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Deploying a strategic customer account plan for the X department of the case company Y

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1 Introduction

1.1 Background

A big share of a logistics company's sales often comes from a few key customers. These key customers often require special treatment, and the loss of even one of them would significantly affect the supplier's sales and profits. A special and project transports might be heavy investment and expensive service for the manufacturer or buyer depending on the delivery term in sales contract of cargo.

There are many different ways and methods to manage important customers, some of the used methods, models or frames is key account management (KAM) according to Ivens et al. (2018) , account based selling (ABS) (Aaker & McLoughlin 2010) or strategic account based marketing (SAM) (Kumar & Reinartz 2012), Customer relationship management (CRM) (Peppers & Rogers 2011) and strategic customer management (SCM) (Payne & Frow 2013). All management methods are heading to common targets, to keep existing high profitable clients as long as possible, to manage and maximize revenue growth, and the profit share of sales.

The purpose of this thesis is to deploy Company Z's and Company Y's strategic customer management model to Company Y's X department and to find out the guidelines for account plans and portfolios for strategic customers. This study will support the case company's four-year strategy 2016- 2020. This master's thesis will be part of the customer focus sector, which will at the end affect positively to the growth and profitability sector, if the suggestions found from research will be deployed and implemented into the customer management processes of the X department. In that case, it will also have an effect in the third sector, business processes, by presenting a new tool for the X department's sales force and management. Other sectors are human resources, network and organization. Worldwide the Company Z is a light asset company without any of its own equipment; vessels, containers, airplanes or trucks or warehouses.

1.2 Objective

The objective of this thesis is to find out the Company Z Global guidelines to manage strategic customers by doing a customer account plan and overview, and segmentation to find out VIP clients for the business unit. At the beginning of the year 2018, the strategic customer portfolio and account plan were deployed to Company Y. Customer segmentation has been in use several years at the company Y. The aim is to deploy both customer management practices to the X department by following the Company X's guidelines and the sales strategy of the Company Y.

The Company Y and the X department as well as two other division's of the Company Z in Finland, Company A and Company B, have same clients who buy transport services from different companies and departments, road, air, sea and projects, export, import, cross trade or warehousing and forwarding. Clients' needs are based on the nature of their business, e.g. consumer (B2C) or business to business (B2B) sector. Trade sectors' needs are very different altough the base service is the same, to transport cargo from place a to b.

Some of these common strategic customers are multinational companies and have manufacturing facilities aboard and in an cross-cultural environment. Company X has detailed guidelines how to manage global accounts, e.g. global account shared services GASS, as well as Global Account owners (GAO) and National account owners (NAO) who serve the key account in a specific country. The roles of Global Account Manager (GAM) and National Account Manager (NAM) will be presented in later stage of this study. These global accounts need extra pampering and reporting. Because of their specific status as global accounts, international operations process and account plans have already been issued, account management plan is done by global account owners. None of those companies were interviewed to this study. The empirical research was done with middle sized Finnish manufacturers who are important to the X department and maybe some real benefit for both parties will be found after the research and account plan overviews have been deployed and executed. (Company Z 2018).

It is very challenging to know the clients who have a key account status at the X department, and if the same client is important to other departments and divisions. The client sees only One Company Z and expects a similar high status service level from all departments that they are get from the X department. This question was discussed during the first interviews when the research topic was planned with the Company Y's management. It was decided that this issue will not be studied.

The theory of this study was delimited due to fact that the topic key account management and all the other variants of it, strategic customer accounts, customer relationship management etc. have been widely studied in the area of marketing management. The first research was done in the 70's or 80's by Michel E. Porter and Philip Kotler. There was no possibility to include all models, only part of them are presented, so that the reader gets the idea of different definitions and types of concepts, and understands the difference between transactional selling and key account management.

1.3 Research questions

The aim is to deploy a customer account plan and overview for strategic clients in the X department in Company Y. This will be done by studying the existing Company Z Global guidelines about customer relationship management and finding tools to create an account plan and customer portfolio. A customer segmentation plan needs to be redefined for the X department and needs also to be deployed and planned.

The main research question is "What is the available strategic customer management model option for the Company Y's X department?" The sub-question is "What are the guidelines to be followed in the Company Z and the Company Y to make a strategic account plan and overview?"

Company Y has planned and deployed an account overview and portfolio at the beginning of 2018 by Sales Director. These will be analyzed later in the study. The working methods are not of the same type, since in the X department the salesman also takes care of the operational job, which is a benefit and a hinder.

Part of the sales force are s.c. hunters and then operative workers do farming of customers as presented by Buttler (2015) in chapter 3.9.4.

The research problem could be defined in the following way: Which is the available customer care management strategy and guideline in Company Z. Since the X department belongs to Company Y, but business is different, an account plan and portfolio is needed to be based on the same format as in Company Y. The segmentation of the X department's customers could show those customers, who are same clients with Company Y.

1.4 Theoretical framework

The theoretical framework consists of the presentation of different types of strategic customer relationship management models and concepts, from the 80's to the present. Porter's concept of competitive advantage strategy was published in 1980. The quantity of existing different models and frames is huge. Research has been done mainly by marketing scholars and professors based on wide studies in industrial markets; business-to- business (B2B). The aim for the theoretical framework is to present the main factors and how these different factors are linked to each other.

The different types of customer management models have been included into the theory part of this study to give the reader understanding of the variety of models. Definitions, distinctions between transactional selling versus key account management, justification of key account status for buyer and supplier have been explained, key account structure, importance of information and planning system have been told. Also how to choose right criteria for selection, key performance monitoring and indicators, different types of reporting systems and concepts have been presented, as well as their role in the company's business model.

According to Homburg et al. (2002) most firms struggle with the challenge of managing their key customer accounts. There is a significant gap between the importance of this organizational design problem in practice and the research attention paid to it. Sound academic research on key account management (KAM) is limited and fragmented. As for on research on KAM and team selling,

the researchers develop an integrative conceptualization of KAM and define key constructs in four areas: (1) activities, (2) actors, (3) resources, and (4) approach formalization. Adopting a configurational perspective to organizational research, the authors then use numerical taxonomy to empirically identify eight prototypical KAM approaches on the basis of a cross-industry, cross-national study. The results show significant performance differences among the approaches. (Homburg et al. 2002 pp. 38-60)

1.5 Research methodology

A case study as a research method is used when a researcher wants to explore a phenomenon in a special context. The phenomenon is linked to the context so that it cannot be separated and boundaries are not clear. The method is characteristically comprehensive and not merely a data collection tool. The research follows the guidelines of Yin (2003). Study questions should be followed by study propositions. These proposition and data are analysed with comparation and with inductive logic. The propositions focus on the unit of analysis ((Yin 2009), which in this case is a company. It is common in qualitative studies and an induction means that the research starts from an empirical point of view. (Kananen 2013, pp. 48-49) The validity of the research is based on several elements, using multiple data sources is one element (Yin 2009).

A qualitative single case study was chosen because this study is a development work for the case company's X department. The aim is to deploy a strategic account plan, portfolio and segmentation of strategic customers according to the Company Z Guidelines to the case company's Company Y's X department.

The case study as a research method would be the most suitable method to find out all possible knowledge and available information that the Company Y and the Company Z globally already have, and what else is needed to manage strategic customers' profitability and keep them as long as possible. Also it is needed to ask the customers what they want and what they expect from the partnership?

A case study protocol have been created and followed in order to enhance reliability. According to Yin it included elements from introduction, data collection

procedures and outline of the report to case study questions. The protocol helped the author to stay focused and concentrate on the research problem under study. (Yin 2003, pp. 67-69)

Data collection procedures are explained in the chapter below. Interview theme, list of interviewees and timetable are presented in the appendices of the thesis.

According to Ojasalo et al. (2015), a case study can be used as a research method when the object needs to be comprehensively understood and the study will produce new improvement proposals. The case study answers to questions “how?” and ”why”? This study followed the ordinary process in a case study; first there was a pre-development idea or task, then the phenomenon was studied in practise and in theory, the development work was improved, empirical data was collected and analyses made (interviews, questions and findings). And then the outcome was an improvement proposal/s or model, just like in this case.

1.5.1 Acquiring and analysing the empirical data

Data for this study was collected from three sources; i.e. the Company Z & Y’s intranet, publications and by doing semi-structured interviews. Interviewees were Company Y’s management, X departments team leader and director, as well as the Sales Manager of the Company A and also two key account customers were interviewed. A theme for interviews was prepared on the basis of the literature review of the strategic account management theory and the findings from the Company Z guidelines. The interviews were recorded, transcriped and analysed. This study cannot be repeated nor the result be measured by quantities.

1.6 Introduction of the case

Company Y is owned by Company Z, which is today Xth largest transport company worldwide measured by turnover. Company Z has made guidelines for the selling strategy for each division and business units, Company Y, Company A and Company B. Country managers then decide how to implement them in practice in their country and company.

Jobber & Lancaster (2015) present key account management as one of the sales techniques. They also tell in their book “Selling and sales management” on p. 269 that *“companies often find over 70 per cent of sales coming from a few key customers.” “These key customers require special treatment since the loss of even one of them would significantly affect a supplier’s sales and profits.”*

Also, due to the fact that companies concentrate buying power into fewer hands, suppliers need to rise the importance of selling and managing key accounts in addition to gaining sales. (Jobber & Lancaster 2015, p. 269)

Figure 1: The “whale curve” shows customer profitability analysis by Kaplan & Narayanan (2001)

Company Z presented a four-year strategy 2016-2020 with five strategic focus areas; customers, growth, human resources, processes and organization. These are the keys to success in a competitive industry. The strategic focus areas were updated in October 2018 and in Figure 3, the four statements are presented.

1.7 Structure of the thesis

The literature study is the base of the theoretical part and information was collected from the latest scientific articles and literature available, and from the case company’s web pages, internet and other publications, e.g. Company Z magazine. Semi-structured interviews were made, recorded and transcribed.

Chapter 1 is the introduction of the master’s thesis, presenting background, objectives and delimitations, research problem and sub-questions, theoretical framework and research methodology, introduction of the case and case company presentation as well the structure of the thesis.

Chapter 2 presents theoretical definitions for key account management, distinctions between transactional selling, status, justification, structure and criteria for selection as well as an information and planning tool.

Different types of concepts are presented in chapter 3, and chapter 4 discusses the implementation of the key account strategy and measuring performance.

Chapter 5 is for case company's sales strategy and management of strategic accounts. In chapter 6 empirical data is analyzed and chapter 7 presents the results of the research, the summary and further research topics are discussed in chapter 8. These chapters have been removed from Theseus version.

2. Theoretical definitions

In this chapter different definitions by various scholars are described. As mentioned before, there are very many different expressions for the same item, all of them targeting the same. Keeping the existing high profitable clients as long as possible and selling additional value to them, alternatives to gain new clients or win back once lost strategically important clients, distinctions between transactional selling and key account selling and, criteria for choosing the right profitable clients are items to be discussed. In addition, information and planning systems are presented.

2.1 Key account management definition

Ojasalo & Ojasalo (2010), define briefly key account management to be company's approach to manage their strategic important clients in business to business markets.

Lehtinen, Storbacka and Strandvik in their research "A perfect client", state that "*When thinking about a client as an account the main definitions are the lifecycle of a client, the value of a client, and the process of a client."* (Lehtinen et al. 1997).

"Key account management is a strategy used by suppliers to target and serve high potential customers with complex needs by providing them with special

treatment in the areas of marketing, administration and service." (Jobber et al. 2015 pp. 260-280).

A market-based customer management structure adopted by B2B companies can also be called variously key account management, national account management, regional account management or global account management. They use the term key account management to cover all four forms. "*KAM is a structure that facilitates the implementation of CRM at the level of the business unit."* (Buttler et al. 2015, p. 351).

Cheverton (2001 p. 35-55) presents KAM as a process for controlling the future, it is also a way to receive competitive advantages. KAM is a way of working which may lead to the status of key supplier.

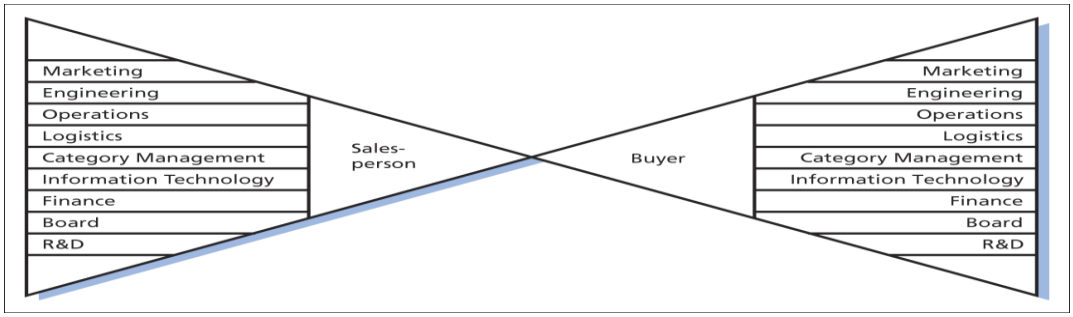
The main benefit of key account management to a company is to optimize income from existing clients. The three features of key account management are following: special treatment of major customers, dedicated key account managers and usual multifunctional efforts. Key account management is not just a strategy or a sales technicque, it has also an organizational effect. (Jobber et al. 2015 pp. 260-280).

"Excellent customer service is about being aware of customer needs and reacting to them effectively. Understand anticipate and respond to your customers; needs in a consistent way, right across organization. A set of tools that let you do more for, and get more from, your customer. Keeps all your customer information in one place. Know and understand your customers. Know your best revenue opportunities. Spot the best sales campaigns. Provide better customer service. Increase customer revenues. Discover new customers. Help sales staff close deals faster. Make call centers more efficient. Simplify marketing and sales processes." (Omondi 2018)

2.2 Distinctions between transactional and key account management

Transactional selling differs from key account management with overall objectives as seen in Figure 4. In the traditional (bow-tie) buyer–seller relationship: communication is between salesperson and buyer, or strategic account manager and key customer contact. In the key account (diamond) based relationship: key account manager co-ordinates communication which is direct between different functions in the manufacturing company. (Cheverton 2001 pp.30-55).

Buttler et al. (2010) as well as Jobber et al. (2015) present similar differentiations between transactional selling and key account management in business to business; for overall objective the difference is transactional sales vs. preferred supplier status, distinction between sales skills is asking questions, handlings objections, closing vs. building trust, providing excellent service, negotiation, difference in the nature of relationship is short, intermittent vs. long, more intense interaction, difference in salesperson's goal is closed sales vs. relationship management, and final distinction is in the nature of salesforce i.e. one or two salespeople per customer vs. many salespeople, often involving multifunctional teams.



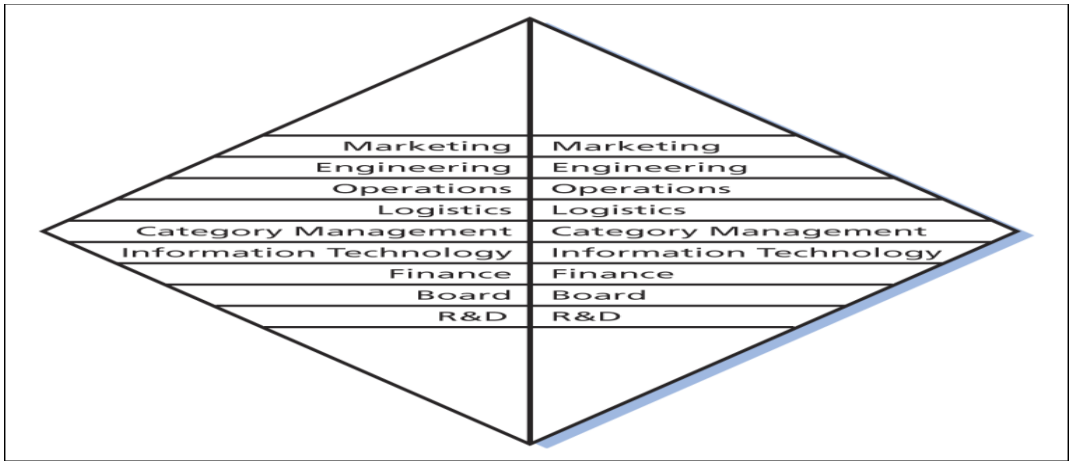


Figure 4: Stages of relationship. Simple transactional relationship (bow-tie) and interdependent relationship (diamond). (Cheverton 2001 pp. 30-55)

According to Ojasalo & Ojasalo (2010), when a company wants to improve the management and marketing it should check the process of basic elements presented below in Table 2. They present the customer based action plan which can include constant actions or programs. It may also include one-time campaigns or projects. Each action plan should have individual items;

- Targets
- Actions
- Schedule
- Responsible person (main)
- Resources
- Risks
- Plan B
- Costs
- Performance indicators
- Supervision and date of evaluation or dates.

2.3 Status of a key account

In order to receive key account status, a customer must have high sales potential. Other requirements from customers might be regarding cost reductions, improved communications, development of partnerships (for example long term partnership) and finally lead to a frame agreement with parties, also wide geographical dispersion increases the need of coordination. According to Jobber at al. (2015, pp.265-280).

Buttler et al. (2015, pp. 351-352) are having a slight different aspect for a key account. "An account which is strategically significant, *normally means that it presently or potentially contributes significantly to the achievement of company objectives, such as profitability. It may also be a high volume account, a benchmark customer, an inspiration or a door opener."*

With company's most important clients it includes selection, establishment and maintenance of close relationships. "*In order to receive key account status, a customer must have high sales potential, A second characteristic is that of complex buying behavior; for example, large decision-making units with many choice criteria are often found in dispersed geographical locations. Third criteria is that those customers who are willing to enter into a long-term alliance or partnership are given the key account status*." This kind of relationship is benefitting the

clients with reliability of supply, risk reduction, easier problem-solving, better communications and high level of service. (Jobber et al. 2015, p. 270).

2.3.1 Justification of key account management to a supplier

When key account management is only one form of salesforce organization and care is needed in deciding whether the extra resources and costs associated are applied to one customer account, supplier management needs justification. Buyers have documented processes that compel vendors to deal with specific members in a DMU at specific times during the buying process. "*Under these circumstances, sellers may not have the chance to exhibit their exceptional selling capabilities. What they must do is to show their relationship management capabilities. "* (Buttler et al. 2010, p. 353).

Buttler et all. (2015, p. 352) refer to one study, where suppliers were finding following benefits by KAM adaptation:

- *Doing large amounts of business with a few customers offers considerable opportunities to improve efficiency and effectiveness, thereby reducing transactions costs.*
- *Selling at a relationship level can spawn disproportionately high and beneficial volume, turnover and profit.*
- *Repeat business can be considerably cheaper to win than new business.*
- *Long-term partnerships enable the use of facilitating technologies such as EDI and shared databased*
- *Familiarity and trust reduce the need for checking and make it easier to do business.*

Jobber et al. (2015, p. 274) state that, *the greater the extent to which the following circumstances exist, the more likely a company is to move towards setting up key accounts; a small number of customers account for a high proportion of supplier's sales, there is potential for differentiation of the product and/or service provided by the supplier in a way that is highly valued by the customer*.

High and intensive completion is one driver. "*Competition is improving its account handling by moving to key account management*." (Jobber et al. 2015, p. 275).

As Storbacka (2006) presents *a fact-based management system is needed to allocate investments between different customer portofolios, to optimize marketing processes, and to improve the predictability of sales*. (Storbacka, 2006) He is also telling that worst –case scenario when 20 largest customer generate 30% of company's turnover, then the relationship between customer s is not symmetrical. Then the key question is if company is managing its customers or if they are being managed by their customers? *A typical outcome of this path of development is simultaneous price erosion and an escalating commoditization of product specifications.* A organic growth requires that company's unique ability to help is customers to succeed is found. The competitive advantage is more sustainable than a lower price. (Storbacka 2006, pp. 130-150).

Ojasalo & Ojasalo (2010, p.145), is presenting basic elements for management process of KAM. Those are: Identification of key account, analysing of key account, choose of suitable key account strategies, operative level knowledge, process improvement and suitability for longtime and profitable relationship creation with key accounts.

2.4 Key account structure

Buttler et al. (2015, p. 352) state that motivation to adopt a KAM structure comes from recognition of following business conditions:

1. Concentration of buying power lies in fewer hands. Big companies are becoming bigger. Higher share of corporate purchasing are being controlled. Smaller companies and even major competitors are collaborating to create purchasing power, leverage purchasing economies and secure better inputs.

2. Globalization. Global companies expect to procure centrally but require goods and services to be provided locally and want to deal with global suppliers.

3. Vendor reductions programs. Customers are reducing the number of suppliers, as they learn to enjoy benefits from improved relationships like KAM programs.

4. More demanding customers. By demanding suppliers to become leaner, buyers eliminate non-value adding activities. This may mean more reliable, more responsive customers service and just-in-time delivery.

Concentration of buying power has led to buyers taking charge of relationships. Specially, multinational companies have supplier accreditations and certification process in place, partly due to the quality system requirements like ISO9001 etc. *To be short-listed as a potential supplier, vendors often have to invest in satisfying these criteria.* (Buttler et al. 2010, p. 353)

Customers exhibit complex buying behavior with large decision-making units applying varied choice criteria, often multiple locations, meaning that a geographical organizational structure is inappropriate. Same applies when customers are centralizing their operations. When multifunction contacts between supplier and customer are required and when significant cost savings are possible through dealing selectively with a small number of large customers, and joint agreements of production and delivery schedules appears. (Jobber et al. 2015, pp. 265-280.)

2.5 Criteria for selecting key accounts

"*Accounts that have growth prospects through their ability to build sales and market share in their existing markets, And accounts with growth prospects through their position as major players in small or medium-sized but expanding markets. For example customers who are willing to be partners in innovation by allowing joint new product development with a supplier, as well customers, who are early adapters of new products or production process involves also supplier. Or they are highly prestigious accounts that improve the image and reputation of the supplier and can be used in reference. And accounts that are important to and currently served by competitors that the supplier has decided to attack and gain or gain back if once lost. And not least the accounts that provide a high contribution to the supplier's profits."* (Jobber et al. 2015, p. 274-275)

According to Storbacka (2006) innovations are not based on traditional methods of segmenting customers but rather on identified generic situations in the customers processes. Recent studies on innovation theory seem to indicate, that dominating idea that innovations are born by dividing the market further into smaller segments; even micro segments, seems to be that thesis is false. Innovations are by nature such that identifying situations that are significant to as many customers as possible, and each customer has to solve in its own process

one way or the other. If a supplier is able to create an innovation related to solving this job-to be-done, and the innovation in question is superior to all the other competitive alternatives, the grounds for success are excellent. The goal is to find innovations that solve problems for so many customers as possible. (Storbacka 2006, p.144)

Buttler et al. (2015) are "*defining CMR as the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high-quality customer-related data and enabled by information technology. Three major types of CRM have been identified: strategic, operational & analytical.*"

Ojasalo & Ojasalo are also (2010, p. 149) presenting how customer can be systemically priorized by five stages in chapter identifying key accounts, the steps for targeting are 1) key accounts criteria 2) Relative importance of criteria 3) Scoring of customers based on different criteria 4) Weighted points 5) Priority of key accounts. In below table (Ojasalo & Ojasalo 2010 p. 149) is presenting client accounts priority criteria's based on following timelines; past, present and future:

Criteria reflecting past	Criteria reflecting present	Criteria reflecting Future
• Amount of sales • Profitability • Share of customers total buys • The extension of relationship • Receiving payments in time • Easy and effortlessness in co-opeartion	• The strength of relationship • Image of client • Clients location • Clients economical solvency • Compatibility of companies cultures and values.	• Future growth potential • Predictability of sales • Opportunity to sell other products and service to clients • Strategic compatibility • Value of reference

		• Learning • Innovation co-operation

Table 1. Client accounts priority criteria based on past, present and future (Ojasalo & Ojasalo 2010)

2.6 Key account information and planning system

Acts between supplier and buyer are giving different kind of data which can be collected and stored for each account. "*Suppliers need to consider the information which needs to be collected and stored. The objectives, strategies and control systems required to manage the accounts. This can be accomplished by a key account information and planning system. The benefits of planning systems include consistency, change monitoring, resource allocation and competitive advantage*." (Jobber et al. 2015, p. 283.)

First benefit, consistency gives the plan which provides a focal point for decisions and action, leading to better consistency and coordination between managers. The second benefit is by monitoring of change; the planning process forces managers to review the impact of change on the account and to consider the actions required to meet the new challenges. Third benefit is by resource allocation; the planning process asks fundamental questions about resource allocation. Some of the questions that require addressing are: Should the account receive more, the same or fewer resources? How should those resources be deployed? How should resources be allocated between accounts? And the last benefit is competitive advantage; absolute levels, trends and variations from targets will be recorded by specific hard data. Soft data complements hard data by providing qualitative (or more subjective) assessments of the account situation. (Detailed information about data collection is given in below chapter.) Outcome of this account audit can be summarized in a strengths, weaknesses, opportunities and threats (SWOT) analysis. This provides a convenient framework for improving the effectiveness of decisions making of key account management. It may provide new ideas to develop the account plan and search better ways to serving the account in order to keep out competitors. (Jobber et al., 2015, p. 284.)

Storbacka (2006) in his chapter positioning in the value network – from market share to profit pool share is stating that “finding a logical position in a value network is a much more complicated issue”. *Digitalization is a major driving force as it makes activities performed by different functions and actors more “liquid” and “movable” in time and space. The blurring of industry borders and convergence of different industries create new opportunities to combine competences and capabilities. In commodity industries many companies are striving to “move forward in the value chain”, i.e. expand into business activities with higher value-add and thus better cash flows). (Storbacka 2006, p. 95.)*

This essential account data consists of hard general info; like contact info and customer products sold and markets served. Sales volume and revenue, profits, capital employed and ratios can be easily collected from different official sources. As well hard specific info which is for example sales by product, price levels and profitability by product, details of discounts, competitors’ products, prices and sales, contract expiry dates. This kind of information is more hard to find from official sources. Other type of essential data is soft info; decision making units (DMU members), choice criteria, perceptions and attitudes, buying processes assessment of relationships, problems and threats, opportunities, supplier’s strengths and weaknesses, competitors strengths and weaknesses, environmental and organizational changes. (Jobber et al., 2015 pp.265-280.)

In addition to previous chapters auditing an account and coming SWOT analysis presentation, an account plan comprises objectives, strategies and control procedures. According to Jobber & Lancaster 2015 “*Objectives should be clear for planning period, like terms of sales and profit wise, a long sales cycle is characteristic, it is often sensible to couch objectives in terms of gaining customer commitment rather than of achieving a sales close, special if the account planning period has been short. Strategies are the means by which objectives are achieved. Every detail cannot be planned, scope should be provided for individual initiative and firm, but whit out a guiding framework, the activities may become uncoordinated or even worse, the task neglected. Control system for account planning is needed so that corrective actions can be taken when necessary. The system purpose is to check progress and performance on the achievements of*

objectives. Usually the system is analyzing sales and profitability, review meetings with agendas are required to compare both quantitative and qualitative outcome. "(Jobber et al. 2015, p. 285-286.)

"*The important issue is account's profitability, sales revenue and costs. The costs may be broken for example down as follows: sales staff costs, support staff costs and other sales and marketing costs e.g. special payment terms such as discounts. By itemizing costs, results can be compared against budget and areas that require investigation will be revealed."* (Jobber et al. 2015, p. 286)

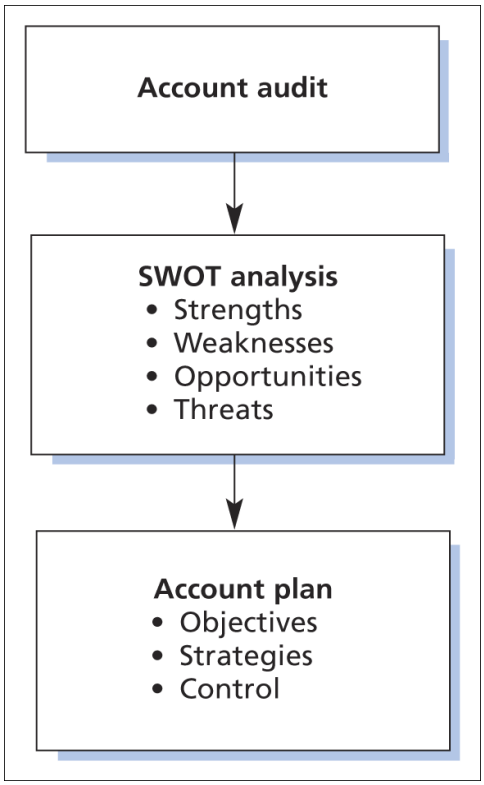


Figure 5. Account audit leads to account plan through SWOT analysis by Jobber et al. (2015 Figure 9.4 p 287)

Ojasalo & Ojasalo (2010, p. 147) present practices how to manage on the company and individual levels in relationships (Table 2).

	Company level questions and practices	Individual level questions and practices

Identification of key accounts	What are the criteria for strategic clients?	Who or whom in clients organizations having power to continue or end the relationship?
	Which of existent or potential clients are filling he criteria now and in future?	Who can influence accounts key decision maker/s in clients organization?
Analyzing key accounts	What are clients products, services, raw-materials or other inputs to processes and resources, internal value chain, markets, suppliers and economical situation?	Which individuals are benefitting personal or are getting harm of relationship? What kind of possible harms or benefits are?
	Which kind of history is when controlling accounts sales, profitability, investments, and purchasing behavior, business change, information flow, special needs and claims?	How are these persons able to influence to nature of relationship or continuation?
	How identical are targets with client's organization? How does those differ?	Are there individuals, who are having conflicting interests in client's organization related to working relationship?
	Which kind of intents and costs customer is having to replace our organization with other provider?	

	Which kind or type is clients suppliers portfolio, how are those competitors who are providing same service than us and what is our status in that group?	
Choosing right customer strategies	What could be the strategy for and how to measure how attractive (competitive force) we are having in clients eyes and how attractive client is to us?	What kind of longtime personal benefits relationship can offer for buying organizations key persons in acceptable business ethics and code of contacts? (Learning, development?)
	What kind of strategic level options can be chosen between parties based on the level of force power and common interests?	
	What customer strategic model fits best for existing and future targets of business?	
Operative processes development and application	How could services and products tailor for customers?	How could we easier buying organizations key persons work?
	What qualifications are expected from Key account manager? How he/she should be chosen and how	What kind/type of communication are key persons appreciating?

	to improve his/hers knowledge?	
	How could information flow to be improved with client? How could routines to be improve with client relationship?	What kind of informal social contacts and events could help to form of social contacts and friendships with key persons?
	How could we develop and improve our own organization so that it could fit better to clients needs?	Is there something what key persons appreciate highly and what could be offered for them easily under approved business ethics (code of conduct)
	What are the factors which makes us reliable in the eyes of client? And how can we strengthen these factors?	
	What are effective mechanism and indicators to control targets related to relationship and ensure them?	

Table 2. Management practices on individual and company level (Ojasalo & Ojasalo 2010).

3 Different types of concepts

There is several management methods, frames and models created by scholars and marketing management professionals today available. Only part of them is presented below, mainly traditional strategic customer management models. Also different types of reporting key account teams is presented, and how partnership

with important client is growing up. What applies most in COMPANY Z is the last chapter a service selling light organization and it will be discussed further in this study. Essential is also that case company is s.c. 3PL, third party logistics provider or supply chain service provider for customers who outsource elements like distribution and fulfillment services. (Richards & Grinsted, 2013 pp.10-25)

3.1 Key account management relational development framework

According to Jobber et all. (2015, pp.265-280) the key account management relational development model plots the typical progression of a buyer-seller relationship based upon the nature of the customer relationship (transactional or collaborative) and the level of involvement with customers (simple or complex). Six stages consist of pre, early, mid, partnership, synergistic and uncoupling.

Pre-KAM (prospecting)'s task is to identify accounts with potential and to avoid wasting investments on accounts that lack potential. Assessing these accounts usual involve selling strategies like to making products and services available while gathering information about customer. Breaking into account might be difficult, patience and persistence and quotes with low-profit order or promptly repair of equipment is needed. (Jobber et al. 2015, pp.265-280.)

Early-KAM means convincing preferred customer of the benefits, as well exploration of opportunities for closer collaboration by identifying motives, culture and concerns of the customer. "It will seek to understand the customer's decision-making unit and processes, and the problems and opportunities that relate to the value adding processes. Products and service adaptations may be made to fit customer needs better. An objective of the sales effort will be to build trust based on consistent performance and open communication." (Jobber et al. 2015, pp.265-280.)

When account proceeds to Mid-KAM stage the trust has been established and supplier became one part of preferred sources of product or service. The number and range of contacts increases, e.g. social events. "The account review process carried out at the selling organization will tend to move upwards to involve senior management because of the importance of the customer and the level of

resource allocation. Since the account is not yet exclusive, the activities of competitors will require constant monitoring." (Jobber et al. 2015, pp.265-280.)

At stage of Partnership-KAM supplier regards as an important strategic resource. The level of trust is deep enough to share sensitive information. "The focus of activities moves to joint problem-solving, collaborative product development and mutual training. The arrangement is formalized in a partnership agreement of at least three years' duration. Performance will be monitored and contacts between departments of organisations are extensive. A guaranteed continuity of supply, excellent service and top quality products are expected. A key task of the account manager is to reinforce the high levels of trust to exclude potential competitors." (Jobber et al. 2015, pp.265-280.)

"Synergistic-KAM is the ultimate stage of the relational development model. Both organizations are seen as part of a larger entity. Top management commitment manifests itself in joint board meetings and joint business planning. research and development, and market research take place. Costing systems become transparent, unnecessary costs are removed and process improvements are mutually achieved." (Jobber et al. 2015, pp.265-280.)

"At stage of Uncoupling-KAM transactions and interactions cease, this may happen in any point during previous processes. The cause of breakdown need to be understood so that those can be avoided; those are more often attributable to changes in key personnel and relationship problems than price conflicts. The danger of uncoupling is particularly acute in early-KAM when single point of contact prevails. A second cause of uncoupling is a breach of trust. Third cause is to uncouple through neglect, for example customer can perceive themselves as being taken for granted. Cultural mismatches can occur; price stress vs. life-cycle costs. Difficulties can also occur between bureaucratic and entrepreneurial styles of management. Product or service quality problems can also provoke uncoupling. Any kind of performance problem, or perveptions that rivals now offer superior performance, can trigger a breakdown in relations. By constant improving of product and services as well by speedily and professionally problem solving, in-supplier can build up entry barriers. A key account may also be terminated

because of loss of market share or the onset of financial problems that impair the attractiveness of the account. (Jobber et al. 2015, pp.265-280.)

3.2 The IDIC model

The IDIC model developed by Don Peppers & Martha Rogers suggests that companies should take the following four steps in order to build closer one-to one relationship with customers:

- Identify who your customers are and build a deep understanding of them.
- Differentiate your customers to identify which customers have most value now and which offer most for the future.
- Interact with customers to ensure that you understand customer expectations and their relationships with other suppliers and brands.
- Customize the offer and communications to ensure that the expectations of customers are met.

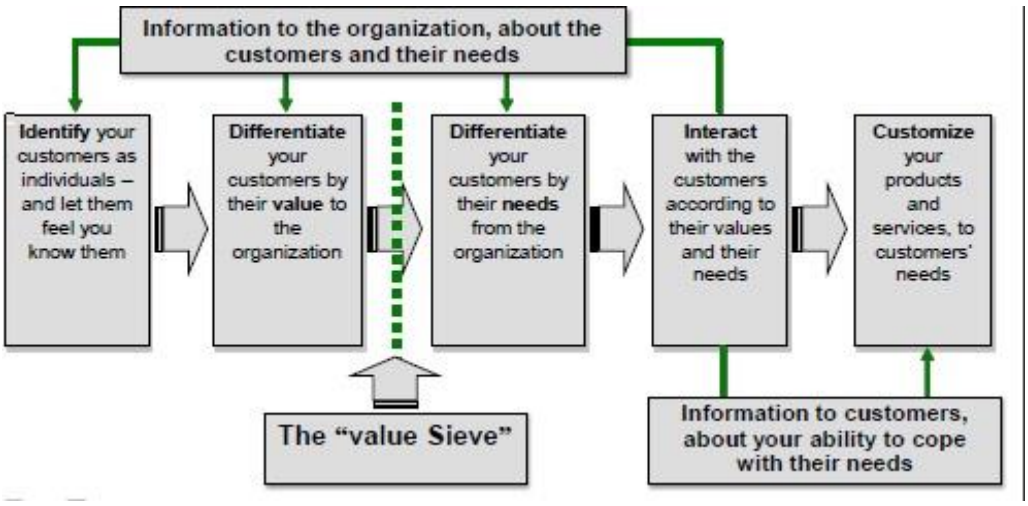


Figure 6. The IDIC Model by Peppers and Rogers (Buttler et al. 2015 p. 19)

3.3 Customer relationship management (CRM) value chain

This model was developed by Francis Buttler and it is called the CRM value chain. This model consists of five primary steps and four supporting conditions leading towards the end goal of enhanced customer profitability. The primary stages of customer portfolio analysis, customer intimacy, network development, value proposition development and managing the customer lifecycle are sequenced to

ensure that a company, with the support of its network of suppliers, partners and employees, creates and delivers value proposition that acquire and retain profitable customers. The supporting conditions of leadership and culture, data and IT, people and processes enable the CRM strategy to function effectively and efficiently. (Buttler et al. 2015 p.20)

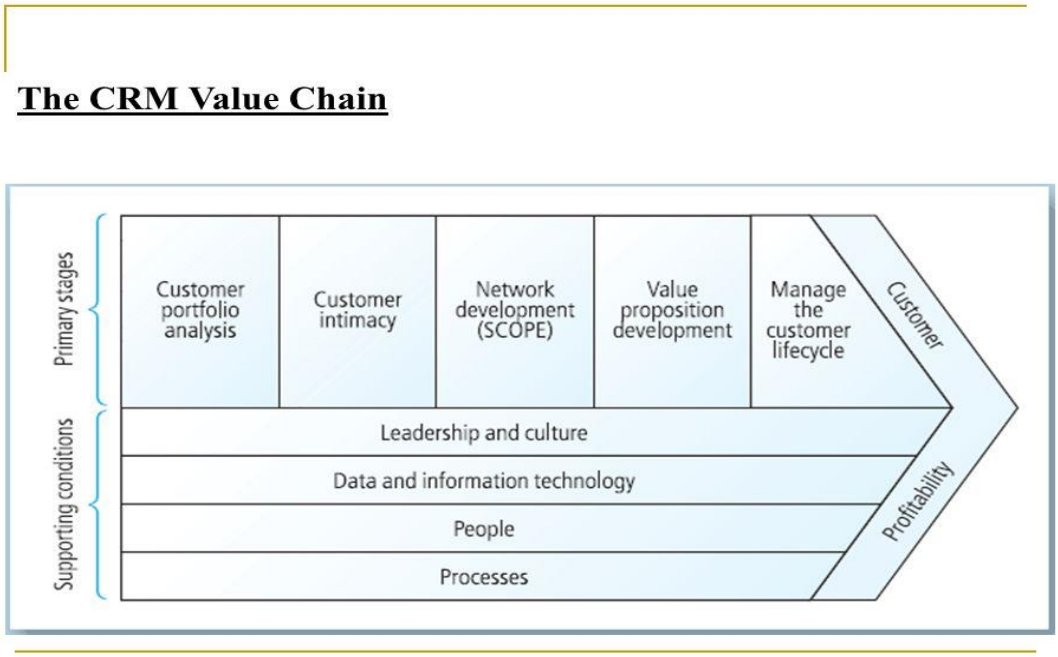


Figure 7. the CRM Value Chain Process (Buttler et al. 2015 p. 20)

3.4 5-model process by Payne and Frow

This model was developed by Adrian Payne & Pennie Frow ((2013) and is called 5-process model. This model identifies five core processes in CRM; the strategy development process, the value creation process, the multi-channel integration process, the performance assessment process and the information management process. The first two represent strategic CRM; the multi-channel integration process represents operational CRM; the information management process is analytical CRM.

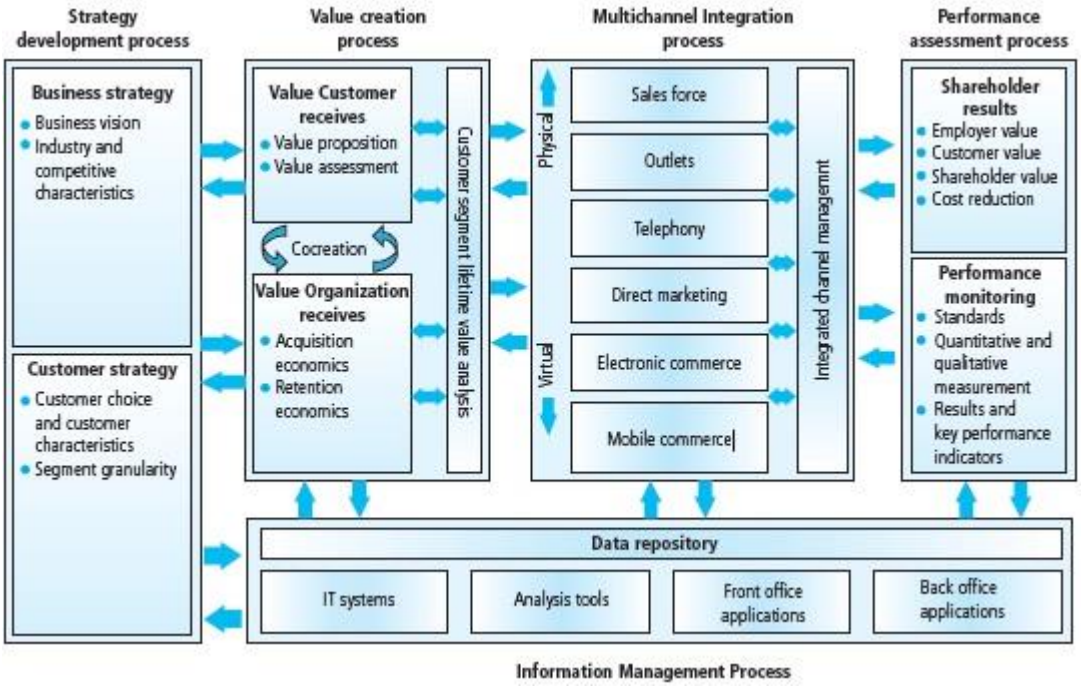


Figure 8. The 5-process model by Payne & Frow (Buttler et al. 2015, p. 21)

3.5 The Gartner competency model

The Gartner competency model suggests that firms need competencies in eight areas of CRM to be successful. These include building a CRM vision, developing CRM strategies, designing valued customer experiences, intra- and extra-organizational collaboration, managing customer lifecycle processes, information management, technology implementation and developing measures indicative of CRM success or failure.

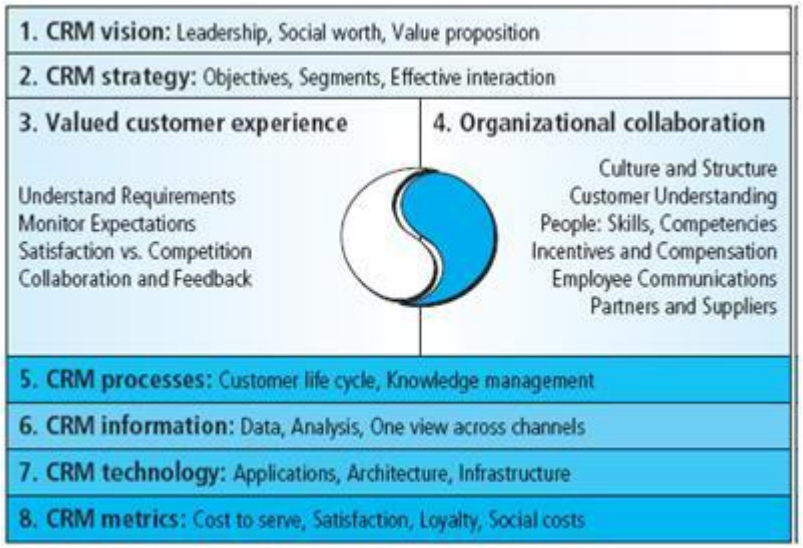


Figure 9. The Gartner competency model (Buttler et al. 2015, p. 22)

3.6 Key account management report model

McDonald et al. (2006 pp. 240-250) presented three different types of KAM models, where business activities have been organized around geographical or product base or where focus is on the management and performance. These types are; sales line reporting model, marketing management reporting model and executive management reporting model. Sales line model is the traditional view where key account managers report to sales and marketing usually via regional hierarchy. In this model there is quite many layers of management, and KAM's role is not full and all potential is not used. This works in a market where "*the majority of its key accounts behave transactionally and opportunistically, then a selling and negotiating focus would be considered appropriate."* (McDonald et al. 2006 pp. 240-250.)

In marketing management reporting model KAM is an extension of marketing department and possible linked into the firms long-term marketing plan as element of strategic marketing. Different customers are having mixed portfolio of key accounts and this will ensure appropriate handling and optimizing their respective potential. (McDonald et al. 2006 pp. 240-250)

The third model sees KAM as a management function and *"smart senior manager recognize the importance of being in direct contact with their key account managers"*. In this model KAM is closer to corporate strategy. This model is preferred option where the supplier literally relies on a few key accounts, representing 80 per cent of revenue, volume or profit. Customer is also demonstrated that the account manager has the support of company. "Purchasing decision makers tend to assume that key account managers who are too far removed from the real power base do not carry sufficient authority and status for getting things done. This might affect to ability of account manager to access senior buyers in customer's decision making unit and organization. (McDonald et al. 2006 pp. 240-250.)

3.7 VECTIS Process

Storbacka (2006 pp. 187-193) in his book Driving growth with customer asset management presented VECTIS process. Customer asset management requires learning and customer portfolios require clear ownership. Managing customer asset performance inquires planning and controlling as well managing spread and duration. Customer focused organic growth creates a much better starting point for sustainable growth. He is also presenting that customer relationships should be perceived as assets and that the ability to manage a company as a set of customer portfolios will be one of the most pivotal managerial competences. Vectis processes will be presented in following chapter more closely (Storbacka 2006, pp. 187-193.)

3.7.1 Vectis processes

Name of the process VECTIS is constructed by the following processes according to Storbacka (2006 pp.188-189);

- VALUATE the status of the customer base
- EXPLORE value capture options
- CREATE new business models
- TRANSLATE business models into value creation and value capture
- INSTALL business models
- SYNCHRONIZE for alignment

The customer base will be evaluated in three stages according to Storbacka (2006 p. 189);

1. Creating customer portfolios; dividing customer bases into portfolios by analyzing the characteristics of individual relationships.
2. Creating portfolio and customer profiles; main metrics and value index. These enables setting the goals for the portfolio.
3. Valuating portfolio balance; Helps managers to estimate what kind of a customer base would best serve achieving the set strategic goals.

Storbacka (2006 pp. 194-215) has made a pattern of self-assessment statements designed to help to assess the state of customer asset management per process. For example statement in valuate process; answer yes, no or under development. "*We have excellent analytics competence needed for analyzing quantitative customer data*."

According to Storbacka (2006 p. 190) the goal of stage explore value capture options is to find potential to increase value capture by

1. Changing the balance between customer portfolios
2. Improving the value of individual customer portfolios (relationships) by developing existing business models and innovating new ones
3. Acquiring new or terminating old customer relationships in portfolios

Increased value capture can be often found from following areas according to Storbacka (2006):

- Improving the quality of existing customer relationships
- Expanding into new customer segments
- Expanding into new geographical areas
- Planning new offerings and services
- Utilizing new distribution channels
- Utilizing internal competences better
- Reorganizing work division in the value creation network
- Utilizing technology based enablers

  (Storbacka 2006, p. 190)

"*Successful companies are constantly looking for new opportunities but they share common ground in the ways in which they select the most desirable alternatives*." (Storbacka 2006, pp. 190-191)

Evaluating value capture options is having three rules:

1. *Never jeopardize the core earnings. Hence the new opportunities should never compromise the core business.*
2. *Focus on a limited number of options – prefereably on- at a time.*
3. *Choose options that are strong in most of the analysed scenarios.*

Storbacka (2006) tells that the key is to define which part of the customers processes it is advantageous for the company to be involved in, when supplier is seeking got the opportunities to help the customers grow their wallet. He is telling that the profit pool concept can be used to find new sources of revenue, define the role and position that the company has in the value network or to make product and pricing decisions. (Storbacka 2006, pp. 97-98)

3.8 Large account management process

Miller et al. (2011 pp.10-12) present the LAMP model in their book "The new successful large account management". Basic principles of the process are eight lessons of the new landscape of account management and instructions how to select the large accounts. Situation appraisal summary consists of the buy-sell hierarchy, how to prepare the ground and select strategic players, the accounts trends and opportunities, sellers strengths and vulnerabilities. Strategic analysis includes charter statement, goals, focus and stop investments, revenue targets and pre-action overview. Execution by actioning the strategy and Ninety-Day review builds up the LAMP advantage. (Miller et al. 2011, pp. 16-27)

Miller et al. (2011 pp. 13-15) point out that to improve revenue the firm needs to either expand into new markets and new customer bases, or optimize the business you have in your existing accounts. That is what LAMP delivers, a systematic method for defining and leveraging the resources you need to ensure that both your and your customers' business thrive. "*One of the key insights they have gained form customers and colleagues is that, to maintain a high return on your relationship investment, you must make it crystal clear to your major customers that you are managing their accounts for mutual advantage – for the robust growth of their businesses, not just for your own*." The basic premise is "*to achieve long-term profitable relationships with your key customers, you must make consistent, measurable contributions to their profitability and their customer relationship*". (Miller et al. 2011, pp. 16-27.)

According to Miller et al. (2011 p.16-27) to achieve competitive advantage today, especially in targeting large or "strategic" accounts, the key differentiating factor

is the ability to build relationships that bring your customers measurable value over time. The main points of LAMP model are eight lessons;

1. *"To build up an information management system that will help you to transform all free-floating data into usable business knowledge. This is not just a software, it means an effective usage and understanding of it.*

2. *An account management process needs to be define and generalizable; this means a process for building solid, mutually beneficial relationships that can be supported by whatever technology you adopt.*

3. *Customer defection or churn is a major problem everywhere.*

4. *Shortlists are getting shorter; leading corporations are systematically gauging the total costs of doing business with their competing suppliers. They are moving toward ever shorter shortlists of those who make the grade. This is conscious narrowing of the vendor base.*

5. *Building long-term business means that you've got to set your sights on three or four years out. Today's environment, retention is the name of the game. Successful firms help their clients run their business, not just purchase supplies or utilize services. This means also keeping the focus on your customer's customers, the accounts and other stakeholders that, over time are making your lager account successful. It means asking, regularly, how a given initiative or sale ties in to the Large Account's overall business strategy. The main challenge is to understand their pain points and their problems. A valid lesson of any truly Win-Win business is that your success is a function of your customers' success for the long haul. This kind of mutual benefit justifies continued investment in a relationship. But how to get the client also to understand this?*

6. *Large Account management is becoming a senior management function, driven by executive vision and appropriate resource allocation devoted to building relationships that in some cases develop into actual joint venture partnerships and that in all cases must deliver real customer value.*

7. *Take care to position your internal resources as to be account team of Large Account, remember to reward everybody who contributes. Make sure that without the leverage provided by executive involvement, teams can easily fall victim to the deadly trap of overpromising and under delivering.*

8. *The absolute essential for a good account management programme is to have a process planning tool that is flexible enough to respond not only the challenges that you're already facing, but also to those you haven't yet imagined."* (Miller et al. 2011 p.27-28)

Miller et al. (2011 p. 30) are also pointing out the importance of reliable selection criteria when selecting the large account, which might be in sense of qualitatively or quantitatively. They are also presenting the idea that, the fewer criteria, the better. All customers can't be "strategic", and there is such things that poor sale and an unwanted customer. Trying to focus on too many customers at same time is also a pitfall.

Miller et al. (2011 p.31) are encouraging to perform three sequential forms of account analysis:

a) With a preliminary diagnosis to identify those accounts where the revenue or the relationship is underperforming.
b) By doing a portfolio analysis by assessing customers against performance and performance-potential criteria to zero in on those that are most likely to deliver the long-term profitable relationships
c) To zero in on a manageable portion of the Large account – a segment Miller et al. (2011) is calling Field of Play.

Following questions are presented by Miller et al. (2011 p. 29) to be answered when doing the preliminary diagnosis of an account, then isolate the large accounts where you are uncertain about your position.

1. Has there been any inconsistency in your planning for this account, over geography or over time?
2. Do your account strategies ever fail to impact, positively and indisputably, on your company's revenues and profitability?
3. How reliable is your company's system for reviewing and measuring account plans?
4. Do you ever lack the budget to do the job?
5. Are you insecure in your position? *A grey area to be marked out is if you don't know how decision makers in the large Account feel about your place in their business?*

Then Miller et al. (2011 p. 32) advices to move to the next phase which is Portfolio analysis. They recommend the seller to develop answers to the following questions and issues with each large account candidate.

a) **Revenue.** The seller should look not only at the total revenue flow, but also how the revenue breaks down in each particular segments of the corporate entity; locations, one or three years, business units, divisions.
b) **Costs.** The seller should focus not just a total costs, but again on as granular breakdown as you can achieve in terms of organizational structure and geography, support, sales and account management.
c) **Growth potential**. Search for undeveloped opportunities or challenges for LAMP planning even from a low-producing account candidate. Look for the other areas like regions, divisions, product lines and etc.
d) **Relationship potential**. Make sure that the targeted large account is also willing to build up a long-term relationship with your company and is willing to invest time and resources as firmly and as solid grounds as you.

The field of play according to Miller et al. (2011 p. 33) means a specific targeted portion of the account. This particular portion can be thought of as manageable strategic arena. It needs to be a segment as defined by the customer structure; business unit, division or some other. It can't be the whole corporate octopus, you need to eat first one of the arms. To find the criteria for selecting a field of play, Miller et al. (2011) is advising to do following questions;

1. **Where are their problems**?
2. **What are our priorities**? Where do we get the best return on investment (ROI) or return on relationship investment (RORI)?
3. **What is the account's potential**? Where is there the greatest untapped potential for both of your companies to profit by an ongoing relationship?
4. **What is our knowledge base**? How much do we understand currently about internal organization of the account, problems, threats, opportunities, trends in the industry?
5. **How does the account see itself**? This critical criterion is often neglected. Does this Field of Play related to how the customer sees itself?

An imperfect understanding of the customers perceptions can lead to fuzzy strategizing and lost sales, which is common in most sales organizations.

Miller et al. (2011 pp.25-45) is also telling that compensation conflicts might happen if your team organization is not aligned according to how the customer wants to buy. The dynamism of the economic environment relates to the second problem, which is that corporate accounts morph frequently. Effective large account strategy redefines that Field or play according customers circumstances in field of vision. Also, many other less visible factors may impact to the way decisions are made. Field of play is a moving target, you have to review every customer contact constantly and do essential reassessments accordingly.

Below in Figure 10 is the buy-sell hierarchy by Miller et al. (2011 pp.25-45), which is more like a moving escalator and not stable stairs. The client will defined on which stage you are today. The leap from level 3 to level 4 is major crossing the chasm, usually this means selling up to value, not down to price. This does not tough mean that you can jack up your prices or refuse to discount. It is fine to be on level 1 or 2 or 3 position, if it is providing the results you want; high volumes or good margins. But if you'd prefer to go higher don't settle for these positions. (Miller et al. 2011 p. 34.)

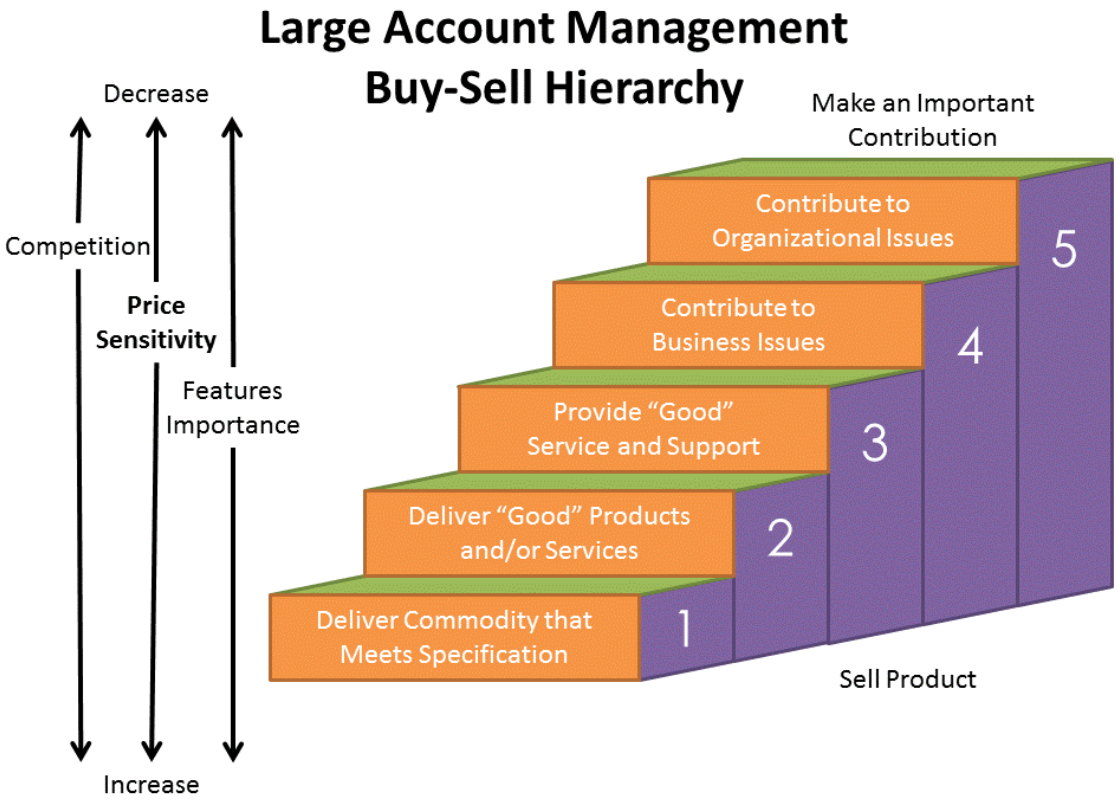


Figure 10. Large Accoun Management Buy-Sell Hierarchy by Miller et al. (2011)

3.9 Different types of key account team structures

Key account managers do not have formal or specific teams in most selling companies, and they are expected to have influence in the operative work to get things done and customer promises kept. "In practice this means that key account managers are constantly bidding for resources". The customers (buying organization) do not consider the traditional company organization to be appropriate for meeting their often complex needs. Cross-functional bidding for resources or silo-style escalation restricts the supplier's ability to develop the potential of key accounts. The benefits of integration and interdependence cannot be realized if relationship will be dragged back to basic level. (McDonald et al. 2006, pp. 187-193).

McDonald et al. (2006 pp. 187-193) are presenting three different type of reporting structures for key account teams; semi-formal, formal and cross-boundary teams.

3.9.1 Semi-formal key account team

In terms of current best practices, “semi-formal” key account teams are delivering significant benefits. In this reporting structure, operational teams report to functional managers but for a key account manager for a particular key account. It is important that that key account managers are able to plan and monitor all communications relating to their key accounts. Teams meet reqularly with the key account manager and the key account. They pursue objectives relating to general customer requirements but devote a percentage of their time to serving their key account. Such teams normally exhibit some degree of shared motivation and reward, where account performance is linked to the career development and job security of team members. A company director can act as mentor for the team. This applies status in eyes of buying company. Examples of customer contacts can be technical support, logistics planning, systems integration or involvement in research and development, depending on the customers required level. In this type of structure it is essential that key account team is informed and up to date about the customer’s strategic and tactical objectives. Team members should feel committed enough to the account and persistently do things that demonstrate the value to the customer. Strong leadership skills are essential for key account manager and team needs to be rewarded for their customer-focus efforts. (McDonald et al. 2006 pp. 187-193).

3.9.2 Formal key account team

When the formal structure of organization is focused on customers, key account managers are converted into line managers. Also functional professionals, such as engineers and accountants are dedicated to a particular customer and report to the key account manager while maintaining responsibility also to functional managers. These types are effective in project-oriented businesses such as consultancy. This organizational model is also feasible to adopt in dedicated key account divisions. (McDonald et al. 2006 pp. 187-193).

3.9.3 Cross-boundary teams

In this type of cross-boundary integration, where numbers of personnel from both the selling and the buying company can be involved in teams, the borders have became blurred. Delineations between internal functions and organizational levels have also disappeared. Also swapping jobs may happen for short periods of time. Characteristic is with existence of regular teams working together at different levels in two organizations focusing on same problems, specific issues or projects. In this way, internal tribalism and role ambiqiuty is avoided, the two organizations are drawn closer together and everyone along the supply chain benefits. By working together, collaboration able to tackle higher risk activities more successfully, it is easier to improve processes, trial new products and boost financial performance. A technique known as “mapping” can be used to indicate where costs could be reduced or quality improvements could be achieved. Integrated dyads, like sharing concerns and ideas, better understanding of each other’s roles, and a greater willingness to take responsibility for getting things done, foster mutual loyalty and trust. Measurement of performance monitor and provide the feedback to ensure a level of quality for both parties. The challenge of managing cross-boundary teams is to maintain their momentum; too high expectations or when one or both parties faces resource constraints. (McDonald et al. 2006 pp. 187-193).

3.9.4 A service selling light organizational multi-person selling center

Buttler et al. 2015 are stating in their book Customer Relationship Management – concepts and technologies, that organizations which are going to implement CRM need to move from product and functional structures to more customer-centric ones. “*In business-to business environment this may mean the development of Key Account Management.”* They are also presenting Benefits Dependency Network (BDN), which will suggest organizational changes as to be the tool for accomplishing the identification and plan for the realization of CRM benefits. (Buttler et al. 2015, pp.356-357).

They also present the following practice which could suit also service selling light organizational company in business to business market wanting to implement

KAM system in their selling team. "*Team selling is a form of selling that is often associated with more advanced forms of KAM." C*ustomers are having multi-person buying centers and decision make units (DMU's).

A selling team may be seen as a multi-person selling center; collaborative selling team can include cross organizational professionals from logistics, research and development and sales etc. The main thing is that selling team can sense and respond to customers concerns over variety of issues. There might be a fixed composition through the life-time of relationship with the customer, but usually it will vary. A good example is presented, *at the beginning of the relationship a "hunter" might win the account. Later a "farmer" takes over and builds the team to maintain and manage the relationship for mutual benefit.* (Buttler et al. 2015, pp.356-357).

Buttler et al. (2015, pp.356-357) are putting big emphasis on major issues for team selling. Those issues are how to compose a team, how to coordinate the team efforts and how to measure team performance. They are also giving some answers; *coordination can be achieved through conformance to a cultural norm (for example, a focus on customer satisfaction, or mutual benefit), formal rules and plans, deference to hierarchial direction, improved communication (committee meetings or IT). Intranets can be especially useful in this respect.* (Buttler et al. 2015, pp.356-357).

4 Implementation of the key account management strategy to business model and measurement with key performance indicators

In this chapter is presented key account management strategy as important part of company's business model. Service selling light asset companies strategic account management is crucial part of firms business success or failure. Also the complexity of reformation is discussed based on research done of topic.

Buttler et al., (2015, pp.356-357) also state (based on research) that "*the companies that succeed at KAM are those that perform better at a whole range of*

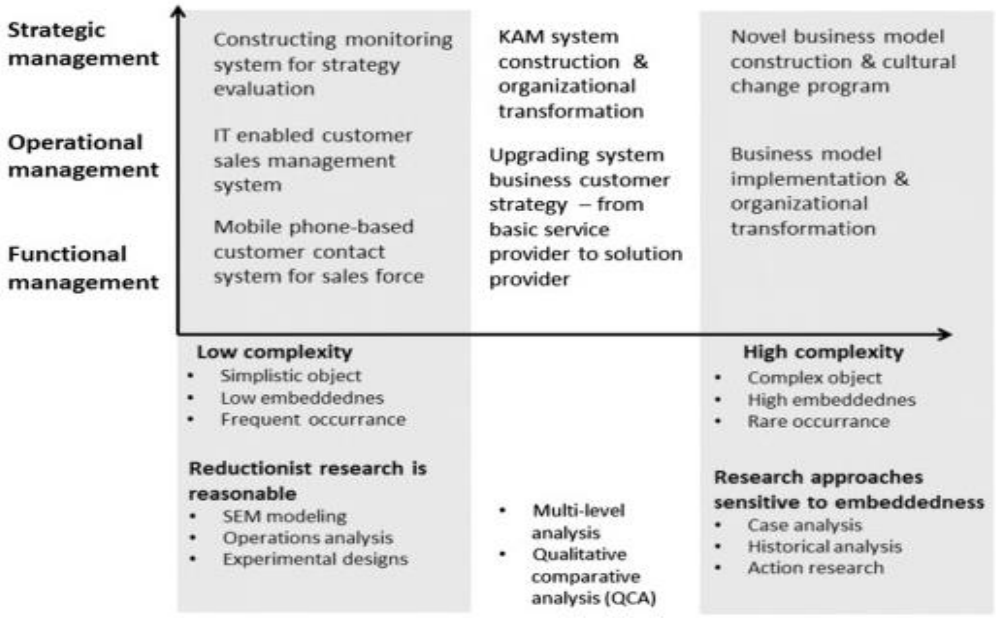
management activities including selecting strategic customers, growing key accounts and locking out competition. "*These companies spend more time and effort to find out customer's profiles, direction and future needs".*

According to Macdonald et al. (2006) The most critical task is often overlook and it is the task of putting key account strategy into practice. "Implementing strategy is far more difficult than defining the strategy: it requires endless tact, focus, persistence and patience. The implementation of a KAM strategy may involve working with account team which is dispersed across the globe and with people in other parts of the company who have different agendas and ideas." Their suggestion for processes involved to management of implementation is to use tactical action plans, manage resources and information. (Macdonald et al. 2006, pp. 243-244).

Also, Möller et al. (2015, pp. 3-11) presents the Research Implementation Space (RIS) framework which supports several conclusions. These are discussed only briefly here as the framework is a synthesis of the drivers of implementation complexity and is further utilized for positioning the articles in this special issue. "*The higher the complexity of the issues/processes to be implemented, the stronger is the need for research approaches that are sensitive to the context and history of the focal organization(s)."*

Case studies, historical analysis, and action research provide this kind of sensitivity to social embeddedness. "*The higher the complexity the better should the researcher and the manager understand the systemic nature of the focal issues/processes and their embeddedness, calling for real expertise. This requirement favors action research, in which the researcher becomes a partner in the co-creation of the implementation process.*" (Möller et al. 2015, pp. 3-11).

The simpler and more autonomous (versus systemic), and consequently the lower in complexity, the issues/processes/tools to be implemented are, the more reasonable is the use of reductionist research methods. The lower the implementation complexity, the more readily available are various managerial guidelines, process protocols and toolkits. The lower the implementation complexity, the better the value that simulation and optimization methods offer.



Graph 1. Research Implementation Space (RIS) framework (Möller et al. 2015 pp. 3-11)

Above Graph 1 present an impact-oriented implementation approach in business marketing research. Introduction to the Special Issue on implementing strategies and theories of B2B marketing and sales management.

Most strategic-level business-management issues – such as business-model reformation and the construction of new KAM programs – represent highly complex problems within which actions are influenced by major contextual factors such as the business context and the current organizational strategy, structure and culture, to mention a few. This high embeddedness and the rare occurrence of these kinds of business reconfigurations make them relatively unique, calling for research and development efforts that are sensitive to complexity and embeddedness: in other words, case analysis and action research." (Möller et al. 2015, pp. 3-11).

4.1 Definition of business management and value sales model

Storbacka is telling (p.98) that "*it is increasingly important to examine how business models can be developed by changing the work division within the network".*

Making innovations, which are based on redefining the division of work, aiming to avoiding overlapping functions and moving tasks to actors in the network who have superior competence in relation to the particular task, or a better cost or asset structure, these types needs new types of measures that makes possible to evaluate the performance and potential of a whole network of businesses. Market shares is not the starting point, market share is usually defined around the product. "*Additionally, the final incremental percentages of market share are conquered with marginal pricing, which makes them unprofitable*".

Storbacka (2006) defines customers wallet in three ways; the first wallet has to do with industry definitions, which can be divided into several pieces. The second way is to approach the customers wallet as entity, without focusing on a certain industry. The idea is to gain as large of a share as possible of the customer's processes. This relates to differentiating business models and defining core business. The third way is where supplier can seek for the opportunities to help the customers "grow" their wallet. "*The aim will be to support the customer in processes innovation, i.e. supporting the customer in relation to its own clientele. This calls for a so-called value sales model*." (Storbacka 2006, p.98-99).

"There is no set formula for the positioning of key account activity within overall business management. Successful KAM is governed by a few basic tenets like: intercompany collaboration, successful key account strategists counsel the avoidance of feudal and tribal sentiment in customer-facing teams and, therefore, the emphasis of organization at macro and micro levels is on encouraging diversity and cooperation through the use of cross-cultural management, matrix management, multidisciplinary teams, cross-boundary teams, and so on. Operational flexibility, decision makers and key account practitioners also recognize that a balance must be achieved between the need to be competitive and the need to be secure. Greater flexibility and adaptability can work to deliver product superiority and business stability. Organizational appropriateness, mismatches with the customer's organizational pattern and their expectations of the supplier's organizational make-up must also be avoided. It must always be understood that the supplier's organizational problems are irrelevant to decision makers in key accounts. Demonstarble authority (KAM) must be perceived by the customer and colleagues as possesing authority as well as accountability. Buying companies often complain that key account managers appear to be accountable for problems which they do not have authority to solve. Long-term perspective, key account activity must be organized with a view to the future. Cooperative value management throughout the supply chain is an emerging trend still and it involves the removal of traditional barriers. The process usually starts with multidisciplinary key account teams in the selling company and progress to cross-boundary teams

comprising reprentatives of both selling and buying companies." (McDonald et al. 2006, pp.356-357).

According to McDonald et al. (2006), "*The nature of the business will dictate how total the organizational transformation can and should be. Customer focus must be maintained and achieved, adjust and adapt, when dramatic changes in the character and volume of customer requirements*. "*Suppliers also need to note that the delegation of authority and determination of rewards have to change to reflect changes in organizational policies and practices. New KAM structures must be handled with strategic care, rather than tactical speed. Any reorganization for KAM today should seek to achieve value management throughout the supply chain tomorrow".* (McDonald et al. 2006, pp. 356-357).

4.2 Importance of key account management for a business model

Storbacka (2006, p. 130) presents in Figure 9 dimensions of a business model and explains why compatibility is imperative in business models, since those are the key tools for creating growth. "*In order to maximize growth the central goals of the company's strategy have to be interpreted separately for each portfolio. After this separate business model (or alteration of the same business model) should be developed for each portfolio*." The picture portrays Vectia's method of depicting a business model. The business model can be modified for portfolios by altering and adjusting the nine separate parts.

Earnings logic	**Management**	**Execution**
Customer definition • Customer insight • Segmentation model	*Management system* • Structure • Key processes • KPIs	*Go to market* • Demand creation • Sales and account mgmt. • Channel management
Value creation • Customer's value creation context	*Offering & contract mgmt* • Value proposition	*Operations* • Sourcing • Supply Chain

• Customer's value capture logic	• Risk management • Offering contents	• Production
Value capture • Revenue and cost logic • Asset allocation logic • Risk logic	*Capabilities & infra* • IT, HR • KM, core competencies	*Fulfilment* • Delivery • Customer care

Table 3. Vectia's method of depicting a business model

It is crucial that business models only creates competitive advantage if all of its parts are compatible. Amending on part will require the adjustment of others. "If a company wants to increase its service business, it may be necessary to re-think the pricing mechanism, consider changes in sales management, create new production processes and change the management system (structures, planning and follow-up). (Storbacka 2006, pp. 132-131).

4.3 Performance monitoring of key accounts

According McDonald et al. (2006, pp. 160-165) "*a standalone measurement is meaningless unless it is compared with a "benchmark", so the first step in monitoring key accounts is the identification of appropriate benchmarks*." In terms of strategic requirement success or failure is determined by performance against explicitly expressed aspiration.

Management or key accounts needs to set expectations of organization in appropriate terms for each account individually. Not only should different levels of performance be anticipated, but different measurement parameters should be selected. Financial results can only represent outcomes: they do not predict the future. (McDonald et al. 2006, pp. 160-165).

McDonald et al. (2006, pp. 161-163) tell that the adage "*what gets measured gets done*" is truer in selling environment than almost anywhere else. Therefore, monitoring criteria and procedures should adopt a wide focus and consider other measurements including following: *Financial: short-term, annual targets and profitability. Operations: key performance indicator achievement. Implementation of*

strategy: project progress and achievement of milestones. Relationship: customer perception of relationship value, customer satisfaction and retention. Operational performance, elements relating quality, delivery, fulfilment and so forth, should be measured and compared to parameters of key performance indicators by buyer. (McDonald et al. 2006, pp. 161-163).

Above predict outcome based on KPI Return of relationship, ROR can be measured as ROI return of investment according to Ted Rubin. According to him (#RonR) "ROR is the value (both perceived and real) that will accrue over time trough connection, loyalty, recommendations and sharing." ROR brings benefit in term of value and will have a "halo" effect. It involves not only analyzing connection growth, but also measuring the overall sentiment of your consumers voice in relation to your brans." means that your content and your channel return rates measures the organic sharing rates and at the end when successful will bring additional value and competitive advantage. (Rubin 2018)

Key account portfolio matrix; each key account needs to work out for sensible objectives and strategies. The planning needs to have a hierarchy; corporate plan, marketing plan, segments plans and then accounts plan for each segment. The segments will be prioritized between low and high attractiveness and between high and low relative company competitiveness. The researchers are also stating that; *"sustainable competitive advantage is the making of profits on an ongoing basis in excess of the weighted average return on investment of all competing organizations in a sector".* (McDonald et al. 2006, pp. 161-163).

According to McDonald et al. (2006) the following criteria identify successful KAM:
- A plan per key account for all its business and capabilities, which can be delivered consistently at macro and micro level and which ideally would be shared with key account for forward management of the supply chain.
- Company-wide recognition of each key account as "key" and widespread understanding of each key account's decision-making criteria.
- Prices and terms for each key account are harmonized across all divisions/localities where relevant.
- Key account involvement in product and process development.

- Account-specific financial reporting so that local/divisional and overall profit and loss per account is known. (McDonald et al. 2006, pp. 164-165).

Storbacka (2006, p. 35) tells that "*organic growth creates a self-reinforcing cycle, the benefits of which to the company can be looked at from three perspectives".* Below virtuous circle of organic growth shows how flow between the shareholders, employees and customers go.

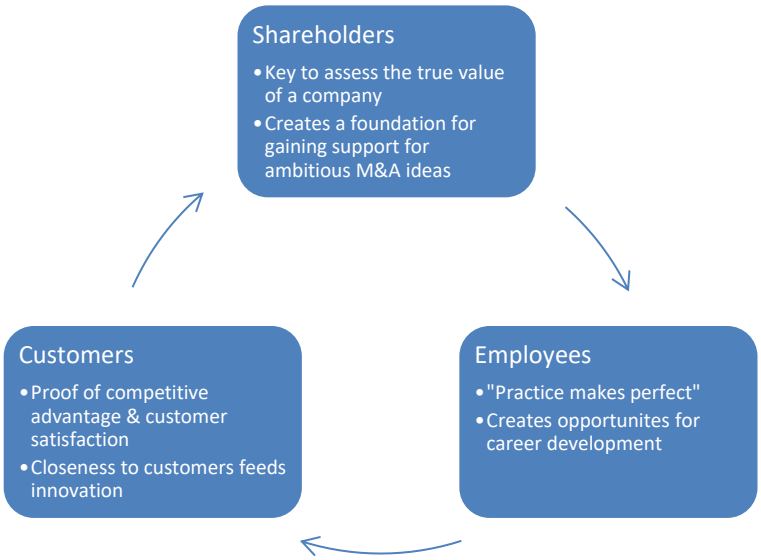


Figure 11. The virtuous circle of organic growth (Storbacka, 2006, p. 35)

Cheverton (2001, p. 139-145) refers to Treacy et al. "The Discipline of Market Leaders" and to three crucial motivations in his question what are the reasons why the business is working smoothly? What are the characteristic values and drivers for a company? Do employees share the same values and which values do they use for every day decisions? The answer is that one force tends to dominate in successful businesses, dividing the company for employees and customers.

Operative excellence deals that you are doing the thing what you are doing a very well way. It is about effective processes. Product leadership means that you are manufacturing the best, market leader product. The companies with high innovation grade with many patent applications. Investment for a great product development is the key to success. Superior customer relationship is the ability to

identify specific customer needs and match them with suitable products and services. The thing which is characteristic for this kind of firm is pronounced intention to develop close customer relationships and act in accordance of this science in all levels of organization. The company probably has a wide menu of products and services and ability to combine fit in these after individual customer needs. Or they are even going beyond and offering service with order made or tailored orderings. The amount of customers is limited and the firm which is investing in customer relationships is going to do lots of segmenting and identification of key customers. This type of a company is also willing to share the risk with client and then they can also expect accompanying a share of profit. (Cheverton 2011, pp. 146-149).

4.4 Key performance indicators

According to McDonald et al. (2006) change can be uncomfortable. Resistance will be faced even that the change is globally seen to be mandatory. "*Change must be introduced with a high degree of reasoning, commitment and exhortation. There must be clear understanding of what will be rebuked and what will be rewarded in the new order.*" To test the potential and acceptability of proposed internal developments, companies often undertake pilot projects using a small and selected group of key accounts. The pilot team will comprise diverse representation in order to ensure a balanced range of views and competencies. Advocates of change will have to work alongside sceptics and then "converted" can then join the campaign to convince others of worthiness of change. "*A cooperative aptitude and attitude will be vital in all key account teams. The exercise is worth the effort* " (McDoland et al. 2006, pp. 160-173).

"Increasing a customer's access to information across the whole supplying company and vice versa may significantly improve communications and mutual business. Integrating technology also ensures that sufficient performance indicators can be used to monitor the success of the relationship, thus aiding the accuracy of analyses and the effectiveness of planning activity. The sharing of technology and information can also influence the terms and conditions of trading, making them more conducive to the companies' capabilities and the market environment. Openness about pricing will require suppliers to do even more to demonstrate their superiority in providing added value to the customers." (McDonald et al. 2006, pp.160-173).

”*Monitoring the performance of a pilot and applying rewards to reinforce success are the acid test of learning from such projects. Where it is evident that difficult problems can be solved through alterations to organizational structure, culture or operations, the challenge of implementing wider organizational change is made much easier*.” (McDonald et al. 2006, pp.160-173).

Buttler et al. (2015) present in their book steps how to build up Benefits Depedency Network around the strategic goals for customer relationship management, this can also be used for identifying contingencies, resources and people changes. Hugely important is that organization is aware of the scope change is requiring and that costs, investments and timescales are identified. The same phenomenon needs to be concern when implementing key account management model to company operations.

Ojasalo & Ojasalo (2010, p. 150) present an example of how to prior different accounts; 1st step is to decide the priority criteria, 2nd step is to define weighted values in percentages, 3rd step is to score the clients according to criteria, 4th step is to calculate the pointed scores, 5th step is to get the priority order of accounts. In below table 4 is an example how to do prioritizing.

Priority criteria	**Weighted values**	**Client 1 Score (0-10)**	pointed scores	**Client 2 Score (0-10)**	pointed scores	**Client 3 Score (0-10)**	pointed scores
Total sales	35 %	8	2,8	4	1,4	2	0,7
Profitability	20 %	6	1,2	9	1,8	1	0,2
Value as reference	15 %	9	1,35	4	0,6	2	0,3
Location	5 %	10	0,5	8	0,4	8	0,4
lifetime of relationship	5 %	8	0,4	3	0,15	4	0,2
Future growth potential	15 %	2	0,3	6	0,9	1	0,15
Learning and new competences	5 %	1	0,05	8	0,4	2	0,1
Total	100 %		6,6		5,65		2,05
Priority order			**1.**		**2.**		**3.**

Table 4. Weighted values per priority criteria per client by Ojasalo & Ojasalo (2010)

A brief conclusion of the theory part; theoretical definitions of key account management, distinctions between transactional selling and key account management, as well as key account status were presented. Also justification of key account management to a supplier was discussed. Structure, criteria for selection, and information and planning system were also presented. Then different types of concepts, models and framework from eight different scholars were presented. Also different types of key account teams and reporting systems were discussed. At last the close connection for a business model and value sales was explained and performance monitor and key indicators were discussed and presented.

8 Summary

The purpose of this thesis was to study the existing strategic customer management plan and guidelines of Company Z, and its business unit Y and to deploy a plan to Company Y's X department.

8.1 Discussion

Tukiainen et al. (2016) has come to the conclusion that customer centricity, joint development together with customers and agile customer experiences are key factors in future success. Also M. Koskelo, in her studies of future change drivers (2015 p.35); refers to Swedish organization developer's Karin Tenelius' vision, which predicts, that in future there will be the successful companies, whose employees are leading themselves and decision making is open and democratic. In this kind of a company, leaders' most important task is to get employees blooming. According to this vison the most profitable companies in the future are those firms who put the people in center of their business, both customers and employees. (Tukiainen et al. 2016, p. 58.)

The main future research topic could be customer experience in Company Y, X department conducted by customer success program, by adding specific customers into the Sales Force program system. Also a long time future research topic could be digitalization and its effect on daily operations or sales processes in a logistics company or third-party logistics providers' (3PL) processes.

Figures

Graphs

Tables

9 List of references

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Appendices

Appendix 1: Interview structure for interviews with key customers and organization management in Company Y and it's X department

- Presentation of thesis object and its target
- Interviewer and interviewees do know each other already
- What do you think about key account status and account management?
- Do you find any benefit of being strategic customer?
- are you strategic partner or key supplier to one of your customers?
- What are expectations towards COMPANY Y's X department?
- If we are not yet your key supplier, how could we be? is there some other transport or logistics related needs or traffic areas, where we could help you
- Do you have in mind some other related matters you would like to talk?
- Is there some other people in your organization who I should interview?

Appendix 2: List of interviewees and time of the interview

Company Y and X department

	7.12.2017
	12.10.2018
	5.11.2016
	1.11.2016
	8.11.2018 2.11.2018

COMPANY Y key customers

	16.10.2018 Customer A
	5.11.2018 Customer B
	Customer C
	Customer D