Factors Affecting Key Account Manager Performance

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Abstract

In Key Account Management (KAM) a company analyses its customer relationships, prioritizes them, and manages them in a coordinated way. Successful KAM relies on the identification of Key Account Manager responsibilities and roles. Individual performance as a Key Account Manager requires a special set of skills. This paper tackles the issue of how to define the performance of a Key Account Manager.

This paper looks into the relevant literature to find common ground regarding Key Account Manager performance, and reports the results of a survey of 180 Finnish Key Account Managers. These Key Account Managers were asked structured and open-ended questions about the factors affecting their work performance. On the basis of the literature and the survey, this paper aims to develop a model of Key Account Manager performance. Conclusions and ideas for future research are discussed.

Keywords: Key Account Management, Key Account Manager, Job Performance

Introduction

The financial performance of a large number of companies is dependent on their strategically most important customers, in other words, their key accounts. Key accounts are assigned a manager, often called a Key Account Manager, who works as a contact point between the customer and the selling organization. It can be argued that the performance of these Key Account Managers is paramount to the success of companies having Key Account programs.

Even though the role of the Key Account Managers is seen as very important, very little research has focused on the identification of factors affecting the job performance of Key Account Managers. McDonald and Rogers (1998, p. 120) list the qualities, knowledge, and skills that Key Account Managers need in order to fulfil the expectations of selling and buying organizations. Still, empirical research into those qualities and skills has been largely neglected. Some exceptions exist: Sengupta et al. (2000) developed and tested a model of Key Account Salesperson effectiveness, although their model focused on individual abilities only, namely on the manager's strategic and intrapreneurial ability. Hutt and Walker (2006) researched the performance of

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Key Account Managers from a network perspective, such as how the social network of a manager affects his/her work performance. Sharma (2006) studied the success factors in key accounts, but the study concentrated on the account rather than the manager's handling of the account.

This article aims to study the factors that affect the Key Account Manager's performance, which depends on skills, qualities, and manager-specific individual factors. Factors like a good working environment, resource allocation, or the customer orientation of the company can also affect the manager's performance, and these "outside" factors are often independent of the manager. The aim of this article is to create a model of the factors affecting KAM performance.

The paper continues with a description of the theoretical background of buyer–seller relationships, and KAM and Key Account Manager roles and requirements. This is followed by the empirical section, in which the research methods and procedures used are described, results are analysed, model of Key Account Manager performance is presented and, finally, conclusions are drawn.

Buyer–Seller Relationships

KAM and buyer–seller relationships have been widely studied. One of the best researched approaches to buyer–seller relationships is the international marketing and purchasing (IMP) Group interaction model (IMP Group, 1982). This interaction model consists of the following four elements:

- Interaction process
- Participants in the interaction process
- Environment within which interaction takes place
- Atmosphere affecting and affected by the interaction

In the interaction model, the interaction process is considered to consist of brief episodes in a longer running relationship, which these episodes affect. The participants in the interaction process are the characteristics of both participating organizations, as well as the individuals who represent these organizations. The interaction environment consists of several aspects, such as the market structure, degree of dynamism, level of internationalization, role in the manufacturing channel, and the social system (the wider environment surrounding the relationship). Atmosphere takes into consideration the power aspects in the relationships (IMP Group, 1982).

Key Account Management

In essence, KAM consists of identifying and serving the strategically important customers of the company. Even though KAM has been of interest to academia and to companies operating in the business-to-business market for more than twenty years (Ojasalo, 2001), the basic principles have been in use by companies for much longer. As Zupancic (2008) points out, "Serving the most important customers differently is based on common sense of good sales people".

National Account Management, the predecessor of KAM, has been the subject of academic research since the 1970s (see Pegram, 1972; and Napolitano, 1997). Even today companies and researchers have different names for the management of important customers (or accounts). International Account Management or Global Account Management are widely used terms (see Shi et al.; Millman, 1996; and Montgomery and Yip, 2000). The different account management concepts clearly differ on the basis of their geographical scope (national, global, etc.) but also in the focus of research. Reisel et al. (2005) state that National Account literature largely focuses on individuals in dyadic relationships with customers. KAM literature, on the other hand, focuses on the selling team and the support role across the organization studied.

KAM relationships typically progress through certain levels. Millman and Wilson (1995) arrange the relationship levels along a transactional–collaborative continuum: Pre-Kam, Early-KAM, Mid-KAM, Partnership KAM, and Synergistic KAM.

Recent research on KAM has concentrated on issues such as the creation of a comprehensive KAM framework (Homburg et al., 2002; Shi et al., 2004; and Zupancic, 2008), the problems and challenges of KAM strategies (Piercy and Lane, 2006), implementation issues of KAM programs (Wengler et al., 2005), and empirical testing of the common assumptions academia has made during the past years (Ivens and Pardo, 2008).

Roles and skills of the Key Account Manager

The role of the Key Account Manager changes according to the stage of the relationship between buyer and seller organizations (McDonald and Rogers, 1998, p.113). This means that the skills needed to perform well in the Key Account Manager job also change.

McDonald and Rogers (1998, p.120) profile the ideal Key Account Manager. They identify four skills or qualities that would enable the manager to fulfill the expectations of both the selling and the buying company at higher relationship levels (i.e. Mid-KAM, Partnership KAM, or Synergetic KAM). The four skills or qualities (shown in more detail in Table 1) are personal qualities, subject knowledge, thinking skills, and managerial skills.

Table1. Skills and qualities of the ideal Key Account Manager

Skills or qualities	Specific items
Personal qualities	Integrity
	Resilience / persistence
	Selling / negotiating
	Likeability
Subject knowledge	Product knowledge
	Understanding of business environment / markets
	Financial knowledge
	Legal knowledge
	Computer literacy
	Languages / cultural knowledge
Thinking skills	Creativity / flexibility
	Strategic thinking / planning
	Boundary spanning (e.g. ability to look from different perspectives)
Managerial skills	Communication skills
	People management / leadership
	Credibility
	Administration / organization

McDonald and Rogers (1998) also discuss the expectations the Key Account Manager faces in the earlier phases of the relational development model.

As well as the different relationship stages demanding different skills, different selling environments also demand different sets of skills. Millman (1996) studied the Key Account Manager's role in systems selling (selling comprehensive packages of products and services). Millman found seven requirements for the Key Account Manager: coordination, key account planning, external relationship management, internal relationship management, sales and profit responsibility, negotiation, and multi-cultural teamwork.

Sample and Research Design

The population under research was Finnish Key Account Managers working for companies operating in business-to-business markets.

Because it was very difficult to identify all the Key Account Managers in Finland, thus making the size of the population unclear, a nonprobability sample was used. The national contact information provider, Fonecta, was chosen to be the source of Key Account Manager name and address information. The selection was based on the fact that the provider had one of the largest databases of company contact information in Finland. Names of over 700 persons with a job title of "Key Account Manager" or the equivalent Finnish titles "Avainasiakaspäällikkö" or "Avainasiakasjohtaja" were obtained. These persons were approached by printed mail questionnaires. A reminder letter was sent three weeks after the first letter (and one week after the requested submission deadline). The reminder letter also had a www-link, through which respondents could

fill in the same questionnaire online if they thought it would be more convenient (or if they had misplaced the original questionnaire).

Within two weeks after posting the questionnaire, 132 responses were received. After the reminder letter, an additional 56 responses were received, 22 of which came from the online questionnaire. Of the responses received, 8 were discarded because of incomplete responses. Altogether, 180 usable responses were received. This contributed to the final response rate of 26%.

Respondents' average age was 45 years. Of the respondents, 33% were female and 67% male. The average experience in Key Account Management (or account management) was 15 years. The average number of key accounts per manager was 10.

Measures

On the basis of the literature, a list of skills or qualities was generated. These items were presented to the managers who were asked to rate on a five-point scale how important these items were in performing their jobs. After that, an open-ended question was asked about the most important skills or qualities affecting their performance as a Key Account Managers.

Present research relies on self-reported data, but socially desirable responses have been found to be a major challenge when dealing with self-reported data (Thompson and Phua, 2005). In order to get more reliable research data, a short form of the Marlowe-Crowne social desirability scale (developed and validated by Rudmin, 1999) was used in the questionnaire as well.

The questionnaires were sent to persons with a job title of Key Account Manager, but it is obvious that there are different types of managers. Some managers work more as salespeople and some may have only one or two accounts. For this reason t-tests for differences in means were conducted. Three variables were studied for "number of accounts", but no significant differences in means were discovered. This also gives evidence to the fact that the results of the study can be generalized to portray Finnish Key Account Managers in general.

Results

The results of the empirical section are presented and analyzed in this chapter. Quantitative data (a ranked list of the most important factors affecting work performance) and qualitative data are presented in tables and then analyzed.

Model of Key Account Manager Performance

A model of Key Account Manager performance is created on the basis of prior research and the results of present empirical study.

Conclusions and expected contribution

These results can be used in personnel selection in order to find the best suited individuals to do the job. Another application is personnel training.

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