key accounts, the key account manager might be dealing with dozens of individuals who can affect positively or negatively to the relationship. According to Miller et al. (2005), these individuals can be categorized into three groups: *sponsors*, *strategic coaches*, and *anti-sponsors*.

Everyone who likes the key account manager or the company's products and service is not necessary a sponsor. According to Miller et al. (2005), to identify a true sponsor, he or she must fulfil three criteria: *authority, influence, and support*. First, a sponsor has authority in the customer organization and is essentially willing to make decisions that deepens the relationship. Secondly, a sponsor has power to influence other people who are critical parts of developing the relationship. For example, the things sponsors do or say influence positively on how people in the account organization perceive the key account manager and the organization he or she represents. The reality is that sponsors cannot be selected from the organization chart, sponsors need to be found. Sponsors also see their self-interest in developing a relationship with the key account manager. Therefore, the third criteria is the sponsor's willingness to strongly support the key account manager's presence in the account. Business practice suggests that identifying a sponsor or even better, sponsors is critical for success, as no long-term relationship with the account is possible without them (Miller et al. 2005: 78-80). If in the account, there is no one who fulfils these criteria, that should be identified as a major problem.

*Strategic coaches* are the people who have and can provide valuable insight on how a supplier can be positioned more effectively in the account. To have such an impact, strategic coaches must fulfil three criteria: *credibility, support, and account insight*. First, the strategic coaches need to possess a high degree of credibility within account senior management and be respected on all the other organization levels as well. Without credibility, strategic coaches would not get the needed insight from the account organization. Strategic coaches are influential people in the account organization, and strategic coaches most likely have decision-making power. As sponsors, strategic coaches see personal benefit in promoting the key account manager and the company in the account organization. And for this reason, are willing to support this relationship development.

Secondly, strategic coaches support the business between companies, and give advice and guidance for building a long-term relationship. The third criteria of strategic coaches are the willingness to provide insight about account's business that only account insiders have (Miller et al. 2005: 80-81).

In more detail, strategic coaches are normally senior managers, or senior management consultants who know how the account organization operates, what concerns strategic players, what are account's strategies, and what drives the business. Strategic coaches also know how operational level sets the budgets, allocate resources, and make purchasing decisions. This information about account is critical for setting a successful strategy. As discussed earlier in this section, sponsors and strategic coaches are quite similar, but the main difference is that the strategic coaches understand the account entirely (Miller et al. 2005: 81). In successful account management, nothing is more beneficial for the company than top-level insider.

*Anti-sponsors* are typically people who are working for the failure of the key account manager and the company it represents. The danger of anti-sponsors is that anti-sponsors are capable of influencing the other strategic players in the account. There may be various reasons for acting this way: for example, anti-sponsors may want some other supplier in; or anti-sponsors have different business philosophies; or anti-sponsors may feel that their authority is threatened, or other reasons, most often internal politics. Having a sponsor is without exception means that there is also an anti-sponsor who needs to be identified. Since many anti-sponsors are difficult to recognize among all who are smiling, developing multiple relationships with individuals is important. Business practice suggests that the best way to neutralize an anti-sponsor is by using the sponsor and the strategic coaches (Miller et al. 2005: 82-84). In addition, it is useful to identify some other individuals whose presence in the account is common but may be hidden and potentially deadly. In every account strategy, there is a need to identify these strategic players.

To identify the strategic players, brainstorming with the account team is used to identify the players who could be beneficial or harmful for the relationship and the strategy. When strategic players are identified, strategic players need to be aligned with the supplier organization. This is conducted by establishing internal cross-functional links inside the organization. For every strategic player, there should be someone with an equivalent level of authority in own organization. (Miller et al. 2005: 84-85) The goal of this step is to ensure that all the links with right resources are connected and available when

needed. The role of the key account manager is to orchestrate these links of contacts and ensure that contacts are activated as often as needed, and the contacts towards the account are orchestrated strategically.

Strategic players' analysis of account discussed in this section is a critical prerequisite and knowledge source for analysis of key account value-creating processes and business needs discussed in next section.

### 3.3.5 Key Account Value-creating Processes and Business Needs

This section focuses on deepening the understanding about account value-creating processes and business needs. Successful KAM aims to find answers to the following questions: What makes the account want a certain type of product and service. What makes the account purchase these products and service from certain suppliers. Account experience is based on account's expectations, but the experience is not only about the product or service, it is a function of all internal and external factors (Gronroos, 2013: 360).

First of all, the offered products and service need to fit the account's value-creating processes in a way that it supports value creation in the organization's everyday activities. Any offer that does not support value creation is not interesting to the account, because it is not creating the value the account want. The account's everyday activities and value-creating processes are the most important information organization need to know about their accounts. It is essential to understand that the value-creation process itself does not define what kind of service a person in the account organization is looking for. Many suppliers can provide an acceptable solution to the customer, but key accounts require certain wishes on how key account want the supplier and KAM to treat them. This normally narrows the scope of potential service providers with whom the customer wants to do business. This is why KAM needs to know how to treat the account in a way that fulfil his or her technical and functional dimensions of perceived service quality (Gronroos, 2013: 360). Knowledge requirement is related to the value system of the customer, which determines what kind of solutions are acceptable and what are out of the question.

According to Gronroos (2013: 360), to fully understand and provide solutions to the present and potential accounts, KAM needs to acquire account information as follows: (a) value formation and value generation, (b) value system, and (c) account needs that are formed from value-creating processes and value system.

Summing up *the Key account selection* and *Key account analyses* sections, these analytical processes need replicability across the whole company. The company accrue substantial benefits from these key account analyses if the key account team is able to institutionalize this analytical approach across the organization. The company would gain benefits from not doing the same job twice in different parts of the company, and not having to reinvent the wheel all over again, especially when managers and executives are being reassigned rapidly. Instead, the learnings from these analyses could be generalized and easily understood by others if all account teams would apply the same approach (Hennessey and Jeannet, 2003: 134-135). Just like the company has mandatory reporting formats for financial matters, business practice suggests that it would be beneficial to standardise the sets of key account knowledge and use them in a key account management process.

The next step in a key account management process is to proceed to *Strategic Marketing Planning for Key accounts*, discussed in the next section.

### 3.4 Strategic Marketing Planning for Key Accounts

This section discusses the elements of effective strategic marketing planning where key account planning process is firmly placed. The end of this section is reserved for highly important discussion about key account profitability.

#### 3.4.1 Key Account Marketing Planning Process

There is substantial evidence that marketing planning results in greater profitability and stability over time. Additionally, it reduces the friction and operational difficulties inside the organization. Marketing planning is a managerial process which includes strategic marketing planning and tactical marketing planning. Strategic marketing planning covers a timeline between three to five years. A tactical marketing plan is a plan how to achieve strategic marketing plan's first year's objectives (McDonald et al., 2000: 155-156). A marketing plan is built on the company goal setting and it includes market knowledge, strategies, and resource allocation for actions.

The first step of the marketing planning process is to observe company mission statement and financial objectives. A strategic marketing plan needs to serve the company

purpose and goals. The next step is to attach the comprehensive market overview (discussed in section 3.2) into the strategic marketing plan. From the market overview, the planning process continues by involving summaries of market *Strengths*, *Weaknesses*, *Opportunities* and *Threats* to the strategic marketing plan. These *SWOT* analyses lead and help making assumptions for drafting marketing objectives and strategies of marketing plan. The marketing objectives are quantitative measurements of sales volumes, values, market shares and profits (McDonald et al., 2000: 156). The final step of strategic marketing planning process is to finalize the alternative plans, resource allocations and budgets.

Growth requires customers who want to buy products and service from the company rather than from the competitor, and are willing to buy again. The strategic marketing planning approach needs intelligence, confidence and courage. Unsuccessful organizations do not bother to do this and rely only on sales forecasts and sales related budgets. Problem of purely sales approach is that the salespeople usually sell the products at a maximum discount to the customers who are pleasant to work with. Preoccupation with short-term forecast is normal for companies that are confused with the strategic marketing planning approach (McDonald et al., 2000: 158). Transforming the company vision into strategies towards reality is the reason why strategic marketing planning is involved into the KAM process.

#### 3.4.2 Key Account Planning Process

This next section is about developing a key account plan. Without this vital process, it is unlikely that the company can provide superior value to its key accounts, or achieve sustainable competitive advantage (McDonald et al., 2000: 167).

The development of key account plan starts by producing a formal mission statement, which states the role and position of the key account in the company's account portfolio (discussed in section 3.2.2) and shows the intended future direction for the organization. To establish the strategic content of a key account plan, it is important to show these expectations up front in the plan. Next, the key account plan illustrates account's financial summary for the three to five years' timeframe. A key account overview attached next to the account plan is like a market overview (discussed in section 3.4.1) but contains summaries of the key account analyses (discussed in section 3.3). After the key account overview, a key account plan sets out the objectives for the key account. Objectives are

mainly about sales, profits and account penetration related. (McDonald et al., 2000: 163). Key account objectives need strategies on how to achieve them. These strategy considerations should be written down to the account plan. To finalize the key account planning process, the plan needs to be put into a more detailed scheduled and budgeted actions programme. The program has monthly objectives and main activities and responsibilities with support requirements. These activities should be reviewed monthly with a relevant team members.

As seen in this section, strategic marketing planning is mainly a set of market knowledge, account knowledge, and strategies collected together and utilized by key account managers and key account team members. The next short and important section is about *Key Account Profitability*.

### 3.4.3 Key Account Profitability

It is obvious that profit equals revenues minus costs, however, it is not clear how and by what means revenues and costs are influenced (Gronroos, 2013: 215). Decisions about key accounts and strategy related resource allocation cannot be made without understanding the customer profitability (Cheverton, 2008: 350). Profitability of the key account might be leaking away through resource allocation which is not justified (McDonald et al., 2000: 176). By calculating the lifetime value of accounts, key account managers reach to information on which relationships are critically important to the organization, which relationships make little contribution to the total profitability, and which relationships are not profitable at all (Gronroos, 2013: 165).

Strategic marketing planning, discussed above, leads the next step in the core of the KAM approach, which is the different communication processes of KAM.

## 3.5 Communication Processes

Communication takes time, but good communication prevents time and other resources to be wasted. This communication processes section discusses key account team communication, internal marketing, and communication processes with the key accounts. Good communication builds a foundation for a high-performance organization with mutual objectives.

While the marketing people are those who work to understand the value-creating processes of customers, it is the whole organization who deliver the value to the customer. Companies which persist organizing themselves in strict functions, such as salespeople, engineers or purchasers, cannot achieve the needed integrated delivery of value to the customer (McDonald et al., 2000: 158). Strict functions are driven by their own objectives over to the broad company goals of customer satisfaction.

### 3.5.1 Account Team Communication Processes

Relationships and communication within the team are a team's lifeblood. Respect and appreciation towards other's, and willingness to work together for a common good is a must in team work. When relationships and communication in a team is ongoing smoothly, it increases trust, mutual respect and team unity (Blanchard. 2010 :170).

Global account management is designed to understand the customer value-creating processes and business needs in global perspective. GAM is an organizational layer which help the resource allocation to serve selected global accounts (Hennessey and Jeannet, 2003: 15). GAM's key role is to perform as a boundary-spanning coordinator between two organizations, company and the global account. GAM provides gleaned information about the external business environment to the key account team around the world. GAM acts as bridge builder, gatekeeper, and information broker. Additionally, GAM operates outside their own organization, there is always some degree of conflict related to their role's performance expectations, and conflict about loyalty toward internal contacts and key account team. GAM has a central position within the own organization to link people and departments to deliver global value propositions (Wilson et al, 2010: 128). GAM manages the team communication process in order to ensure effective collection and distribution of account information which helps development of successful strategical key account plans, and ensures that appropriate follow-up is taking place (Wilson et al, 2010: 171). The core team should have frequent meetings where to communicate about account information and actions, and also to have formal review sessions with management.

### 3.5.2 Internal Marketing

Internal marketing is a management process of attitude management and communications management. Attitudes and employee motivation towards customer-consciousness

and service-mindedness need to be managed. Attitude management is a predominant part of internal management for organization that are pursuing to achieve competitive advantage through service. Managers and other organization members need relevant information on how to perform as an effective service providers to the internal and external customers. Information is needed about customer specific product and service features, and about the promises given to the customer. Communication management part is about how organization communicate back about their views of performance development potential and findings about what customers want. Internal marketing is necessary for good results (Gronroos, 2013: 387-388). Both parts of this two-way communication process should be continuous, especially the attitude management.

Summing up, shared information and open communication are needed to make informed decisions, and for this reason are requirements for high-performing organization. Information sharing and open communication builds trust and encourages people for action (Blanchard. 2010 :10). Encouragement reduces the risk of territoriality, and increases organization health, agility, and flexibility.

### 3.5.3 Communication Process with Key Accounts

Communication with a key account is a critical determinant of relationship success, and it can be used strategically. The first step is to identify strategic players (discussed in section 3.3.4) to whom the communication should be addressed. The real communication is a two-way process as discussed in the previous section. Superior face-to-face communication is a traditional salespeople skill, and it is needed as much by key account managers. The only difference is that KAM needs to communicate with a far wider range of people in different account functions. The second step is to develop a detailed key account communication process that draws out important needs or purpose. The essential elements of a smooth and cost-effective communications process include selected audience, communication need, message, medium, timing, weight of communication, budget, and responsibility. When communication with the key account is a defined process, it demands planning and follow-up as well. Ad hoc activity is rarely effective (McDonald et al., 2000: 250-253). Specific focus on communication with key account achieves clearer message, better balance and coordination of communication which leads to a more effective transmission of information.



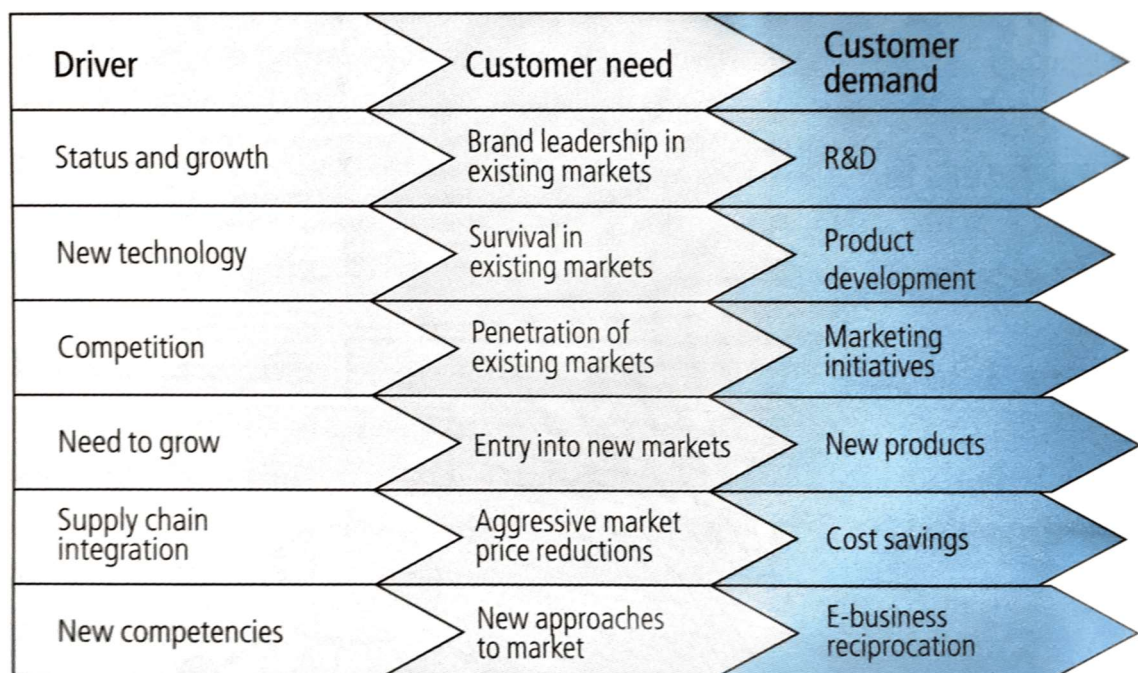
The importance of good communication in development of high-performing key account management, discussed above, leads to the next step in the KAM approach which is the *Operational Delivery Processes* to the key account.

### 3.6 Operational Delivery Processes

An organization should expect requests to customize products and service for key accounts, and for this reason, key accounts needs smooth-running operational delivery processes to fulfil these requests.

#### 3.6.1 Product Customization Projects

A key account manager needs to be prepared for the individual requirements of account. Requirements for large product customization should be seen as opportunities for new ideas and future business. However, the selection of product customization needs an approval criteria to identify inherent issues. This approval criteria should be strategically relevant with company objectives and include financial justification. In an ideal product customization, strategically important projects are identified and picked up at an early stage of requests and prioritized high. Product customization projects can be potentially utilized later for own use in sales, and might eventually be as a standard industry practice (McDonald et al., 2000: 256-259). Figure 3 below shows an expression of common customer driving forces which affect the product customization demands.



*Figure 3. Expression of common customer driving forces (McDonald et al., 2000: 260).*

All the common expressions of common customer driving forces in Figure 3 above are linked to the key account industry attractiveness (discussed in section 3.3.1).

### 3.6.2 Non-standard Operational Delivery

As non-standard deliveries feature heavily on offers conducted by the key account manager to the key account, KAM's interest in operational deliveries should be focused on the achievement of supportive, effective, and reliable processes. Operational people might sometimes accuse KAM's and other salespeople for promising to the customer products and service that is inappropriate for the supplier's operational processes to deliver. KAM does not have to be an operational expert, but he or she should have sufficient knowledge about operations to be used in discussions with key account, and collect this information in a matter that experts can understand the requests. Although customization increases the change of risk, many potential risks can be anticipated by involving relevant organization members into the discussions in advance. The process of customization needs to be as normal as possible, so that there is as little resistance or expectations that customization cannot be included in operational processes (McDonald et al., 2000: 264). However, if problems occur, high-performing organizations use a problem to contribute organization's learning curve by developing its processes.

### 3.6.3 Standard Operational Delivery

It is mistakenly understood that everything the key account purchases is different from the company's standard products and service offering. These standard operational deliveries might form a significant share of key account's revenue. In these standard deliveries KAM should be able to rely on the efficiency of company's operational delivery processes and should concentrate on more strategic issues. Even though it is a standard operational delivery, key accounts expect to receive privileged service if, and when key accounts want it. This might be against some people's sense of fairness, and for that reason KAM needs to secure acceptance of these privileged services from people involved in operations and logistics. Such a positive customer separation is not going to work if employees do not know who are the key accounts (McDonald et al., 2000: 260-

261), so the whole organization and all other employees related to the operational delivery process need to know who are the key accounts and how key accounts should be treated.

### 3.7 Conceptual Framework of This Thesis

Conceptual key account management framework in Figure 4 below is built from this sections discussed existing knowledge. Conceptual KAM framework is divided into 5 elements: (a) the key account selection processes, (b) the selected key account analyses, (c) the key account planning processes, (d) the communication processes and (e) the operational delivery processes.

The conceptual framework for the Key account management process is shown in Figure 4 below.



Figure 4. Conceptual framework for the Key Account Management process.

This existing knowledge and best practice of key account management discussed above in Section 3 included the KAM elements that are researched by leading professors and professionals in the field. The outcome of this discussion is the conceptual framework for the KAM process shown in Figure 4 above.

This conceptual KAM framework is used as a foundation for the current state analysis discussed next in Section 4.

## 4 Current State Analysis

This section discusses the current state of the organization's key account management processes. The *Current State Analysis* (CSA) highlights the organization's best practices and development needs concerning the KAM approach. The CSA clears the organization's KAM background for section 5; building first proposal for a Key Account Management process for ABB Large Motors and Generators.

### 4.1 Overview of the Current State Analysis Stage

After establishing the understanding about the different processes of successful key account management, the current state analysis focuses on the analysis of the critically important parts of the KAM.

The current state analysis is conducted in 4 steps. First, the analysis focuses on the description of the current key accounts. This is done by analyzing what kind of customers these current key accounts are and in what kind of markets they compete.

Second, the current state analysis focuses on analyzing ABB Global Account Management (GAM) practices and its impact and usability on Product Group level. This is done by analyzing the GAM's roles and responsibilities in the company and how this is currently done.

Third, the current key account management process is analyzed step by step as conceptual framework of key account management suggests (discussed in section 3).

Finally, the current state analysis ends with the discussion of the current state strengths and weaknesses.

### 4.2 Description of Current Key Accounts

Organization of the thesis is an international *Original Equipment Manufacturer* (OEM) channel team who coordinates the sales of product group products and services to large international machine builders. OEM is a traditional definition for companies whose products are used as components in products of another company, which finishes the products and sells them to the users. OEM and the customer work closely together because

OEM often customizes the product design needed and specified by the customer. However, OEM in a different context might be defined as a company who buys products and services and rebrands the package into a new product under its own brand. Large international OEM customers in the context of this thesis are purchasing large motor applications, and some of these large international OEM customers can be classified as *Key Accounts*. As the KAM approach (discussed in section 3) prefers, these international OEM customers are organized in segments to build and provide better understanding of the markets.

Large motors are mainly used as components of other products like compressors, pumps, cooling and ventilation products, different process machinery, and in diverse other large machinery.

Compressors are used in a variety of applications and industries, from the largest process compressors in the oil and gas industry to the smaller compressors in the commercial and residential markets. Compressor products are mature technology with advances in areas such as air quality, noise levels, efficiency and reliability. Compressors can be treated as a segment if organization understand the buying behavior and business needs of international compressor OEMs. The global industrial market size is about 15 BUSD and the annual growth is about 6%. The main compressor manufacturers have manufacturing facilities in USA, Europe and Japan, but compressor manufacturers have also established manufacturing facilities in low cost countries like China and India. Interviews highlighted the importance and one of the main reasons of this International OEM channel team. It is to identify and provide solutions to serial OEM manufacturers. Compressor segment is the most suitable for serial manufacturing in large international machine builders. Operational delivery projects can be collaborative R&D projects to build a quiet, efficient and reliable serial manufacturing product with the key account.

The pump market is one of the largest consumers of electricity in industry. Global pump market is about 26 BUSD and the market growth is the biggest in Africa and Middle east. Global pump market is also at a mature stage and pump users are demanding technological innovations to improve operational productivity. The average energy savings potential through economically viable pump system optimization project is approximately 20% but can be much higher with proper optimization. Interviews showed the challenge of mature pump market where every operational delivery process is mainly non-standard

and needs deep optimization to develop sophisticated solutions on account value-creating processes and business needs.

Cooling products include air conditioners, refrigerating equipment, air handling units and chillers. Ventilation products are fans and blowers. Key trends in cooling and ventilation are energy efficiency and lowering environmental impact. The global chiller market size is about 8 BUSD and annual growth is about 6%, except in China where it is 13% and in the Middle East it is even more. 26% of the market activity is in USA, 22% in Europe, 39% in Asia/Pacific and 13% in other countries. The main chiller manufacturers are located in USA, Europe, China and Japan. The global fan and blower market size is about 10 BUSD with annual growth of 5%. The leading fan and blower manufacturers are located in the USA, Europe and China.

The main competitors in these markets are various international and local competitors such as GE, Siemens, TECO-Westinghouse, WEG, and many other motor manufacturers.

#### 4.3 Description of ABB Global Account Management Practices and Analysis of Its Impact and Usability on Product Group Level

ABB is a pioneering technology leader (discussed in section 1) and truly a global company organized according to its customers in roughly 100 countries. ABB has also organized its account management in a way that the global account management approach suggests. Global account management strengthens the sales efforts towards global customers who are strategically important, demand and accept ABB's global offering, and have a central purchasing process.

Global Account Manager's (GAM) role (discussed in section 3.5.1) as a boundary-spanning coordinator is to manage selected large international OEM customers in upper organizational level and to provide account knowledge to the *Product Group* (PG) level. Even though GAM needs to provide knowledge to the PG, it might not be directly suitable or precise for them. GAM is operating in a divisional level which includes various PG's.

GAM practice impact and usability on PG level is analyzed from data collected through interviews with key account managers and by examining GAM documentations.



GAM builds sets of account knowledge in a form of account plan (discussed in section 3.4.2). This plan is a summary of account knowledge analyzed in different KAM process phases (discussed in section 3.2 – 3.3). The account plan includes key data about the account, its markets and products, global spread that justify the GAM approach, SWOTs, issues, development needs, actions, potential business opportunities, strategic players, values and needs, and performance targets.

Interviews revealed that there is no process on how this GAM knowledge is transferred and utilized in PG level. Different GAMs have different practices on how to work and collaborate with PG KAM. Some GAMs have regular meetings with the whole global team but not with a certain PG, and some do not arrange any meeting.

#### 4.4 Analysis of How Key Accounts are Currently Managed

As discussed earlier, the current state analysis is conducted by building a conceptual key account management framework (discussed in section 3) as existing knowledge and best practice suggests. From now on, this section is written following the same logic than section 3, by dividing it into different KAM processes.

##### 4.4.1 Key Account Selection Processes

The interviews showed that the market segmentation is in GAM's responsibility, and he needs to provide and suggest potential key accounts to the PG. Even though, interviewees noticed that it is also one of the PG KAM team's purpose to examine potential accounts, select and ramp them up, and assign developed smooth operational delivery practices to the organization's normal operational delivery processes. Key accounts are selected in an upper organizational level, but every selected key account is not suitable to be key account in PG. PG do not have a key account selection process. Accounts may come and go without a formal process. The interviews highlighted the importance of account portfolio analysis in PG level, even though there is no process for that.

##### 4.4.2 Selected Key Account Analyses

Key account managers see that the key account analyses is in GAM's responsibility. GAM execute divisional level account analyses and summarise the knowledge into an

account plan. However, GAM do not transfer this knowledge to the use of PG KAM. PG KAMs understand and value the importance of key account's strategical fit with ABB. Even though account strategies are not documented. ABB's competitive advantage is not created by price. KAMs know some of the players in account organization and have varying relationships with them. This is seen important while working together and knowing how to handle these accounts. Even though, there are no documented strategic players maps. Key account value-creating processes are seen in a way that key accounts express their needs, and then the sophisticated solution for key account is provided in 24 to 48 hours of time. Some KAMs are trying to help accounts to gain competitive advantage by proposing insight value adding solutions for them.

#### 4.4.3 Strategic Marketing Planning for Key Accounts

Strategic marketing planning is done in divisional level by GAM. PG KAM's do not have strategic marketing planning process. PG have meetings to where KAM prepare a one slider of account overview, current projects, and strategical actions. Project timetables are followed informal manner. Order intake is measured and the order pricing is in PG's responsibility. Order margins are known but profitability is not measured. Some KAMs check profitability afterwards from old projects.

#### 4.4.4 Communication Processes

PG KAM team is located close to each other and communication within that team is constant and quick. Communication process towards or from GAM is not formal. Communication inside the team or organization is conducted mainly ad hoc with relevant persons from different functions. There are some named persons in these different functions to handle key account related operational delivery processes. These functions are R&D, quality, production planning and designing to with whom the capacity for key account orders are tried to adjust to benefit key account. Orders are also checked in meetings with design, purchase and project management to avoid problems during the operational delivery process. Communication processes are not formal and are done in personal manner. Some key account managers are trying to perform internal marketing and raise the level of key account knowledge inside the organization. Project are mainly reviewed and communicated with the key account by KAM, and sometimes the R&D engineers from both organizations communicate with each other.

#### 4.4.5 Operational Delivery Processes

PG KAM team has their own mechanical and electrical R&D engineers to support fast service and customization in operational delivery processes. Customization is mainly done to optimize the efficiency of the whole package done with the OEM machine builder according to the use where the product goes to. If there are many projects that need quick solutions at the same time, the team has additional resources globally. This team is the only team to handle multi-site projects for global customers. This means that the key accounts global supply chain management organization can order straight from this team and the Product Group is delivering to the different locations globally. Normally the operational delivery process goes through local sales companies, but this is time consuming and service levels cannot be kept at the level required by the key accounts. Bigger R&D projects are transferred to organization's R&D department. In these cases, a bigger collaborative R&D project with the key account is established. The main part of the KAM work is non-standard deliveries with little customization to the products. Non-standard deliveries include orientation to the customer specification and making the quotations for the requests. Account standard deliveries are handled by KAMs.

#### 4.5 Key Findings from the Current State Analysis (Data Collection 1)

The main purpose of the PG KAM team is clear, but there is some variation how KAMs see their own job role and responsibilities in the organization. Some processes of key account management are present, but nothing is formal. How key accounts are managed is KAM related, and account knowledge is mainly KAM's own intelligence. To summarize the current state analysis, below is the main strengths and weaknesses of current key account management approach.

The main strengths of current KAM approach are listed in Table 8 below.

Table 8. The current state strengths

1. Global Account Management practice,
2. Quick response times and service level for key accounts,
3. Development needs in couple of processes are clear.

The main weaknesses of current KAM approach are listed in Table 9 below.

Table 9. The current state weaknesses.

- |   |
|---|
| <ol style="list-style-type: none"><li>1. No formal KAM processes in use,</li><li>2. Job role and organization account management responsibilities are a bit confusing for KAMs.</li></ol> |
|---|

This section high-lighted the current state of key account management in the case organization. The next section focuses on building the initial proposal for the Key account management process, based on the findings from the current state analysis and existing knowledge. The strengths from the current state are included to the proposal. Since the KAM approach in the case organization is quite partial, the proposal includes all the KAM processes discussed in Section 3.

## 5 Building Proposal on Key Account Management Process for ABB Large Motors and Generators

This section merges the results of the current state analysis and the conceptual framework towards the building of the proposal using data 2 described in Section 2.

Building proposal on Key Account Management process for ABB Large Motors and Generators discussed in this section is a value adding solution and the outcome of this Thesis. The purpose of the proposal is to help the case organization to develop their key account management process. This proposal is a solution brought to the practical level and can be implemented in the organization in the future.

### 5.1 Overview of Proposal Building Stage

This proposal is conducted in 6 steps. First, the proposal building focuses on the development of the key account selection processes. Second, the selected key account analyses. Third step of the proposal building focuses on strategic marketing planning for key accounts. Fourth, the communication processes for the case organization are established. Fifth, the operational delivery processes are fine-tuned for high-performance key account related operations. Finally, the proposal draft is build and graphically illustrated.

This outcome of the proposal building stage is a draft of proposal for the management and KAM team evaluation. The proposal is conducted by utilizing existing knowledge from Section 3 and the current state results from Section 4. Data 2 is conducted in collaborative meetings and it is considered for the first proposal. This first proposal is validated in Section 6.

### 5.2 Key Account Selection Processes

The global accounts are selected in divisional level. PG is working globally as well, and to have Group level strategical approach and GAM support for account and market outlook, PG should select accounts among these selected accounts. PG should use divisional criterion and scale it to work out and match to its own competitive strategy objectives. A mere criterion is useless without any PG level selection processes and analyses. GAM have a tremendous account and market knowledge to be utilized in PG level. Additionally, it is GAM's responsibility to work as a knowledge broker, and this needs to be

required from them. Account knowledge needs to be transferred with a two-way communication process in formal quarterly meetings between GAM and PG KAM. In these meetings, the main account development projects of PG are followed-up.

Considering the GAM provided account knowledge and own analyses, PG KAMs should do documented portfolio analysis of its present accounts and classify them into key accounts, key development accounts, maintenance accounts and opportunistic accounts as discussed in section 3.2.2. This should lead to critical evaluation of present key accounts and possible reformation of resource allocation.

### 5.3 Selected Key Account Analyses

GAM produce a key account plan with already conducted analyses of key account to be utilized in PG level. This key account plan should be used as a base for PG KAM planning, and updated with GAM in regular meetings. PG account plan should be modified and completed with PG KAM related and analyzed account knowledge. Especially the relationship position between PG and key account, and the competitor's propositions to the account should be analyzed in more detail to understand the relationship and future business possibilities in the highly competitive markets. This should be included into the plan.

PG KAM should map out the strategic players for their business by identifying the sponsor, anti-sponsor, strategic coach and other important players in the account organization. A useful way to do this is by discussing within the account team and by analyzing one person at a time to identify their roles and goals in the relationship. Figure 5 shows an example of strategic players' map.

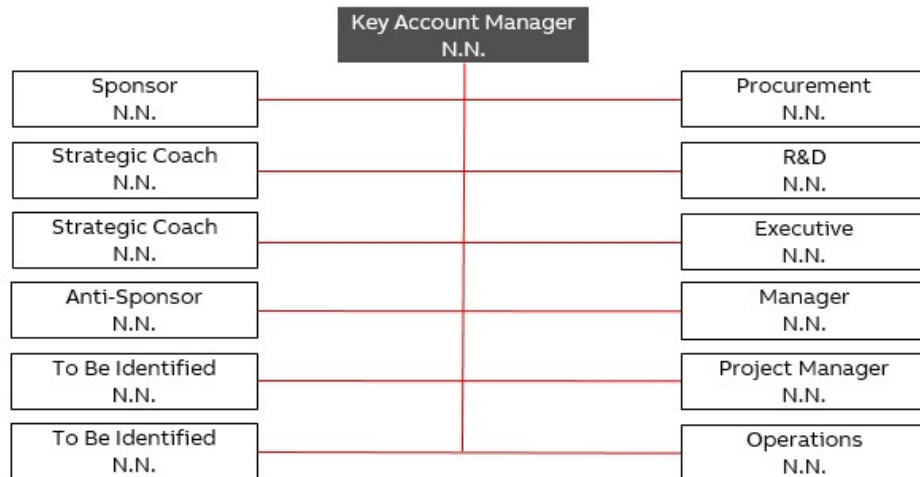


Figure 5. Strategic players map.

Key account value-creating processes should be documented and updated according to possible strategical or industry driven changes.

#### 5.4 Strategic Marketing Planning for Key Accounts

As already discussed in the two previous sections, strategic marketing planning should utilize the sets of knowledge provided by GAM. This thesis suggests developing a strategic marketing plan according to section 3.4. With this researched approach, the KAM process have strategical direction, planning, actions, and follow-up. Account profitability and life time value for the organization should be calculated regularly, and based on the outcome the current key accounts significance for the organization should be evaluated. The PG account plan should be evaluated and reviewed monthly with the management to secure effective key account management approach.

#### 5.5 Communication Processes

Key account communication needs to be planned and scheduled as discussed in section 3.5. This thesis suggests quarterly account review and knowledge transfer meetings with GAM. These meeting are concentrating purely on PG related knowledge. Before the meeting, PG KAM have requested the GAM developed account plan and studied it. PG KAM has also developed an agenda for this meeting and concentrating on PG knowledge by asking open ended questions from the GAM to gain understanding about the market and the account knowledge. In these meetings, also the PG KAM provide its

Product Group related knowledge to the GAM. All the knowledge transferred is documented and updated into PG account plan, and actions according to the findings are taken place.

PG KAM team meetings should be held monthly to secure updated account overview, knowledge transfer and account plan follow-up. Meetings are held with strategic sales manager and relevant invited guests if needed. In these meetings, the key account salesforce portal is evaluated and followed-up as well. Salesforce is a customer relationship management tool that ABB is using. Salesforce is utilized by KAM for quick communication towards the whole organization, to evaluate and take actions according to the opportunities and leads, and to follow-up the projects that are in pipeline.

Now that the PG KAM knows who are the key account organization's strategic players and understands the account value-creating processes and business needs, KAM should start building the deep relationship with the key account. Communication towards strategic players should be initial sales calls and meeting that are planned properly and are scheduled. Meetings should also be arranged in account facilities in regular manner. Figure 6 below illustrates the annual overview of key account related planned and scheduled meetings. Every meeting needs pre-event and at the event planning, as well as post event action plan update for high-performing KAM.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<ul style="list-style-type: none"> <li>● Week 1 GAM Meeting</li> <li>● Week 2 PG KAM Meeting</li> </ul>	<ul style="list-style-type: none"> <li>● Week 5 Meeting with the account</li> <li>● Week 6 PG KAM Meeting</li> </ul>	<ul style="list-style-type: none"> <li>● Week 10 PG KAM Meeting</li> </ul>	<ul style="list-style-type: none"> <li>● Week 14 GAM Meeting</li> <li>● Week 15 PG KAM Meeting</li> </ul>	<ul style="list-style-type: none"> <li>● Week 19 PG KAM Meeting</li> <li>● Week 20 Meeting with the account</li> </ul>	<ul style="list-style-type: none"> <li>● Week 23 PG KAM Meeting</li> </ul>	<ul style="list-style-type: none"> <li>● Week 27 GAM Meeting</li> <li>● Week 28 PG KAM Meeting</li> </ul>	<ul style="list-style-type: none"> <li>● Week 32 PG KAM Meeting</li> <li>● Week 33 Meeting with the account</li> </ul>	<ul style="list-style-type: none"> <li>● Week 36 PG KAM Meeting</li> </ul>	<ul style="list-style-type: none"> <li>● Week 40 GAM Meeting</li> <li>● Week 41 PG KAM Meeting</li> </ul>	<ul style="list-style-type: none"> <li>● Week 45 PG KAM Meeting</li> <li>● Week 46 Meeting with the account</li> </ul>	<ul style="list-style-type: none"> <li>● Week 49 PG KAM Meeting</li> </ul>

*Figure 6. Annual overview of key account related meetings.*

Figure 6 above suggests 4 annual meeting with GAM and monthly meeting with PG KAM team. Communication with the key account strategic players should be continuous and have planned meeting at least 4 times a year for good relationship.



## 5.6 Operational Delivery Processes

For smooth-running operational delivery processes the communication inside the organization should be formal, key members of key account operational delivery processes should be clearly known by themselves and the KAM. These members should be documented in organization map as illustrated in Figure 7 below.



*Figure 7. Key organization members involved in the operational delivery processes.*

As Figure 7 above illustrates, the key account manager needs to have an ongoing two-way communication process with all the departments in the organization. This is essential for high-performing operational delivery processes. These people should continuously be briefed about key account information and organization should know precisely the key account requirement and how the key accounts should be treated. All the members in the organization should at the very least know who the key accounts are.

Standard deliveries should be assigned to the normal organization processes. KAM needs to follow-up and make sure that operations are running smoothly and take corrective actions according to that and inform the key account about the actions in progress and actions outcomes.

## 5.7 Proposal Draft

The outcome of this section is illustrated in Figure 8 below. The proposal draft is done for the Key Account Management process for ABB Large Motors and Generators.

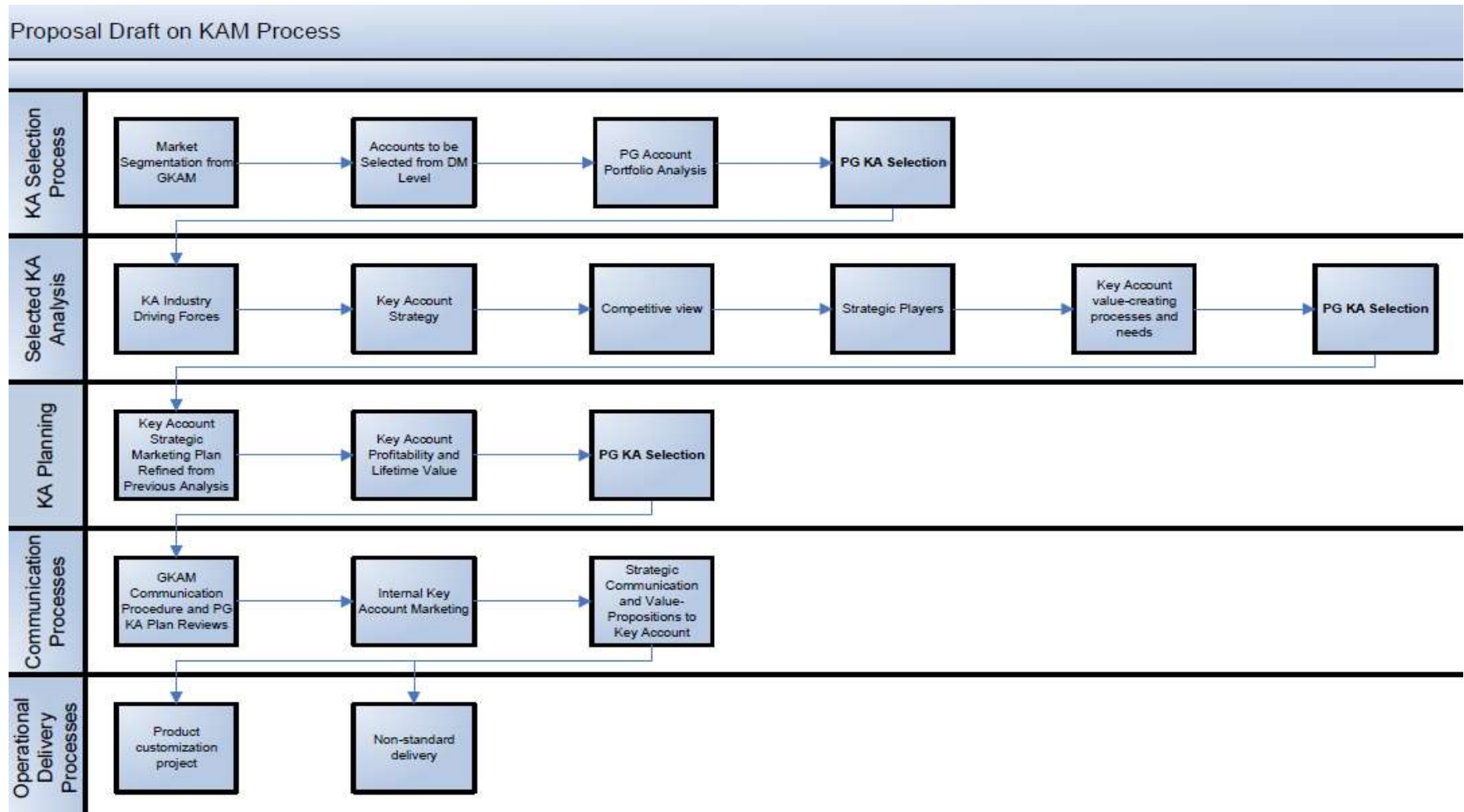


Figure 8. Proposal draft for the Key Account Management process.

Figure 8 above shows that market segmentation is conducted in divisional level by the global account manager. GAM provides the market knowledge for PG KAMs. The company in division level selects the key accounts according to the market segmentation outcomes. From the selected accounts, PG considers and analyzes the potential prospects for them with own portfolio analysis. With the market knowledge provided by GAM, PG can better evaluate and start developing their own competitive strategies. PG KAM team analyzes the present account portfolio and chooses how to continue and allocate resources according to that. After the account portfolio analysis, the key accounts are selected.

PG KAM analyze the selected key account's industry driving forces, strategy and competitive view to understand the account business design and to start gaining knowledge about the value-creating processes and business needs. Strategic players are mapped next to develop a long-term strategic and effective relationship with the account. This is conducted to gain valuable insight about how to do business with the account, and what kind of value-propositions are effective for profitable outcomes. All the value-creating processes and business needs are documented and used in value propositions to the account. According to the account analyses, PG key account selection is conducted and changes might occur.

Next in the KAM process, the PG key account plan is built by merging existing GAM provided knowledge with own analyses. Key account profitability is calculated and appropriate actions are taken. This might lead to key account classification changes.

Communication with GAM is a regular process to always have the latest knowledge and effective key account management. Internal marketing is conducted for effective operational delivery processes and to distribute understanding about the key accounts, who significantly contribute to the organization's financial objectives and future business. Communication with key account strategic players is a continuous process.

The last processes in the KAM process are the assured everyday smooth running operational delivery processes without standard deliveries to use the resources in important strategical actions.

This section drafted the first proposal for the key account management process. In the next section, this first proposal is evaluated, finalized and validated with the strategic sales manager.

## 6 Validation of the Proposal

This section describes the validation of the proposal for the key account management process built in section 5. Validation equals trying out the solution in practice. Validation is the act of proofing that the proposal is sound in the case organization context. There are variations on how validation can be done and this section shows how it is grounded for this thesis.

### 6.1 Overview of Validation Phase

This validation is conducted in 2 steps. First, the proposal draft is developed based on the findings of data collection 3. Second, the main developments are summarized and the final proposal is build and graphically illustrated.

This validation phase was carried out by revising the outcome of Section 5, i.e the proposal draft, with the Strategic sales manager of the case organization. This was done by going through every step of the proposed Key account management process.

### 6.2 Developments to Proposal Based on Findings of Data Collection 3

The validation session with the Strategic sales manager focused on the applicability and the development of the proposed KAM process for the case organization. It was emphasized that the interviews done for the current state analysis, the data collected, and the collaboratively built proposal revealed the need for KAM development in this organization.

Potential of a successful KAM approach for business development is unquestionable. Successful companies have organized it selves in this manner, and so is ABB, but not in this PG. In this proposal validation phase, every process is examined in a detailed manner to justify the reasons for including it into the KAM process proposal. KAM is a vast management approach and it is not the easiest mission to implement and it takes plenty of time. And for this reason, the implementation of the KAM process is excluded from this thesis.

The validation sessions acknowledged that this thesis proposal is collaboratively built, and it contains elements of KAM processes that are adjusted and applicable to the case organization. It is also in line with the ABB divisional level GAM approach.

### 6.3 Summary of Final Proposal

The summary of the final proposal with added processes highlighted are illustrated in Figure 9 below.

Organization communication, especially through Salesforce and Salesforce utilization needed to be highlighted in the final proposal in more detail. The name of the Global Key Account Manager is changed to the Global Account Manager. Competitive view analysis is highlighted in more detail to illustrate the importance of different SWOT analyses; Key account SWOT in its own industry, Product Group SWOT with respect towards key account's industry SWOT, and competitors SWOTs in the same market.

One highly important dimension to include to the final proposal and to the recommendations towards implementation is the top management involvement and support for *officialization* of its implementation.

The sponsor for this thesis proposal implementation could be for example the Global Head of Key Account Management in ABB. This high-level sponsor involvement is a critical factor for successful key account management process implementation and strategic orientation. With high-level sponsor the effectiveness of the KAM would increase and this Product Group would not have to push the proposed process upwards in the organization. The sponsorship is involving the Global Account Managers more deeply into the collaboration and communication with the Product Group and for the effectiveness of the whole Key Account Management approach in ABB.

Figure 9 below shows the final proposal for the Key account management process suggested for the case organization.

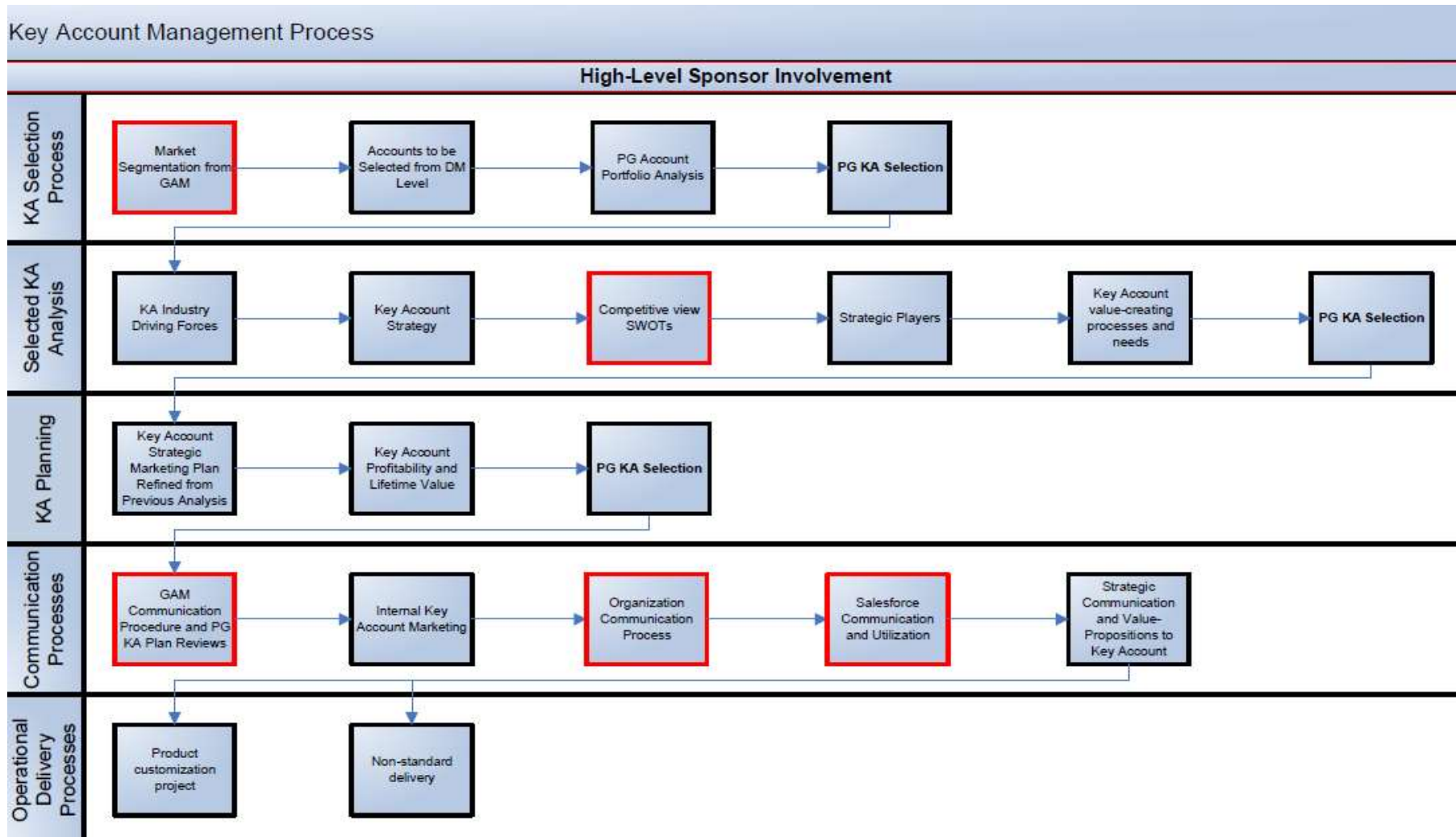


Figure 9. Final Proposal for the Key Account Management process.

## 7 Conclusions

This final section interprets the results of the thesis in respect to the research challenge and thesis objective. It also evaluates the thesis and express the conclusions about the findings.

### 7.1 Executive Summary

This thesis focuses on the development of strategic selling through a Key Account Management process in the case organization ABB Large Motors and Generators. This thesis was carried out to strengthen the sales by gaining a better understanding of the highly competitive markets and the customer value-creating processes, as well as the business needs of the company. The thesis also strives to develop and offer sophisticated value propositions for the case organization. Therefore, this thesis developed a key account management process for successful management of the company's current and strategically important potential customers.

Key Account Management (KAM) is a management approach aiming to build a portfolio of key accounts, who significantly contribute to the organization's financial objectives, and offering the key accounts tailored products and services on a continuing basis to fulfil their individual needs. Presently, the case organization does not have a systematic KAM approach.

This thesis was conducted as action research. The data collection mainly relied on interviews and discussions, as well as analysis of relevant internal documents. The interviews were held with key account management team members, and the interviews were documented by field notes. These interviews provided data for the current state analysis and building the proposal.

The current state analysis revealed that some of the KAM processes do exist, but nothing is formal. The current state analysis proved the fundamental business development need in the case organization.

After the current state analysis, the first proposal of the KAM process was co-created with the case organization. The final proposal was validated and finalized with the strategic sales manager. The co-creation and validation process for the development of the final proposal included more detailed KAM processes, sponsor for successful implementation, and clear next steps and recommendations towards the implementation of the proposal.

The outcome of this thesis is a Key Account Management process for ABB Large Motors and Generators which includes the key account selection processes, selected key account analyses, strategic marketing planning, communication processes and operational delivery processes. The outcome of this thesis will help the case organization in applying the Key Account Management approach in practice.

The business impact and importance of this thesis for the case organization is significant. This thesis transforms, if implemented, the organization with current ad hoc and immature KAM processes into an organization utilizing successful strategical processes for key account development, selection, understanding, and partnership for long-term profitability.

## 7.2 Next Steps and Recommendations toward Implementation of the Proposal

This thesis recommends, starting the implementation by identifying and involving a high-level sponsor to support this KAM process implementation and future success.

The second step is to contact the company GAMs and explain to them that the PG has started to develop its international OEM channel team KAM approach to strengthen its sales and ensure long-term growth and profitability. The PG KAM should explain to the GAM that the PG KAM wants to utilize the GAM's developed market and account knowledge and use the same account plan format for efficient follow-up, review and knowledge transfer. The PG KAM also needs to clarify to the GAM that the PG KAM needs to have quarterly meetings with them to carry out efficient knowledge transfer, reviews and follow-up of PG related account knowledge and development projects. When the first call or meeting with the GAM is done and the account plan is received, the PG KAM should evaluate and get familiar with the account knowledge and replace non-PG related knowledge from the account plan with PG related knowledge by starting



the account analyses in a prioritized order and to start developing the PG account plan in a scheduled manner.

Thirdly, the PG KAM team should have monthly meetings to follow-up the account plan's qualitative and quantitative objectives, actions, projects and development needs. In these meetings, the PG KAM team should go through the Salesforce account platform to assure updated account knowledge and communication.

The fourth recommendation entails strategical and scheduled calls and meetings with the key account's known strategic players to build a deep relationship with them, and to strengthen and assure the sophisticated value proposals for the key account.

The fifth recommendation is to start account internal marketing in the organization, and to arrange planned and scheduled account meetings with persons related to the account operational delivery processes.

The sixth and one of the most important recommendations is to include account profitability and lifetime value measurements follow-up into the account plan and continuously measure the profitability of the operational delivery projects.

The seventh and final recommendation for implementation is to start a yearly account portfolio analysis by first developing the PG account selection criteria and to classify the accounts according to the PG strategy. All of these implementation recommendations can be easily incorporated into this thesis.

### 7.3 Thesis Evaluation

The objective of this thesis was to propose a Key Account Management process for ABB Large Motors and Generators. This thesis aimed to simplify the vastness of the key account management approach and the processes it includes for application in the case organization. Every KAM process studied here can be examined in more detail and depth. Due to the vastness and complexity of the KAM, the most needed development for the proposal was to develop next steps and recommendations towards implementation. The recommendations strive to easily and understandably indicate ways to get started with the developed key account management process.

The thesis was conducted by first developing the research design to address the methods and material used to collect the needed data for the business development issue. Existing knowledge used in this thesis is an outcome of best practice research of different KAM processes researched by the top of the field researchers. This existing knowledge was transformed into a conceptual KAM framework. Without the proper conceptual KAM framework, the current state analysis would have been questionable and might have lacked some important aspects of the KAM. With this research design, the first proposal of the KAM process was collaboratively built by merging the conceptual KAM framework and the current state strengths. Collaborative meetings were held to polish this draft to the final proposition including next steps and recommendations for implementations. The final step was the validation of the outcomes, which confirmed the relevance and significance of the outcome for the case organization.

In addition to the evaluation of the objective vs. the outcome, the evaluation also includes the reflection on the research quality criteria. This highlights the importance of ensuring relevance, rigorous, logic, validity and reliability during the research.

*Rigorous* research examines how research supports and justify the claims it makes. Rigor and relevance are especially important while doing research for audience like business community. *Logic* as research quality criteria means following general principles for distinguishing sound conclusions from the specious ones. In this thesis, to strengthen *logic*, the research design is built to ensure that the thesis starts from establishing the business challenges and objective, beneficial to the organization, and ensuring the fit between research and practice. The researcher also discusses the reasons for the decisions made regarding the thesis. In order to address the needed relevance and rigor, this thesis includes appropriate handling of various data collection aspects, collaboration, utilization of field notes, and the implication of access and trust in research content.

*Validity* means “accuracy and correctness of data. Validity in interpretation means understanding the perspective of people studied, not own framework or meaning. Validity pays attention to alternative explanations” (Huhta, 2014: 14). In this thesis, validity is ensured by developing a qualitative interview protocol to be used and by analysing and choosing appropriate people to participate in the face-to-face interview meetings. *Reliability* of this thesis can be evaluated by the story it tells and does it make sense. Reliability can also be evaluated by could another researcher do the same study and come up with the same results.

*Relevance* in research starts from analysing the researcher's understanding of the existing knowledge and on how comprehensively the framework for research is designed and constructed. In action research, relevant research helps managers to understand themselves and organizations better. Relevant research needs to deliver rigorous, workable answers for managers to work with (Näslund, Kale and Paulraj, 2010: 347). In this thesis, to strengthen *relevance*, the thesis develops *relevant* research insights into the areas where development needs are identified by first developing the conceptual key account management framework from existing knowledge.

The researcher of this thesis had to explore key account management related books and articles to gain profound understanding of the key account management processes and evaluate what would suit best for the business development need. This was done because the researcher did not have profound key account management knowledge to start this thesis from the current state analysis, and because of the low maturity of KAM in the organization. However, this brought a pleasant challenge for this thesis. After getting familiar with the KAM approach and found the saturation point of the existing knowledge it was time to start building the conceptual KAM framework of the thesis. This thesis supports and justifies the claims it makes, and it delivers effective answers for the implementation of the proposal.

Finally, the results of the thesis were evaluated as relevant for the case organization. Key account maturity in the case organization is currently on the level where more detailed process descriptions would be unnecessary and would have exceeded the scope of the thesis. This thesis highlights all the necessary processes for successful key account management approach at this point.

#### 7.4 Final Words

Business development projects, such as this thesis, are highly important for the organization and for the company as a whole. Customers are always the future of the business. And while the markets are inevitably changing; slowly or rapidly, the supplier must understand the current and future situation of the customer, and develop a strategy to respond to these changes and challenges. This means that some refit of direction needs to be taken and processes need to be refined according to that. For example, the sales have divided and evolved in recent decades towards key account management discussed in this thesis, and this is because the markets have changed.

Business development is needed because the organizations do not probably have the ability for natural regeneration to transform themselves as fast as the markets require and the researchers recommend. Companies need to cope with the change to grow and to be profitable now and in the future. Thus, ensuring professional personnel in the company is always the future of the business.

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## **Appendix 1.**

### **Guide for conducting interviews used in this thesis**

In this thesis, to ensure high quality of data along qualitative data collection, the following guidelines were used (developed based on Turner 2010):

Principles of preparation stage of interviewing included the following steps:

1. Distraction free environment;
2. Explanation of the purpose of the interview;
3. Explanation of the terms of confidentiality;
4. Explanation of the format and structure of the interview;
5. Time schedule for the interview;
6. Explanation of the next steps of the research and the way to get in touch with after the interview;
7. Addressing if there are any questions before and after the interview;
8. Recording the answers into some relevant form. (Turner 2010).

One of the most crucial parts of the interview design was to construct effective research questions. In this thesis, research questions were constructed to carefully investigate the experiences and the knowledge of the participant to dig maximum data from the interviews. When constructing the questions, this thesis followed these guidelines (by Turner 2010):

1. Questions should be open-ended to let respondent to choose their own terms when answering;
2. Questions should be neutral to avoid influential wording;
3. Questions should be asked one at a time to keep focus in investigated research area;
4. Questions should be worded clearly to fit respondent's used terms and culture;

It allowed to construct research questions in a flexible manner because interviewees did not necessary answer to the question asked. "With questions that keep interviewee's focus in specific research area, the researcher also need to prepare follow-up questions to ensure optimal and in-depth answers" (Turner, 2010: 757-758).