



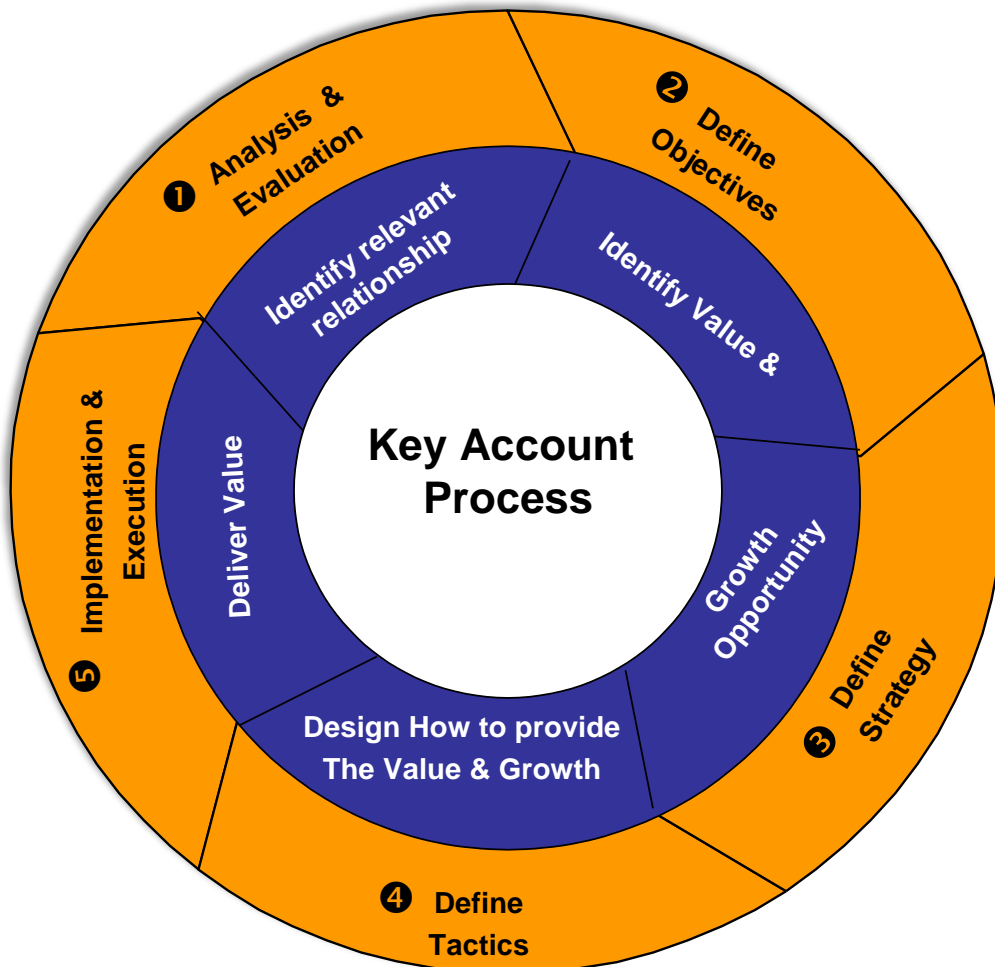
OSC KAM APPROACH

Definition:

A Key Account is a major customer of strategic importance to the business and in the achievement of your business objectives. Hence, such a customer is singled out for special treatment.

Key Account Process

	Value proposition	Strategic approach
1	Identify relevant relationship	Analysis & Evaluation
2	Identify the Value	Define the objectives
3	& Growth Opportunity	Define the strategy
4	Design how to provide Value & Growth	Define the Tactics
5	Deliver the Value	Implementation & Execution

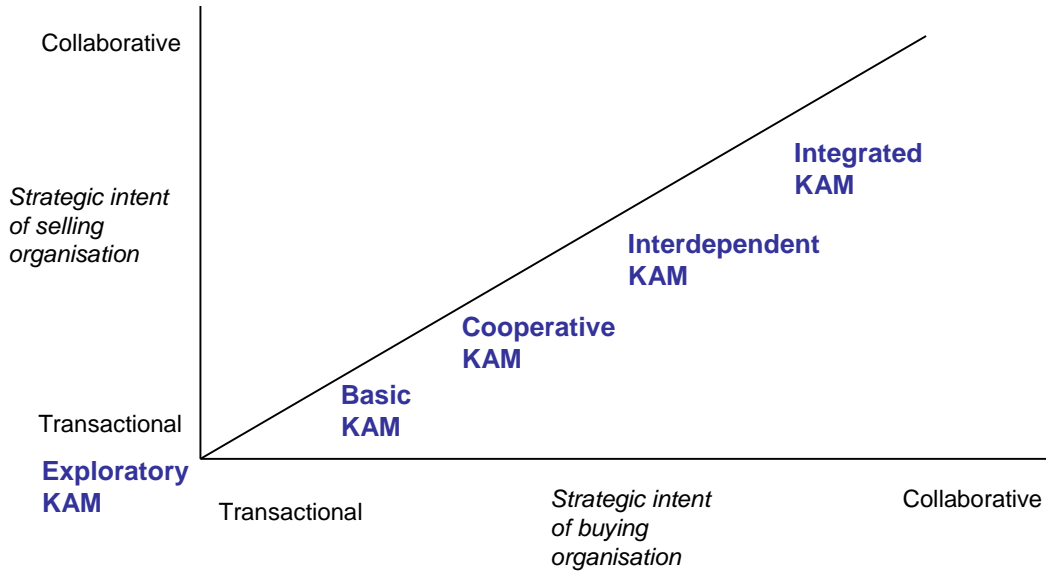




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1. Analysis / Evaluation – Identify relevant Relationship

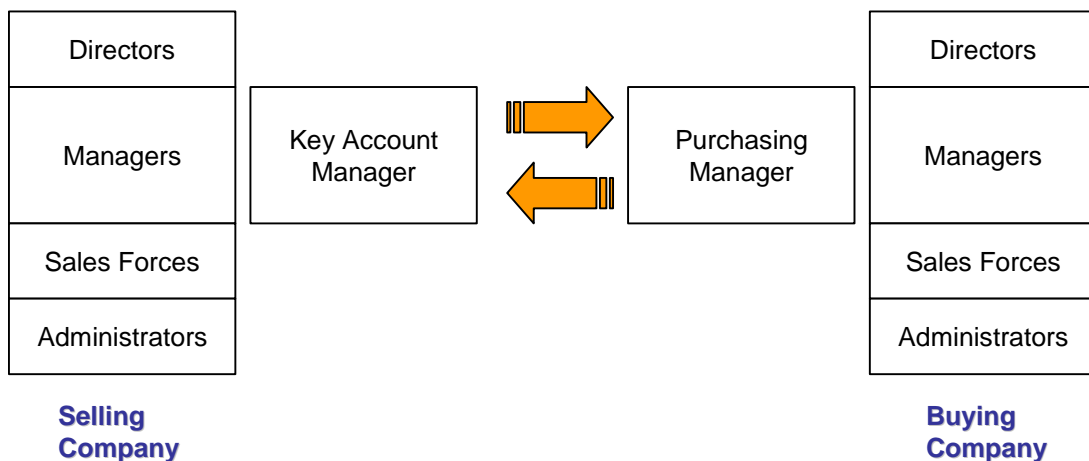
Different stage of relationship KAM:



No one KAM stage is better than another. They are just different. The main question concerns the strength of the relationship with a particular customer at a particular time. The development of the KAM relationship is an evolutionary process. The speed of the progress is determined by the rate at which the buyer & seller develop the necessary levels of trust.

➤ Exploratory KAM

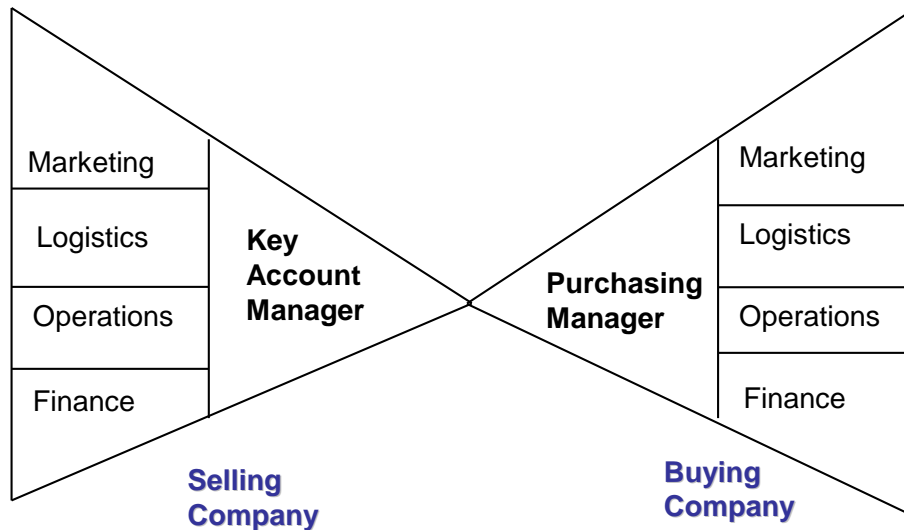
The aim of both parties is to reduce costs.



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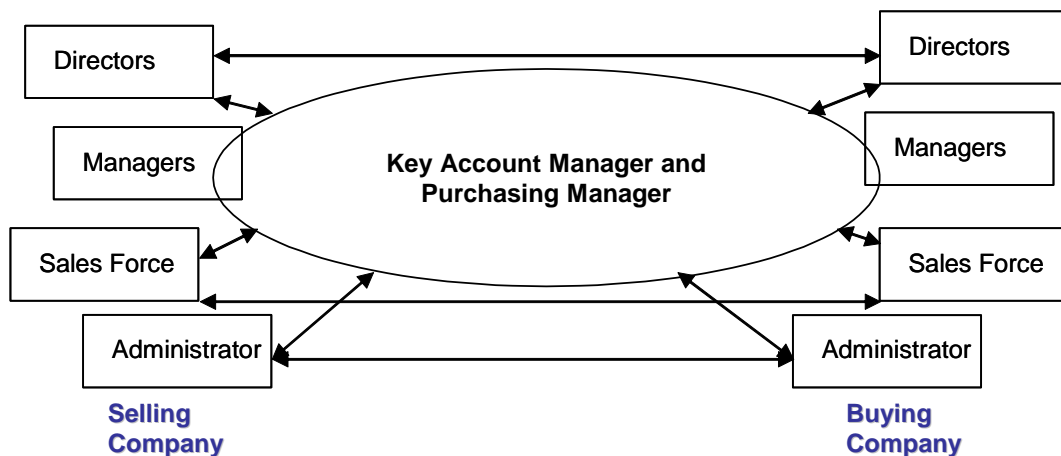
➤ **Basic KAM**

Transactions have begun and supplier's emphasis shifts to identifying opportunities for account penetration. This requires a greater understanding of the customer and the markets in which the customer competes.



➤ **Cooperative KAM**

Elements of trust have developed (E.g. share information, short term plans, internal operating systems...) and you may be a "preferred" supplier. The buying company will periodically test the market to check alternative source of supply.



This Network brings new strengths to the relationship; customer service operates on many levels, and is driven by a desire to satisfy personal contacts.

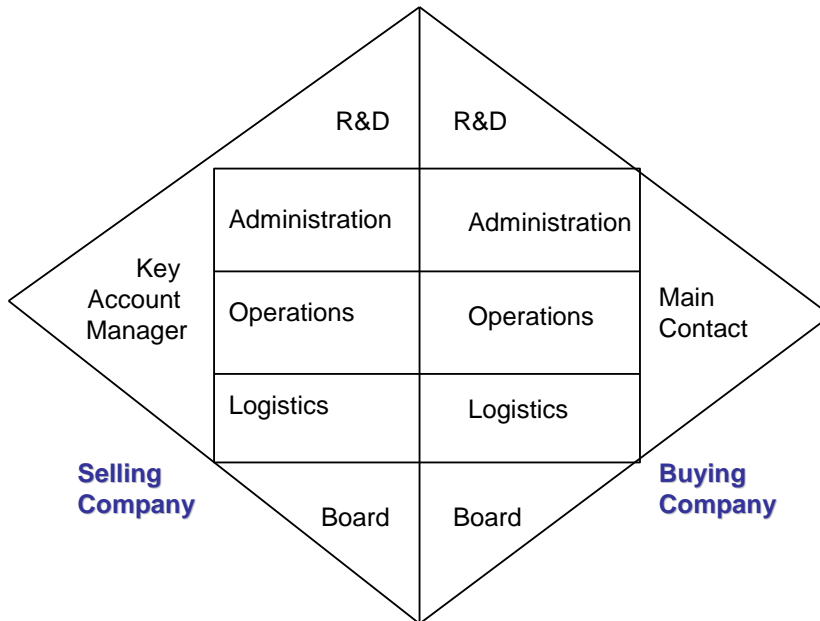
People of the selling company enter into discussions with their counterparts in the buying company.



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➤ Interdependent KAM

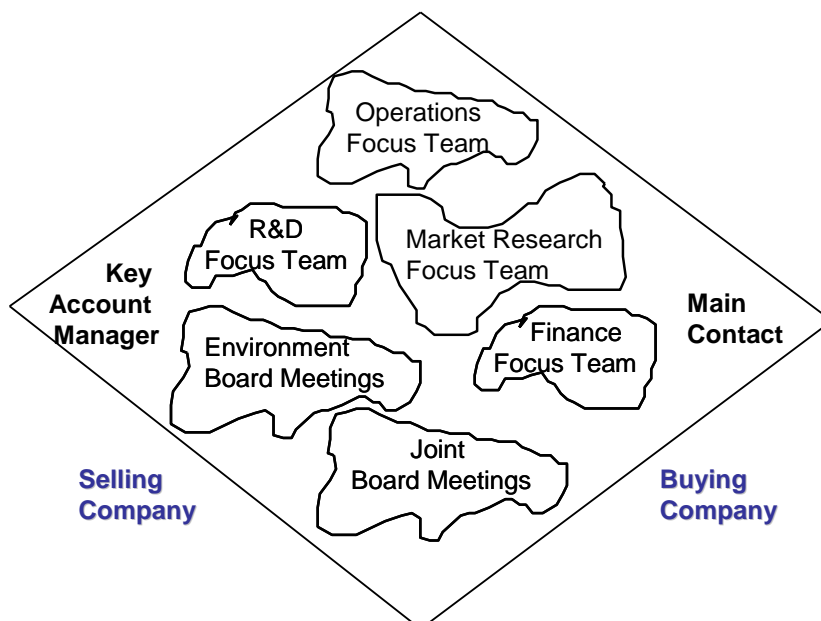
Buying Company regards you as a strategic external resource. The two companies are sharing sensitive information and engaging in joint problem-solving. This level of maturity of relations allows each party to profit from the partnership. Consequently, pricing is a long term and stable.



➤ Integrated KAM

Integrated KAM refers to the companies relating so strongly that they create a value in the market place over and above that which either could achieve individually.

The Key Account Manager's role changes fundamentally. The multiple linkages now function in a way that is largely independent of the Key Account Manager.





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2/3. Developing Key Account Objectives & Strategy

In order to define and select objectives and define relevant strategy, This analysis involves a combination of actual measurement and relationship maturity:

Measure the potential Profit Growth

- Available size of spend / turnover
- Available Margin, Profitability
- Growth rate
- Purchasing Policy

Assess maturity of the relationship (see above 1)

These 2 dimensions are summarized in the figure below:

		Business Strength / Position				
		Integrated	Interdependent	Cooperative	Basic	Exploratory
Key Account Profit Growth Potential	High	Invest in joint system and	information focus process	Invest in Improving Processes	Invest in Building Relationship	Reduction in costs of both parties
	Low	Vigilance &	Motivation	Maintenance & Consistency	Invest in Devolved Relationship	Reduction in your own costs

As consequences of the analysis, you define the investment of time, energy, resources justified by the strategic consideration. Assess the development required.

At what stage might the KAM relationship be seen to be high strategic risk?

How do you improve the past performance?

How do you demonstrate value added?



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On the Buying Company side (possible questions):

- Does supplier have product knowledge & industry expertise?
- Does Key Account Manager demonstrate integrity?
- Does Key Account manager possess Authority?
- Does emphasis on key account team mean loss of direct relationship?
- Does Autonomy of key account teams mean loss of direct control?

On the Key Account Manager's Role implication:

- Identify opportunities for account penetration, profit, innovation etc.
- Facilitate formation of a network
- Supervise relationship, interactions and collaborations
- Coordinate focus teams.

Other questions:

- Is your strategy clear, well communicated and still relevant?
- Does your strategy/position differentiate you?

4. Define Tactics / Design How to provide Value & Growth

- Put the strategy into a series of smart objectives and then action
- Make sure that any on-going work for the customer is well managed to ensure that the selling company meets Customer expectations

5. Implementation & Execution / Deliver the Value

- Measure customer satisfaction during the course of the relationship (every 1-2 years)
- Do you understand what the customer thinks of you, your team, your propositions?
- Are you memorable, different, trusted?

6. Are your people well trained/coached?

- Technically
- Commercially
- Do they have the relevant inter-personal skills to deal at all levels in the organisation?