

**A STUDY OF CRITICAL SUCCESS FACTORS FOR
EFFECTIVE PERFORMANCE OF KEY ACCOUNT
MANAGERS IN SELECTED IT INDUSTRIAL UNITS IN PUNE
(2009-2014)**

**A Thesis
SUBMITTED TO THE
TILAK MAHARASHTRA VIDYAPEETH PUNE
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DOCTOR OF PHILOSOPHY
In Management
Under the Board Of Management Studies**



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November 2020

CERTIFICATE OF THE SUPERVISOR

It is certified that work entitled “**A STUDY OF CRITICAL SUCCESS FACTORS FOR EFFECTIVE PERFORMANCE OF KEY ACCOUNT MANAGERS IN SELECTED IT INDUSTRIAL UNITS IN PUNE (2009-2014)**” is an original research work done by **Mrs. Himali Mandar Natekar** under my supervision for the degree of Doctor of Philosophy in **Management** to be awarded by Tilak Maharashtra Vidyapeeth, Pune. To best of my knowledge, this thesis:

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Undertaking

I Himali Mandar Natekar is the Ph.D Scholar of the Tilak Maharashtra Vidyapeeth in Management subject. Thesis entitled **A Study of Critical Success Factors For Effective Performance Of Key Account Managers In Selected IT Industrial Units In Pune(2009-2014)** under the supervision of Dr. Sushil P. Kandalgaonkar, Solemnly affirm that the thesis submitted by me is my own work. I have not copied it from any source. I have gone through extensive review of literature of the related published / unpublished research works and the use of such references made has been acknowledged in my thesis. The title and the content of research is original. I understand that, in case of any complaint especially plagiarism, regarding my Ph.D. research from any party, I have to go through the enquiry procedure as decided by the Vidyapeeth at any point of time. I understand that, if my Ph.D. thesis (or part of it) is found duplicate at any point of time, my research degree will be withdrawn and in such circumstances, I will be solely responsible and liable for any consequences arises thereby. I will not hold the TMV, Pune responsible and liable in any case.

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Abbreviations

IT	Information Technology
KAM	Key Account Manager
IT - BPM	Information Technology-Business process management
APAC	Asia Pacific
IOT	Internet of things
MNC's	Multinational Corporations
SMAC	Social, Mobility, Analytics, Cloud
HR	Human Resource
BCG Matrix	Boston Consultancy Group Matrix
CXO	Chief Executive Officer/Chief Operations Officer/Chief Finance Officer/Chief Technology Officer
USD	United Stated Dollar
CSI	Customer Satisfaction Index
KRA's	Key Result Areas

CHAPTER 1

INTRODUCTION

1.1 Background of the topic

The Indian IT industry has been doing extremely well since the 1990s when Infosys and a few other companies laid the base to what has become a true global play. This industry has catapulted India to being the premier IT outsourcing destination for companies worldwide and a large technology player across different industries.

Infosys, TCS, Wipro and many others have become worldwide names and multi-billion-dollar companies employing lakhs of people in India and across the world and successfully competing with global players such as Accenture, Cap Gemini etc. The Indian IT industry accounts for roughly around 56% of the global outsourcing market and has been in the forefront of rebranding India as a successful business destination.

Many of the largest companies in the world have a presence in India through outsourcing partners or their own offshore development centers. Bangalore, Pune, Hyderabad, Bombay, Noida are among the largest cities which employ a large number of people in the IT industry. This has been one of the engines of Indian economic growth and has played a role in India becoming one of the largest economies in the world.

However, over the last few years a host of factors including increased competition, digitization, new technologies like SMAC, increase of customers own development centers in India and talent dilution has led to growth rates slowing down to single digits or lower double digits. In this scenario, mining of current existing accounts (which account for 80-90% of company revenues) and building a long-lasting relationship with key customers plays an important part in revenue growth for companies.

This has led to Key Account Management being an integral part of large and medium size companies' strategy where companies identify key customers and service them differently from normal accounts. **These key accounts are run by Key Account Managers (KAMs).**

The Key Account Manager has thus become important as he/she handles the company's most important relationships. **Finding out and understanding of critical success factors which would result in effective performance of Key Account**

Manager has become crucial for companies in their quest for growth and this is the focus of this research.

1.2 The Indian IT Industry Evolution

The Indian IT industry has gone through multiple changes since the 1990s when the concept of outsourcing first started in India. The evolution of the Indian IT industry was as follows:

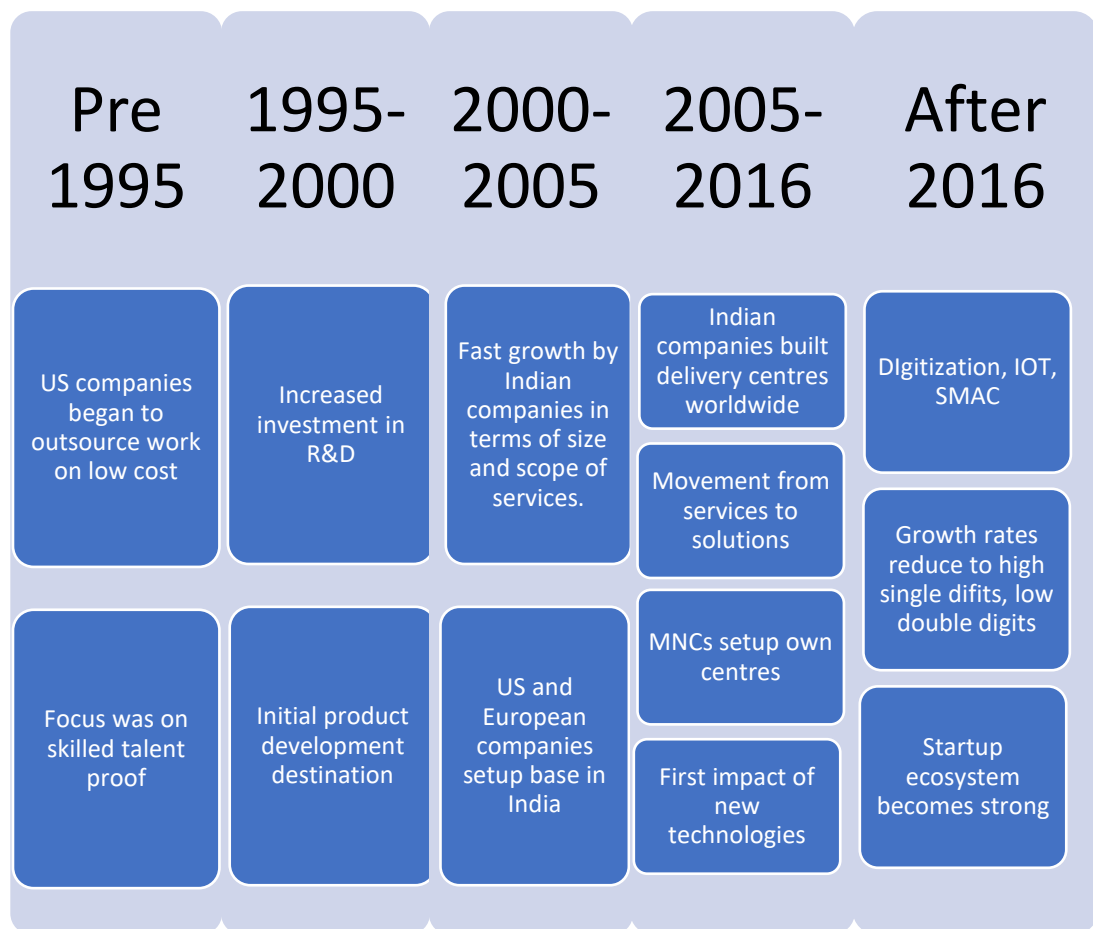
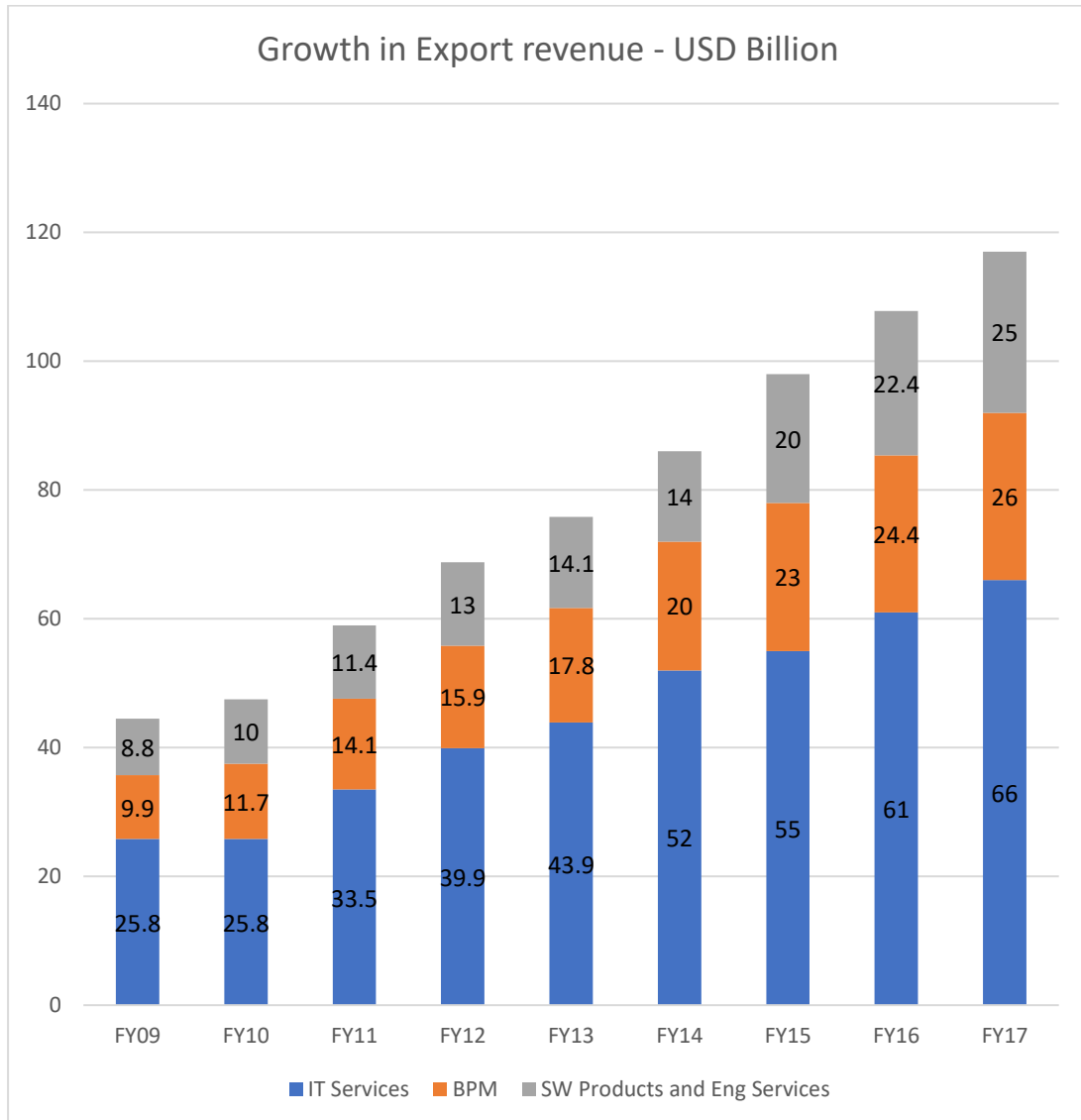


Figure 1.1: Evolution of the Indian IT Industry

Thus, as seen above, Indian companies have come a long way from the low-cost work outsourcing model to become serious technology players which the world is dependent on.

1.3 Current status of the Indian IT industry

Total exports from the Indian IT-BPM sector (including hardware) grew from 44 Billion USD in 2009 to 117 Billion in 2017.

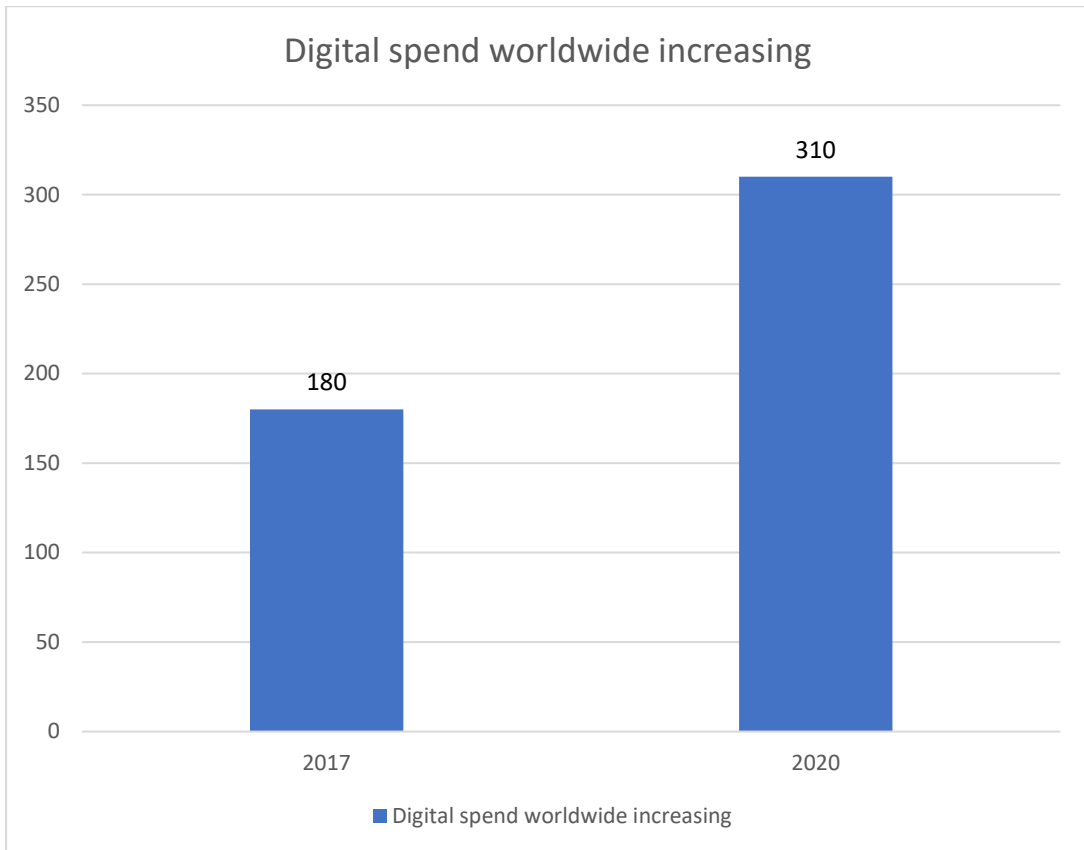


Graph 1.1 : Growth in Export Revenue, Indian IT-BPM Sector (\$ Billion)

(Source: “IT & ITeS - IBEF.” IBEF, January 2018.

https://www.ibef.org/download/IT_-ITeS-Report-Jan-2018.pdf)

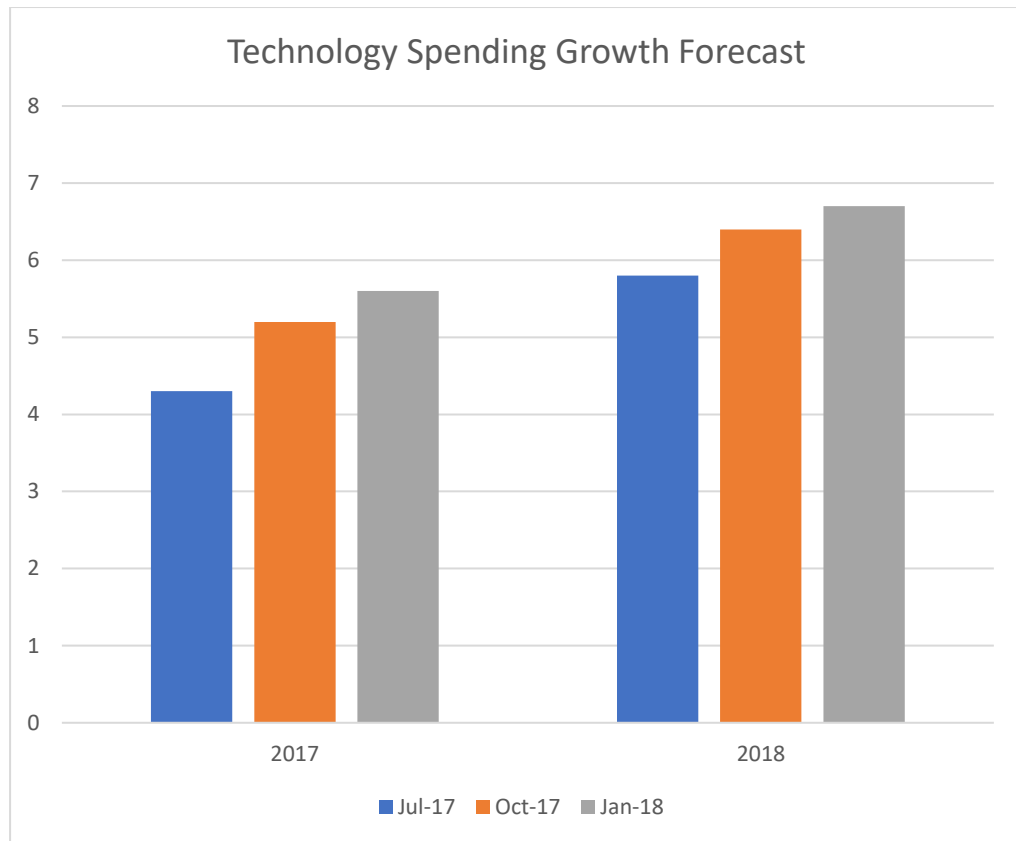
Indian IT companies are focusing on digital offerings building them inhouse as well as through acquisitions. The global digital spend in the US is projected to increase from 180 Billion USD to 310 Billion USD in the next 3 years by 2020.



Graph 1.2: Digital Spend Worldwide (\$ Billion)

Source : (“Catalyzing the Ecosystem for A Trillion Dollar Digital Economy”, NASSCOM, Feb 2018, <https://nasscom.in/sites/default/files/NASSCOM-annual-guidance-fy-2018.pdf>)

The industry has weathered global slowdowns, change in technology trends, increased digital trends, competition and has come out stronger over the last 20 plus years. This industry ranks fourth in India’s total FDI share and accounts for approximately around 37% of total PE/venture capital investments in India.

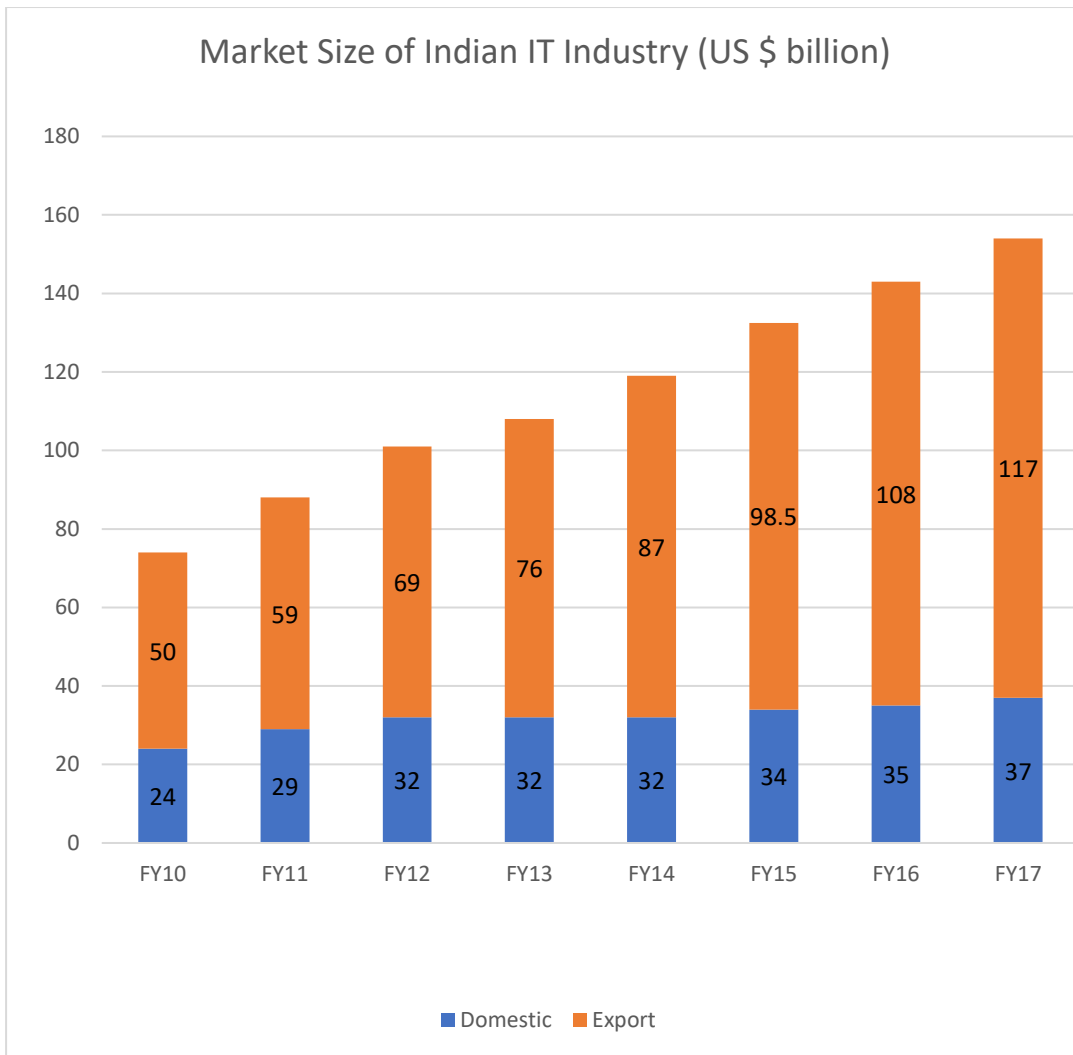


Graph 1.3: Technology Spending Growth Forecast (%)

Source : (“Catalyzing the Ecosystem for A Trillion Dollar Digital Economy”, NASSCOM, Feb 2018, <https://nasscom.in/sites/default/files/NASSCOM-annual-guidance-fy-2018.pdf>)

Indian IT touches multiple industries including telecom, BFSI, defense, travel, retail, manufacturing, healthcare etc. and work with world leaders at the forefront of technology and innovation. Indian IT companies have a global footprint and the Indian IT industry accounts for more than 12% of the global market. Indian IT firms have more than 670 delivery centers across more than 78 countries. It has led to lakhs of fresh graduates getting jobs.

The truly global nature of this industry is exemplified by the fact that the outsourcing touches the USA (67%), Europe (28%), APAC (9%) and many other countries such as Australia, African countries etc.



Graph 1.4: Market Size of Indian IT Industry (\$ Billion)

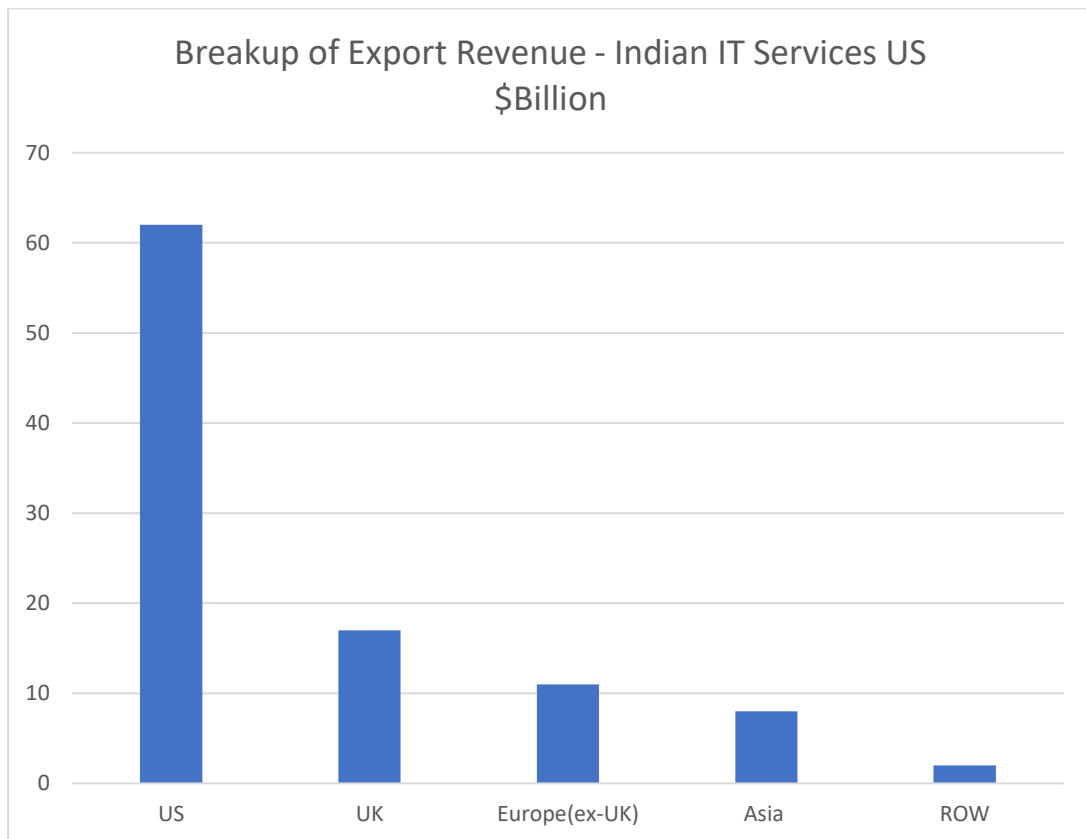
(Source: “IT & ITeS - IBEF.” IBEF, January 2018.

https://www.ibef.org/download/IT_-ITeS-Report-Jan-2018.pdf)

Large Indian IT companies (11) account for around 47-50% of total export revenues and Medium Indian IT companies (around 120) account for 30-35% revenues. These 2 categories of companies employ around 65% plus of total employees working in the sector. Table 1.1 provides a more detailed description of the same.

Category	Number of Players	Percentage of total export revenue	Percentage of employees	Work focus
Large	11	47-50	35-38	Complete offerings provided and presence in 60 plus countries
Medium	120-150	32-35	28-30	Mid-Tier Indian and MNC firms Dedicated captive centers
Emerging	1000-1200	9-10	15-20	Players offering niche services and expanding focus towards Fortune 500/1000 firms
Small	15000	9-10	15-18	Small specific niche players

Table 1.1: Categorization of Indian IT Companies (Source: “IT & ITeS - IBEF.” IBEF, January 2018. https://www.ibef.org/download/IT_-ITeS-Report-Jan-2018.pdf)



Graph 1.5: Geographic Breakup of Export Revenues by country/Region (\$ Billion)

(Source: “IT & ITeS - IBEF.” IBEF, January 2018.

https://www.ibef.org/download/IT_-ITeS-Report-Jan-2018.pdf)

US has been the largest exporter for Indian IT service companies with a 62% share followed by UK (17%) and Rest of Europe (11%).

1.4 Challenges in the IT Industry

The IT industry faces some very typical and clear challenges.

These include:

1. Slowdown in growth rates to high single digit average growth – IT industry is becoming a commodity business

2. Competition: Competition from other countries like Vietnam, Philippines, Mexico, Brazil, China. Also, many MNCs prefer to have their own offshore centers instead of outsourcing.
3. Digitization and new technologies like Machine Learning, IOT requires continuous development of specific new skill sets which leads to a demand supply problem for some skill sets.
4. SMAC (Social, Mobility, Analytics, and Cloud) has made a fundamental change in the industry – smaller deal sizes and reduced cost of developing products.
5. Cost of Retraining employees is very high
6. High turnover of employees
7. Dilution of talent
8. Increased cost of new business due to higher competition within India and from other countries who have cost and location advantages.
9. Reduced bargaining power as customer has multiple options both within India and elsewhere
10. Difficulty in getting visas/trade barriers in US, Australia and other countries – leads to increased cost and difficulty in servicing customers.
11. Very customer specific skills, demanding customers who increasingly value customization.
12. Increased pressure on margins due to which there is a need to decouple on headcount.

The growth in the sector has thrown many different challenges as above which are specific to this industry. Due to the above factors the Indian IT industry growth rates have reduced over time and the industry is looking for ways and means to increase growth.

1.5 Trends in the IT Industry

The above challenges have led to the emergence of the following business and technology trends which are changing the way IT shapes the world.

TRENDS	DETAILS
New Technologies and Digitization	<p>SMAC market will grow to 225 Billion USD by 2020</p> <p>Includes some of the following technological trends:</p> <ol style="list-style-type: none"> 1. Artificial Intelligence and Machine Learning 2. Chatbots 3. SMAC 4. Augmented Reality 5. Cybersecurity 6. Blockchain 7. IOT and automation
Increasing Non-Linear revenue models	Moving from headcount model to other revenue models
Advantage to large and medium companies	80% revenue comes to large and medium companies who are becoming complex end-to-end service players
Changing business dynamics	<ul style="list-style-type: none"> - Number of large deals shifting to multiple small deals - Average deal size decreasing - Change in delivery models - Cost of getting new business is very high - Customers ready to go to niche companies for targeted work - Customers ready to work with multiple vendors
Increased competition worldwide	Many countries have tried to replicate the successful Indian IT model and competition is very large from all over the world.

	Increase in Near source outsourcing
Increased complexity	Multiple vendors, multisite teams, customized requirements, expectation on being a partner instead of a vendor
Continuous technology Churn	Need for reskilling and certifications, reskilling of people working on old technologies, reducing redundancy
Competition from global centers	Outsourcing Companies are starting their own outsourcing centers in India to have better control and flexibility to use India's technology talent pool
Moderating growth rates	The growth rates in IT have been declining for the past few years. Large IT companies grow at 6% to 8%. Medium size companies grow at 10% to 15% on an average

Table 1.2: Business and Technology Trends in the IT Industry

1.6 Need for focus on existing customers (KEY ACCOUNTS)

Existing customers and business accounts can contribute anything from 80-90 per cent of a company's business.

The challenges and trends above have meant that there is an urgent need for Indian IT companies to focus on existing business and customers (Key Accounts) and find better ways to mine these accounts.

This requires investment on the part of the seller in terms of setting processes, continuously training people, developing competencies which are customer specific and doing this in a way which is most cost effective. Some other differentiators also have to be developed in order to retain the client and specific core competencies, which are more than just operational in nature need to be created.

To achieve this, the selling company must have a set of people who have the skills and capability of building and retaining relations with the client on a long-term basis and ensuring high customer satisfaction and value addition. This means developing a set of people who understand the customer's business, understand technology, have good collaboration skills, have the ability to manage internal company dynamics and become the face of the company towards the customer.

This has led to increased focus on setting up and developing of KEY ACCOUNT MANAGEMENT programs and the need of creating the position of the Key Account Manager and Key Account Management teams, who act as the interface between the client and company. The Key Account Manager has to be a superman for all practical purposes. He needs to have strong collaboration skills, carry the whole company along to support key customers, understand technology, understand customer business etc.

However, it is observed that this critical area of how the most important role of Key Account Manager is played and the critical success factors required for making the Key Account Manager role successful is not a very widely studied or documented area in the IT industry. Also, different companies follow different mechanisms on Key Account Management and there is no standardization.

1.7 What is Key Account Management?

“Key Account Management is delivering win-win outcomes and maximum value to the customers that are most strategic to your business” – Alex Raymond, CEO of Kapta

“Key Account Management is a process that helps sustain and expand relationships with important key accounts and will work closely with multiple business departments in order to maintain and further develop the relationships with the key accounts. Key Account Management also known as strategic account management is responsible for the achievement of sales quota and is assigned key objectives/metrics relevant to key accounts” – (“Account Planning Inside CRM.” DemandFarm. <http://www.demandfarm.com/>).

“Key account management is about managing that investment, it is about managing a very different kind of relationship with the customer and, as importantly, managing the implications of that relationship on the supplier’s own business.

Put simply, key account management is about managing the future.” – Peter Cheverton (Key Account Management, 3rd edition)

Key Account Management is a strategic approach distinguishable from account management or key account selling and should be used to ensure the long-term development and retention of strategic customers.

In Key account management, a company identifies key customers based on multiple criteria, analyses its relationships with these customers, prioritizes them and manages them in a coordinated way which will give maximum benefit to both parties with a long- term view.

In Key Account Management, an emphasis is placed on analysing which accounts are key to a company at a given point of time, determining the needs of these particular customers, and implementing procedures to ensure that they receive premium customer service and to increase customer satisfaction. Key Account Management creates a strong foundation for a sustained and long- term business which is based on trust and confidence. (KAM 5th edition Peter Cheverton). Key account management is being studied with increased interest across the world due to the benefits and value it creates both for the organisation practicing it and for the end customer. The whole concept of Key Account Management revolves around the fact that the few customers who contribute to a large part of the revenues of an organisation need to be serviced and developed in a planned manner and all the resources of the organisation must be used and concentrated towards achieving this goal. Therefore, in this activity a coordinated effort of different departments, people and resources is necessary. Like a well -oiled machine, all need to work hand in hand to provide the desired end result. The result is seen in the companies being able to seamlessly sort any issues faced by the customer and provide a high level of value-added service to the customer.

1.7.1 What is a Key Account?

Key account management is the management of a select group of customer relationships which are most important to the company. Key accounts are accounts

which help a company to maximize company revenues or those which have a strategic importance due to certain futuristic considerations.

Due to their strategic importance, some customers are key for the supplying company in the business-to-business relationship and they are termed as key customers (Millman & Wilson, 1995).

It has often been seen that 80% business comes from 20% customers.

Different companies have different factors to decide who their key accounts are. Selection of key accounts for every company is different and based on a combination of different factors. Some of the factors which companies take into consideration for defining the list of key accounts are as follows:

- Size of customer
- Revenue that the company gets from the customer
- Future potential
- Companies cannot afford to lose this customer
- Business of customer fits exactly with company offerings and this can result in growth
- Important from the perspective of a specific market or technology offering

These are just a few of the factors that can go into deciding a company's key customers.

The largest customers are often not your only key customers even though revenue from the customer and potential are key factors for selection of key accounts.

Normally, only a percentage of all customers that a company has become Key customers. This is because these customers receive special focus and attention which is not possible for all customers. For many companies, less than 15 to 20% of their customers are part of the Key Account Management strategy. For some companies, this number can be as less as 5%.

1.7.2 THE KEY ACCOUNT MANAGER

A Key Account Manager is defined as the individual designated by the selling firm to serve as an internal advocate for his or her Key accounts. This definition is consistent

with the one offered by Sengupta, Krapfel and Pusateri (2000, p. 253) “A *key account [manager] salesperson is responsible for maintaining and developing direct relationships with a few customer accounts that cut across product and geographical boundaries.*”

A Key Account Manager is the liaison between the supplier organization and the customer. However, this will be a very limited and narrow understanding of this role. The role that is played by the Key Account Manager is crucial and has daunting demands. On one hand he must work with a large variety of people in his own organization, and on the other hand he must build relations at different levels with the customer organization. He must be responsible for delivery and understand the domain the customer works in. He should also understand competition and be good at planning. This requires the manager to have many qualities and abilities.

The following diagram brings out clearly the multiple dimensions of his role:

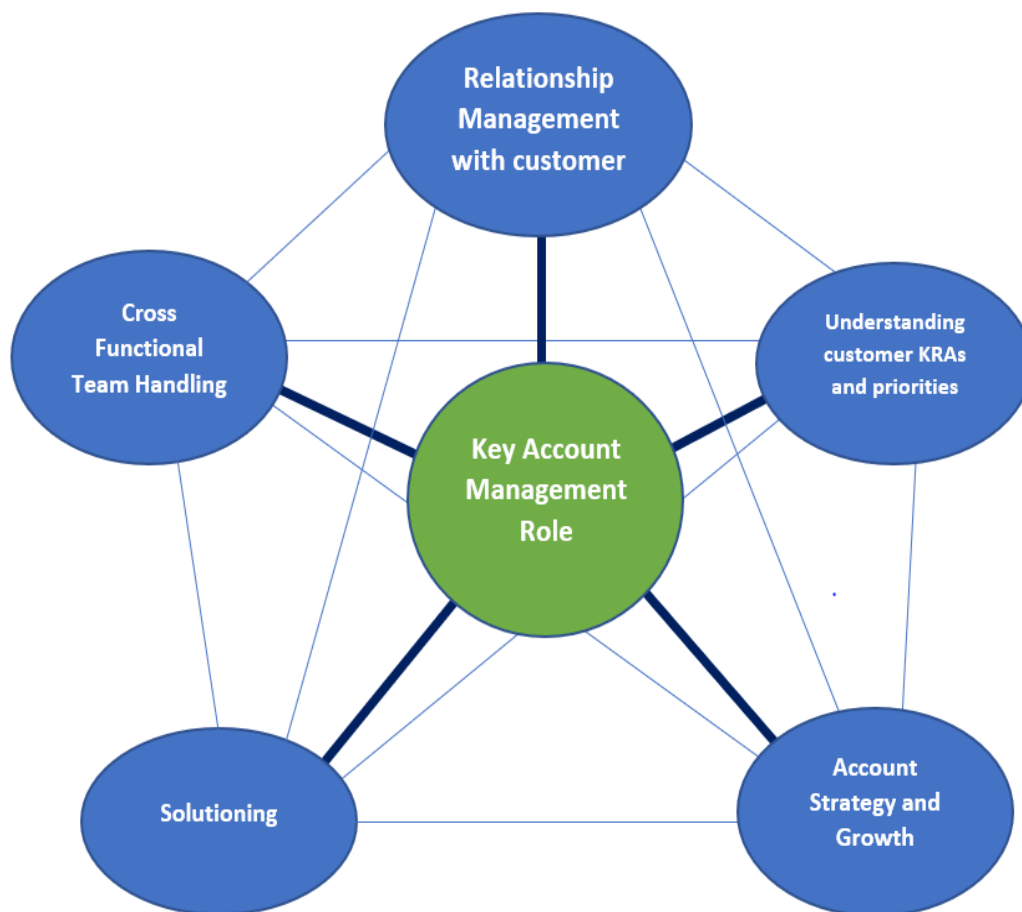


Figure 1.2: Roles of Key Account Manager developed by researcher based on Literature review

1.8 Key Account Manager vs Sales Manager

As seen above, Key Account Managers role is a highly complex role – it can be said that a Key Account Managers role is in some ways a super-set of a Sales role.

1. Key Account Manager focusses on long-term relationships while sales focuses on winning business.
2. Key Account Manager aims at a partnership with the customer by aligning company objectives to customer Key Result Areas.
3. Key Account Manager works with and takes help from all parts of the company organization to continuously provide value to the customer and ensure that his goals are met.
4. Key Account Manager is required to understand the customer domain and business.

So, a Key Account Manager has to focus on being the single point of contact for the customer who the customer depends on and trusts and work with internal teams, often managing delivery and other complexities internally. It is a highly strategic role involving both technology and business considerations. Often sales role is over after the transaction is done. The Key Account Managers role normally starts after entry into an account.

1.9 History of Key Account Management

The original roots of key account management can be seen around the time of Industrial Marketing when the concept of decision-making unit was developed by Robinson,

Farris and Wind (1967) of the American Management Association in the 1960's. This concept spoke of selling as more than just a one-time negotiation based on cost but involved understanding of buying motives and roles played by different people in the buying organizations. Later during the 70s, the concept of decision-making unit (DMU) was replaced by more interactive based "Interactionist Approach" developed by Industrial Marketing and Purchasing Group. This approach dwelt upon the function of marketing being more interactive ie. interaction between people, processes

and environment. This was followed by the Relationship Marketing approach which took the relation further by adding the aspect of long-term v/s transactional approach.

During the 80's the Japanese models of "keiretsu" brought focus to the supply chain relationships, and the benefits thereof. This model was studied further and many researches threw light on the fact that only cost and time considerations did not affect evolution of buyer seller relationship, but relational and process factors were also important.

The relational development model of Millman and Wilson (1994) was explored in Cranfield research (McDonald *et al.*, 1996). Further quantitative research (McDonald and Woodburn, 1999) modified the concept of an evolution of relationships to an analogy with Maslow's (1943) hierarchy of needs, which was not dependent on time.

1.9.1 1st Generation Account Management

During the 70s and 80s, there emerged a dedicated focus by companies such as Xerox, IBM and other industry giants on managing their strategic accounts. This generation was an era based on the following break-throughs:

- Primarily opportunity-based management, not always account focused
- Segmentation of data by major accounts – sales data
- Vertical market segmentation (i.e. medical, construction, engineering, manufacturing and government – state, federal and local)
- An importance was placed on the differentiation between a local strategic (major) account and a national account (multiple sites – same parent)
- Single account manager responsibilities

1.9.2 2nd Generation Account Management

During the last 2 decades of the 20th century, some higher level of sophistication in account management began to emerge. There was still little supporting data for account managers to depend upon.

Some notable insights include:

- Importance of an entire company's organization being part of an account management practice began emerging

There was a pervasive awareness that focusing on strategic accounts was important and needed to be a strategic practice within any sales organization. For the most part all efforts were undertaken as a single strategic account manager owning the strategic account management task.

1.9.3 3rd Generation Strategic (Key) Account Management

This era represented some of the most significant improvements in the area of strategic account management practices. The definition of a "Key accounts" to an organization changed depending on various factors. A lot of focus was on ensuring the right competencies while selecting key account managers. There was also an increased understanding that understanding of customers business and ecosystem and softer skills played an important role in key account management.

It was now very common for most organizations to have a strategic account management focus. An integration and focus on account, relationship and opportunity management as one holistic account management practice was the result of this period.

2000+ Industry Innovations

- Use of metrics; converts traditional qualitative information into objective knowledge; numbers for measuring and trending progress
- Understanding that client needs are unique and there need to be measurable mechanisms to measure success.
- There was also a major change in the models used for rewarding performance.

1.10 Significance of this Research

Large part of the business for Indian IT companies comes from existing accounts and therefore mining of existing accounts and building a long term relationship with these customers becomes important.

It is therefore important for an Indian IT company to have three things: become a trusted and service-oriented source for the customer to buy an array of products and services, build a long term and collaborative relationship or partnership with the customer and develop a method to create a win-win situation for both the company and customer. This is the focus of a Key Account Management Program.

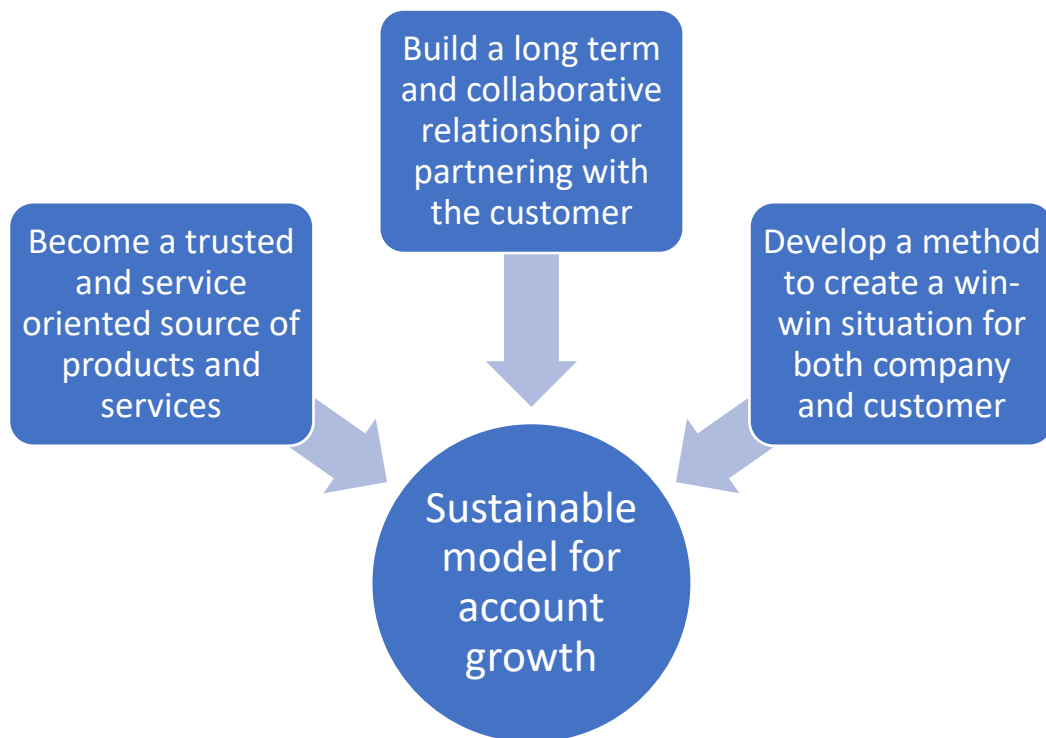


Figure 1.3: Essential conditions for account growth in the IT industry

A critical dimension of this is managing key customers in a way where all the above three parameters are met, which is the main role of Key Account Manager. **This has resulted in creating the position of Key Account Manager who manages key accounts or customers.** All the Key Account Managers and the key accounts that they manage are a part of the Key Account Management Program.

Thus, it is important to understand the critical success factors that lead to effective performance of the Key Account Manager. A research gap is identified in this context and this empirical study is conducted on Key Account Managers in select IT companies in Pune to understand the factors which are critical for effective performance.

1.11 Summary

In summation, it can be said that the study of Key Account Managers in the Information Technology industry will create a useful base for the management to understand how having key account programs will help organisations manage and grow business. It will give pointers as to how dedicated and mature key account managers will help in better customer focus and having long term relations, and move towards the concept of “Partnering with customers”.

It was found from industry sources that even though companies have Key Account Management programs, getting the right set of people or Key Account Managers to run these programs or understanding the attributes that make a Key Account Managers successful is a problem. Thus, there is a research gap in context of the success factors and attributes that Key Account Managers require to play their role effectively in the IT industry and this thesis has tried to address the same.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter includes the following:

- **Literature Reviews** of
 - 15 Research papers
 - 3 Books
- **Development of Model** based on literature review
- **Further Model Refinement** based on BEIs (Behavioral Event Interviews)

2.2 Literature Review

2.2.1 Research Paper Summary

A number of research papers were studied for the purpose of understanding the topic better.

1. Factors Affecting Key Account Manager Performance by Tommi Mahalamaki, published in ANZMAC 2009

This paper has been considered as “Base Paper” for the purpose of this research. This paper identifies the most important factors affecting the work of Key Account Managers. It studies personal attributes, subject knowledge, managerial skills, relationship management skills, support from organization and their linkage to the Key Account Manager performance. The entire process or outcome of the Key Account Management programme depends upon how well it is run and coordinated by the very important person in the equation which is the key account manager. This paper is therefore important from the view of this research as it points towards some crucial factors and skill sets required to make the manager deliver to expectations or more.

Even though this role is of critical importance, not much has been studied or investigated into about what factors, conditions, skill sets, or knowledge skills or abilities are required to make it achieve its targets. This paper thus reflects upon this very critical role and its place in the company’s ecosystem.

The most important contribution of this paper according to the researcher is that the author has highlighted the fact that the role of the Key Account Manager changes at different stages in the relationship between the customer and supplier. **It thus means that the skill sets or capabilities of the Key Account Manager must change at different levels of the relationship.**

Thinking skills, subject knowledge, personal qualities and managerial skills are the main areas which contribute to effectively playing this role. An analysis is made about what skills are relevant and required at different stages of the account relationship model. From the results of this work, it was seen that communication skills was an important quality which the individual needs to have but environment in the company towards customer support is also very important. The company's attitude towards its customers, and willingness to put extra effort to service important customers well was particularly important. Another interesting finding of this research is that compensation does not seem to be a very critical factor. Managers give more priority to other factors than financial rewards.

The most relevant contribution of this paper towards this research is the identification of the following five factors as critical for success: The Company itself, Customer Skills, Knowledge, Behaviour and Quality. The company internally must have all its focus and processes aligned to service the customer thus the need for top management support.

Every organisation has to deal with different categories of customers. Some are easier to deal with while others are more difficult. Some need a lot of attention while some are more interested in keeping distance but being serviced well. Some are more synergistically compatible and some are required for meeting short term goals. Capacity to understand the customer based on this kind of classification will help in nurturing long term relations. This kind of an ability will help the manager in creating a background team to meet differing demands of different types of customers. This requires experience and deep understanding of relationship management by the manager.

A macro view and understanding of the business allows in understanding the larger issues and the defines the direction of the buyer supplier relationship. Knowing where your customer is coming from is therefore a valuable tool for growth of the account.

The better the understanding of the environment around the customer, the more effective will be the interaction between buyer-supplier. This will lead to improved performance. At the same time many personal qualities are also required which improve the chances of having a satisfying and long-term relationship with the buyer.

Integrity, commitment, honesty, truthfulness are all the qualities which are necessary to keep a strong and fruitful association.

Thus, this paper very categorically states that the success of this programme is manager specific and not organisation or company specific. The KSA's of the manager play an important role. However other factors also contribute towards the final success.

2. Competencies for Key Account Managers – A View from a practitioner's taskforce by Diana Woodburn

This paper is based on the output of a groups work which has been done as a part of the research work to identify competencies for Key account managers. Companies often have the question whether they have the right people for key account management and the answer is often negative. In fact, the question asked is "What is their job? Or What role should they play? To study this, a group was formed and the combined observations of this group have been presented in this paper.

Many companies were studied and the roles played by managers in these companies was studied. This was then broadly categorised into two sections:

- The Sales Director Model
- The Committee Model

In the first case, the companies looked at this role as a sales role more than account management and the traditional way of selling was used. In the other model a slightly broader definition of the term was used, but this created ambiguity and did not pinpoint the exact profile or role of the manager.

Parameter	Origin of competency profile	
	'Sales director's' model	'Committee' model
People involved	Sales	HR and sales or project manager
Basis	'How I would do it'	Previous sales job specifications
Specificity	Detailed, sales language	More generic
Structure	Long list, few divisions	Company-wide approved format
Time to produce	Quick	Slow, even tortuous
Value for development	Too idiosyncratic	Too Generic

Table 2.1: Comparison of Key Account Manager competency profiles with different origins

Comparison of Key Account Manager competency profiles with different origins

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After discussing the different ways of sectioning this role, the paper further goes on to study the role of Key Account Management in the company, and thus the role of Key Account Manager. If shorth term revenue generation is the goal, the role will be defined differently rather than if it is defined as a customer retention and value generating activity.

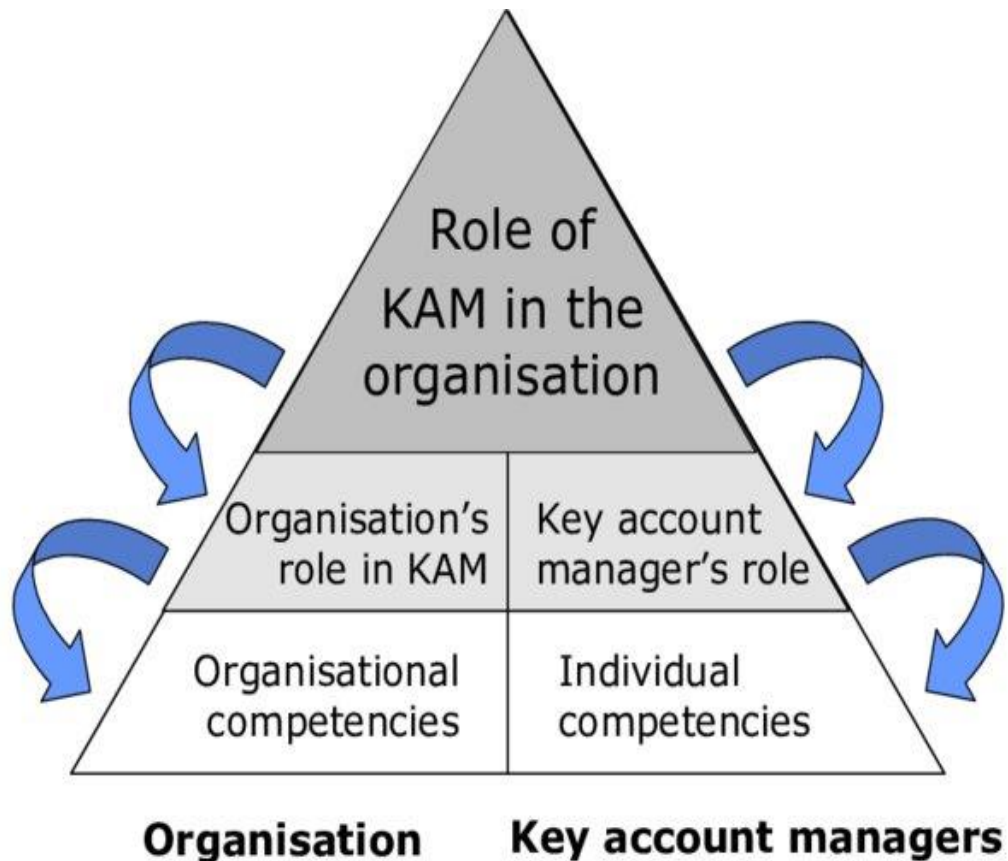


Figure 2.1: Balancing the Organisations role with Key Account Manager's role

The Key Account Manager's roles are then identified based on the above understanding.

1. Delivering strategy
2. Working with customers
3. Implementing Key Account Management effectively

From the above three, some part of the role is played by the organisation is played by the Key Account Manager whereas other part is played by the organisation. For e.g., role of the company is to communicate strategy and vision as well as identify key customers. Role of Key account manager is to understand this strategy and develop aligned strategy for each key customer. In case of relationships, the role of

organisation is to Show willingness to work with key customers, trust the key account managers and set up expectations whereas the identify key decision makers in own and client organisation, develop multiple touch points which may be multi-tiered and “make it happen for the customer”. For effective implementation, role of organisation in process, planning and reporting have been considered. For example, creation of transparent and achievable plans, applying transparency and prioritisation systems is the role of the organisation. The role of the manager involves using plans with customers, reviewing plans and recording information and deviations to take actions against underperformance.

Thus, a base for identifying competencies has been created by the authors. The next part of the paper deals with Key Account Manager competencies. The 21 most cited competencies are shown in this section

3. Intraorganizational Determinants of Key Account Management Effectiveness by John P. Workman Jr.- Creighton University, Christian Homburg - University of Mannheim, Germany and Ove Jensen Prof. Homburg & Partners

This paper focusses on creating a conceptual model of factors that affect Key Account Management effectiveness and that a firm should take while defining an approach to be taken for the firms most important customers.

They define Key Account Management as the performance of additional activities and definition of special people (Key Account Managers) directed towards the firms’ key customers’. The concept of Activities intensity is introduced - how many more activities are carried out for key customers than normal customers. This is coupled with proactiveness which is important for key customer handling.

The paper goes on to discuss the actors involved in Key Account Management - top management involvement and usage of Key Account Management team as positively impacting Key Account Manager effectiveness.

The paper then moves to a term “team esprit de corps” which they define as the extent to which the people involved in management of key accounts work as one on the basis of common goals.

The next factor the paper talks about is the Key Account Manager control or access to sales and marketing resources in the organisation. The authors have tried to co-relate the above factors and having a formal Key Account Management program to performance and profitability and tried to develop a conceptual model for the same.

4. Davies, Iain A. & Ryals, Lynette J. (2013) Attitudes and behaviours of key account managers: are they really any different to senior sales professionals? Industrial Marketing Management, 42, 919-931.

This paper has done a wide research on the various behaviors exhibited by Key Account Manager's and the authors have tried to study if there is a significant difference in the behaviors and attitudes between traditional sales managers and key account managers. The authors argue that varying studies have been made previously with respect to skills, knowledge and capabilities but there has been no significant study regarding the attitudes and behaviors and if they are in any way distinct from the ones exhibited by senior sales people.

Very little research has been done in this regard and in fact only nine papers were seen to have any data about this topic. A deep study has been done by the authors to see what is different or distinct about this role as compared to senior sales staff and there was found to be a significant difference in the two regarding the topic at hand. At the core of the matter is whether customer relationships are treated in any significantly different manner. There seems to be a direct relationship between managers who have a focused customer orientation and selling orientation. Previously done studies cover a large number of skills and capabilities like team work and leadership. But this paper has tried to go beyond that.

5. Factors driving Key Account Management performance, Lesley Murphy - Technological University Dublin and Joseph Coughlan – Technological University Dublin

This paper aims to expand the less researched area by discussing factors underlying key account manager relationship performance. Traditional approaches talk about transactional relationships and these are generally short term and very basic in nature. Also, they generally end after the sale is done. With the evolution of marketing, relationships have changed and become more mature, and long term. The role of the

Key Account Manager has thus come into focus as it is he who manages and grows the existing key accounts. A definition of key accounts is also given where the authors have said that Key accounts may include not just large customers but potential customers or important customers who improve the image of the company.

A model has been proposed which talks about the trust, collaboration and commitment which is the contribution of these managers towards effectively managing these accounts. Various hypotheses have been developed related to customer commitment, customer trust, internal collaboration, external collaboration, achievement motivation, proactive behavior and some other factors. A correlation has been tested to see if the outcome is positive.

6. Paper on “Key Account Management” by Preeta Vyas, Indian Institute of Management, Ahmedabad, June 2012

This paper talks about the importance of Key Account management, criteria to determine key accounts from customer base, stages of a Key Account Management relationship and the different stages of the Key Account Manager role, benefits and key success factors and finally the challenges and risks that this role might face. Key account management according to the author is a strategy used by the supplier organization which allows it to handle its large customers in a more focused fashion and give benefits to create loyalty and long-term partnerships. It creates an environment for mutual growth through collaboration and moves away from the traditional transactional approach to the long-term relational approach. The concept of loyalty ladder has been discussed in the paper which basically says that as the customer and supplier keep on working towards common goal automatically a loyal relation starts getting built. This allows many mutual benefits as to both the parties and they start relying on each other in challenging times as well as when both companies are on a growth path. The author has used a table projecting the steps in the ladder of loyalty in a progressive manner. This table shows how a customer moves up from just being a customer to becoming a partner. Various stages of this progress are shown with an explanation. These steps involve him being a prospect, customer, client, supporter advocate and partner.

Further discussion in this paper revolves on identifying key accounts and the parameters which should be used to segregate accounts as key accounts.

A Key Account Management portfolio matrix has been shown which is based on the concept of BCG matrix to help segregate accounts.

A key aspect of this paper is the critical success factors which have been identified for success of Key account managers as well as the Key Account Management programme. One of the most basic factors which is required is building of trust and commitment in which the Key account manager must play an important role. Additionally, if managers are empowered and given resources and budgets to train and equip the team that he needs to work with, chances of meeting goals in the relationship will be higher. At the same time, the organisation must also stress much on giving lucrative salaries and other benefits to the Key Account Managers themselves. It is a given that the person who will deal with the customer needs to be stable in his job and his career progression and his place in the company must be defined properly. This will give him the motivation to do his job well.

Formation of a good Key Account Management programme is also an important contributor to success. For this some lucid and step by step planning is required. This means that proper processes must be set including clear communication flows, and empowerment of Key Account Managers.

Some best practices in the industry have been identified which have shown how effective programmes can be run. These stress on clear and defined communication both internally and with the customer, a well-defined and clear strategy and plan as to how to implement this and making the Key Account Manager responsible for making the plan and executing it.

Thus, it is seen that this paper acts as a valuable guidance as to what are the factors responsible in creating an effective programme and some of the functions and responsibilities of the Key Account Manager and what activities will make him successful.

7. Understanding Key Account Management: Diana Woodburn, 2011

This thesis is a discussion about how big suppliers make Key Account Management a sound business practice, how companies develop their Key Account Managers capabilities, how key accounts are selected and how a Key customer portfolio is built. It talks about how a Key Account Manager contributes to customer profitability and

customer value. This thesis gives an account of how the principal actors in Key Account Management are the Key Account Managers and how this new demanding, high-profile role requires a broad range of high-level skills. Definitely, the most critical part is Key Account Strategy Development, where skill levels are generally not up to the mark. This thesis has given Key Account Managers new insights into management and new ways of thinking about their role. It has developed models and concepts to help Key Account Managers imbibe and translate Key Account Management into their teams. It has also developed a system to identify needs of individuals and groups to upgrade their skills.

It builds a customer analysis and strategy development process which is very beneficial for adding value to key customers and their relationships.

8. KEY ACCOUNT MANAGEMENT STRATEGY IN BUSINESS-TO-BUSINESS RELATIONSHIP: A PROPOSED RESEARCH FRAMEWORK
by Assoc. Prof. Dr. Nor Azila Mohd. Noor Othman Yeop Abdullah Graduate
School of Business University Utara Malaysia

This paper talks about the factors which together create a platform for driving the key account function successfully. The paper starts with discussing the meanings and definitions of the main concepts and moves ahead to describing the antecedents for successful performance, the consequence of repeat orders due to running this programme and the overall importance of running this program. Three factors have been identified as the precursors for growth and success. Operational factors involve talk about the top management support, team work and team building efforts and other variables within the organization which are responsible. This also studies the skills and responsibilities which are critical to play this role. Internal alignment is the second antecedent which the author feels is important. It is a case for goal congruence wherein the author identifies the importance of all parties ie. Individual managers and top management members having the same goal of servicing the customer in the most effective manner. The third point in operational factors is the perceived risk involved/ Risks can be financial or they can be about not understanding customer needs properly or losing loyalty. Some of the main risks to this program have been elaborated where strategic understanding and fit is seen to be a long term and definite problem in taking ahead an organisations relationship with the customer.

Organisational factors include top management emphasis, team effort and relational factors. Different definitions by various authors are reflected upon which talk about how top management plays an important role as parent to this function. Team effort is of great value as unless there is a coordinated effort from all parties in the entire organization to service this very important client, it is impossible to keep him happy. To make this possible all members of the team must be deeply involved and committed to serving the customer and organization silos must be at the minimum.

The third factor which is relational factors goes on to throw light on the area of how much relationships are important in the success of this program. Marketer relational investment and perceived buyer relational investment are concepts which highlight the following: The first concept says that some assets and resources of the organization must be fully committed and focused on the specific customer and must not be customised to the specific requirement of the customer. It should be a core competence and as such, cannot be easily copied by the customer or will not be of much value to the organization if client is lost. A definite need for the buyer is then created because no other supplier can easily service the requirement and therefore a long-term relationship is ensured. This requires the supplier organization to devote considerable time and effort plus resources.

Perceived buyer investment is the dent which will be faced by both parties in case the contract is broken. In case considerable resources are blocked, it becomes important for both parties to make this work and interest of both parties is mutual. Plus, the need to solve problems and keep in the relationship is deepened.

The result of all the above actions results in the repeat purchase by customer which is an important outcome of the Key account management program.

A diagrammatical framework has been developed in the paper which represents all the above factors in a form of a graphic representation of how performance can be achieved through the above actions and processes. The paper emphasizes the value which will be created in terms of repeat orders and chance of the customer seeing value in the relationship and showing willingness to interact and create a social relationship if all of the above concepts are applied and studied by the supplier organization.

9. Key Account Management in the Industrial Field. The Account Team for an Efficient Reconfiguration of the Supplier – Customer Relationship by Catherine Pardo, Assistant Professor E.M.LYON

This paper deals with management of the supplier's key customers in an industrial field. It focusses on the concept of a "Key Account Team" rather than just a "Key Account Manager". It talks about the following:

- The creation of an account team at the suppliers end which is from different functions
- Creation of the key account team which is not hierarchical and which presents a common face to the customer organization.
- The Account team as a team of information with the account plan as a common symbol which is used by the team
- The account team being a new entity which is different from the standard organizational structures that companies have
- The Key Account team being an ASSET which is offered by the supplier to the customer
- Key account team and Key account manager being a cost to the customer and the dynamics of how the customer looks at this cost vs the benefits that he gets

10. Profitable relationships with key customers: how suppliers manage pricing and customer risk by Lynette Ryals, MA (Oxon), MBA, PhD, FSIP Professor of Strategic Sales and Account Management Centre for Advanced Research in Marketing Cranfield School of Management

This paper examines how companies having good account management practices try to manage the relationships with key customers in a profitable manner. It talks about "Customer lifetime value" as a concept which is increasingly used by marketing departments within companies to measure value to shareholders. Any strategic decision regarding a particular customer typically take into account the long term and the complete relationship with the customer.

This means that a better measure than customer profitability is needed – like customer lifetime value and customer equity. Customer lifetime value is introduced which is the total value forecast across the lifetime of a customer relationship. This means

managing not just revenues from the customer but also profits. Customer equity was also termed to be important – this being the sum of the customer lifetime values within the customer portfolio. The authors state that research reveals that companies with good account management practices adopt different approaches to pricing with key customers and adopt multiple portfolio management strategies. They balance out management of costs with expected service levels with these key customers.

11. Abratt, R and PM Kelly (2002), "Customer-supplier partnerships - Perceptions of a successful key account management program," *Industrial Marketing Management*, 31 (5), 467-76.

This paper researches the perception of suppliers and key account customers regarding the success factors in the customer supplier relationship. They identified 6 critical factors which can assist the supplier management in the creation of a sustainable relationship. These six critical success factors are

- An account managers cultural fitness, his personal skills, personality, his general competence.
- Understanding of customer business
- Commitment to the program
- Understanding concept of value related to the customer and customer needs
- Ability to build trust both within and with the customer
- Proper implementation of the Key Account Management program.

12. Lynette Ryals. How to Succeed at Key Account Management. Harvard Business Review. Accessed from <https://hbr.org/2012/07/how-to-succeed-at-key-account>

The author has highlighted the various reasons for failure and successes both in this very informative article. A seven-step procedure has been given to reduce the chances of failure and make sure that the organization takes the correct path towards a fruitful Key Account Management program. Key account management is an organization wide change or process and not just a method of making or increasing sales of the firm. It must not be seen from a narrow perspective of simply something that the Sales manager must practice but must be given due importance in the supplier's entire organization. The reason for this is that the Key Account Manager is the face of the

supplier organization and unless all the people and processes in the firm are directed towards his success, he will not be able to deliver to the need of the customer at different times. Needs of the customer may vary according to changes at his end and the manager alone cannot fulfill his demands till he has full support of the firm.

To be able to do this, many large organizations have senior level executives assigned to Key Account Managers who are in regular touch with them and follow the relationship systematically. One thing that can be done to address this issue is to appoint a single person who will be held responsible for all the managers and who will make sure that the program is running successfully.

It is an essential step here to be clear on which accounts are key to the company. Unless a specific segregation is made among the customers, special processes cannot be designed for them. Also, it may not be a good idea to have too many accounts as key since the purpose of the exercise would be lost then. Training of people to do the job will ensure success because in case the sales people are just designated to this job, they may not have the required skills. Here the author talks about a few skills that the Key Account Manager must possess. She points out that understanding of financial matters, persuasive skills, ability to influence people are important abilities and it is possible that any of the team members may have these.

The author has stressed the need for understanding what results the firm expects from its managers and by running the entire program. This must be clearly defined at the beginning itself so that there is no ambiguity about the direction in which the manager must move. If the supplier organization feels that building long-term relationships is important, then the message must be loud and clear and the reward mechanism must be based on that. This process is not a one-time idea but needs to be improved as and when required. In fact, it is a continuous activity to review and keep altering as per the results seen.

13. BTS White Paper – The Keys to Key Account Management by Lou Schachter and Rick Cheatham

This research paper is based on uncovering what are the best practices in Key account management and what leads to excellence in the program. **It deals with the behaviors, competencies and practices required to play the role which has to**

balance both the cost which increases due to this activity with the returns it gives in terms of sales and development of long-term relationships.

The person who handles sales regards this job as something which is an esteemed position and a challenging position due to the fact that they handle high level and valued customers of the organization. The authors have found what are the things that work and what cause problems to this activity.

The Key Account Manager needs to go beyond customer understanding to understanding the company. This means that the strategic goals of the organization must be taken into account while developing a relationship with any customer. When the customers strategy is clear then automatically the products or services developed for him would be a more likely fit. His behavior and competencies are therefore important and how he utilizes these to the benefit of the relationship will result into success.

14. Key account management at company and individual levels in business-to-business relationships - Jukka Ojasalo, Researcher, CERS Center for Relationship Marketing and Service Management, Swedish School of Economics and Business Administration Finland, Helsinki, Finland

This research paper focusses on the nature of Key Account Management and on the managerial practices required within a company senior and individual levels.

It starts out by talking about the different elements of Key Account Management and their importance like what do you mean by key customers, relationship commitment, estimating the switching costs, understanding the power structure at both supplier and customer end and basing strategies on that. It talks about different relationship alternatives based on the power structure. It then goes on to discuss human capabilities and understanding the company level benefits that accrue out of an account.

It then talks about the managerial implications – building a framework for Key Account Management practices at both the individual and company levels. This covers what Key Account Management means at the individual Key Account Manager level and the company level and the approach to be taken by the individual and the company on the following elements.

- Identifying Key Accounts
- Analyzing Key Accounts
- Selecting the right strategies
- Developing operational level capabilities

15. A framework for key account management and revenue management integration – Xuan Lorna Wang, Ross Brennan

This paper basically deals with the relationship between revenue management and account management. Both the areas are used in the industry on a decently large scale but an attempt to find out the effects of one on another have not been studied. It is generally observed that these two areas are always at loggerheads. This paper has delved into this issue by creating a framework where both of these functions are combined to form one single direction for management. There is no previous framework of this kind which tries to assess the integration of the two, and a critical analysis is also made of the relationship between the two.

Revenue management efforts by companies have a myopic view and look at short term gains based on segmentation of customers. Key account management looks at long term partnering with customers. Achieving both these goals at the same time may not be possible at one given time and guidance is needed to bring the two goals together. This paper through its model tries to integrate the two functions. It looks at the case study of W hotels where there was a strategy to define key accounts and another method for defining revenue accounts. The paper then gives a model to explain how the key account manager and revenue manager were working on different parameters and how they can be integrated. Another example if airline industry is also considered. The paper concludes by saying that a combined approach between transactional and relational marketing is required.

2.2.2 Book Reviews

The following books were reviewed for the purpose of literature review:

1. **“Key Account Management: The Definitive Guide” by Diana Woodburn and Malcolm McDonald**

For the purpose of literature review, the researcher has considered few pathbreaking works in this field. One of the well-known books is ***“Key Account Management: The Definitive Guide”*** by ***Diana Woodburn and Malcolm McDonald***. This book has thrown light upon the fact that the Key Account Manager role is a constantly evolving practice for companies. It is a definitive guide for the Key Account Manager role and covers everything from how companies select key accounts, competencies required, performance and rewards etc. A deep study has been made in areas like Key Account Selection, Classification of Key accounts, Key Account Profitability, Key Account Needs Analysis, Strategic Planning for Key Accounts, Roles and skills for Key Accounts etc.

The authors talk extensively about why Key Account Management is important in today’s business scenario, the need for engaging in long term lasting relationships with buying organizations and the role played by the Key Account Manager in the translation of this goal into reality. The book also throws light upon the contributing factors which help him achieve this objective.

For a decade, the authors have been researching global best practices in the domain of account management, sponsored by many of the world’s leading companies. Key Account Management has been said to be an approach which is strategic in nature meaning that the goal of this activity is long term retention of customers.

To understand the crucial role of Key Account Management, it is necessary to study the following concepts in detail:

- **Key account selection:** Every account cannot be a key account for a company. Key accounts are those accounts which are of some importance to the company in a specific way. It must be realized that by the very definition of the word, a key account is an account which has special significance to the company and therefore only a few select customers become a part of the Key

Account program. It is therefore necessary to create a classification of key accounts and have separate programs for every customer as per their importance to the selling organization.

- **Classification of key accounts:** Many companies undertake classification of key accounts on different bases. The authors have cautioned against using derogatory parameters like A, B, C and D classification but recommend a more mature approach to classification.
- **Key account profitability:** Customer is the king is truer than never before. The power of customers must not be undermined. This power has a fallout on higher demands for services from companies. Incorrect or traditional methods of accounting used can show wrong reflections of customer by customer profit break up and companies may lose sight of who is the really profitable customer and treat all equally in spite of the fact that some customers can be more profitable than others. It is therefore necessary to identify correctly which are the real key accounts which bring in profitability.
- **Customer needs analysis:** The very basis of Key Account Management lies in the fact that the Key Account Manager has a thorough understanding of the customer and his business. It is necessary to not only understand the processes, the mission and vision of the customers business but the complete ecosystem around the customer must be studied. This will help in servicing the customer better and create a partnership which is well beyond a one- time transaction.
- **Strategic planning for key accounts:** To be able to sustain long term relationships with customers, proper planning at a strategic level must be made. This should be long term as well as short term and be a part of the strategic plan (normally a 3-5year plan). Key Account Management is not just an activity done by the marketing department but has to be done at an organization level involving different departments in the organization. Key Account Planning also has to involve customer participation to ensure success.
- **Roles and skills of key account managers:** The role of today's Key account Manager is not just limited to selling or a one- time transaction. It is a role which demands a deep commitment to work with the customer and help him grow his business so that both the buying and selling organization benefit.

This is a strategic role which encompasses many different skills, not just at the external level but also the internal level.

- **Other issues:** Few more factors which contribute to successful key account programs are a well communicated strategy within the organization i.e. Internal marketing and the support of Information technology.

The authors also discuss the challenges that organizations are facing due to factors like globalization, customer and market consolidation, increasing complexity of customer organizations and increased usage of IT and processes etc. Furthermore, a customer can also be a potential competitor and thus play dual roles which key account management needs to acknowledge and service accordingly.

Another factor which acts as a primary need for existence of Key Account Management is growth of customer power. It is an accepted fact now that customer power is far more than ever before and therefore needs to be considered seriously. Customers have large number of choices in the market and therefore the need to service existing customers as judiciously as possible creates a win-win situation for both. **Many pressures have led to the rapid growth of Key Account Management.**

A summary of the reasons for this growth are listed below:

The market is constantly in a dynamic state in today's world. Constant fluidity creates the need for realigning and adapting to changing needs of the customers at a very fast pace.

To be able to do this, it is necessary to make changes in the internal processes and invent newer and cleverer ways of managing operations. Agile management needs to be practiced so that quick changes can be incorporated. This requires the manager to be adept at handling change and mould the processes according to the requirement.

More and more companies are customising products and services today according to needs of its customers. This requires a deep understanding of the requirements and large- scale collaboration with the buyer. Understanding the buyer's requirement perfectly and servicing according to requirement will require customisation of internal processes as well.

In tandem with the above changes, it is seen that the market is becoming more complex in terms of servicing customers. Due to an availability of a large number of

choices and suppliers, the customers have become more discerning and have more buying power. This means that to service these types of customers, a more open approach and a higher ability to listen is required. It is also seen that the traditional transactional approach would not yield the expected results and a more inclusive approach would now be required which has a well- defined long term or strategic outlook.

Technology has made it easier to shop around for different suppliers from all across the world. This creates a larger choice for the buyer and more challenging for the supplier company to hold on to the customer. The effects of globalisation have led to a change in the dynamics of how traditional business was done. A supplier can no longer remain smug in the knowledge that the customer does not have enough choices.

The above changes which have occurred in the environment, and the resultant change in the way business is done, has led to the role of the KEY ACCOUNT MANAGER coming into focus in a strong way. The role requires him to create ways and means to hold on or retain customers, creating systems for the same, and keep the customer satisfied through a coordinated approach. Therefore, building, retaining and furthering relations with the customer becomes one of the key result areas of this role. The environment is complex and the customers more complicated which makes relationships more tough to handle. All of this makes the role of the key account manager a formidable one which requires a clear understanding of the customers business, and a strong team internally to back up the requirements of the customer. Today's customers want to collaborate with the suppliers such that the suppliers are a party to their growth and development. They expect not just business but a more productive relationship.

This is a long way from 'Seven Steps to Closing the Sale', but it is the way forward in developing relationships with key customers. (Diana Woodburn, Malcom McDonald).

This book has thrown light upon the fact that there are various steps and stages in the relationship between the buyer supplier organisations. Due to the fact that the whole concept of key account management revolves around relationships, it is necessary and critical for the manager to have a clear understanding of what stage of the relationship he is working at and what activities need to be undertaken to take it further. There are

a large number of reasons due to which these relationships will flourish. In order to understand this, it is necessary to understand the levels of relations which is stated in the book as follows:

- Exploratory relationships
- Basic relationships
- Cooperative relationships
- Interdependent relationships
- Integrated relationships
- Disintegrating relationships

The first two levels of relationship talk about exploring, understanding and creating a basic level of understanding of the customer's business and requirements. The next level of cooperative relationships is a transitional stage, moving towards eliciting more cooperative effort from both parties. An organization would like to move to the next stage where both parties are interdependent on each other and therefore moving towards an integrated goal. Integrated relationships are rare and occur when both entities have complete trust and almost merge.

It is important both for the Key Account Manager and the organization to know what level of relationship they wish to achieve with which customer (depending on strategic implications) and work towards achieving it. This will go a long way in bringing success in managing the client.

The success of the key account managers job depends on various factors:

Understanding the customer is essential to be able to develop any long-term relationship. The authors have rightly stated that it is necessary to understand the entire ecosystem around the buyer to understand consumer behaviour and buying motivations. The selling organization also needs to understand the buyer's perspective whether it is cost cutting or increased profitability to be able to strike a long-term partnership.

The role of the Key Account Manager is a challenging one. He has to deal with the client on one side and with his internal team on the other. The internal team consists of people from various functional areas and have their own functional heads to report to. It is here that team management skills are very essential for the manager. It has

been researched that unless the Key Account Manager is given specific training for the above, he may be unable to fulfil this role effectively.

This is therefore a very broad role and requires many different attributes and competencies. Clearly, making sure that the key account manager's post is given to the right person is the first step for success. Also, once he is in the job, training for specific skills apart from negotiation skills also goes a long way in bringing success for this role.

An integrated approach is required for the success of key account management and the manager. This means that the Key Account Management strategy must be a part of corporate strategy itself and not just a way of approaching customers. The next factor for the success in this role is the organizations support, commitment and engagement for this activity. It must be noted that it is not enough to train the Key Account Manager and leave him to his goals, but continuous and committed support from the organization is a must. This means that, for example, when there is a need for cost cutting, the entire organization is involved as there will be several changes which will have to be made internally to achieve this.

The Key Account Manager plays several roles:

- Expert in understanding customer
- Value developer
- Point of accountability
- Boundary spanner
- Liaison between buyer and seller
- Focal point of contact

Thus, this role has two types of functions - Implementation and facilitation.

The internal roles played by him in the organization are:

- Resource Manager
- Risk Manager
- Team Leader
- The customer facing roles include:
- Salesperson

- Competition Monitor

Key account teams play an important role in supporting the manager to fulfil customer needs. All the members in the team are expected to have different competencies and together are expected to fulfil the customer requirements. Separate teams are designated for separate key accounts and these teams are supposed to come together to service the customer. The key account manager must lead the teams in case of major accounts which require strategic level planning. Thus, he needs to be an effective team leader. Thus, an overall picture of Key Account Management and Key Account Manager is presented in this path breaking book.

2. “The Seven Keys to Manage Strategic Accounts” by Sallie Sherman

This book talks about market-proven strategies to generate competitive advantage by identifying and always taking care of your best customers. The book is a practical book which talks about the design and implementation of cost-effective strategic account management programs. It provides the following:

- A world-class competency model for strategic account managers
- Techniques for developing a program to manage and grow "co-destiny" relationships.
- Examples and cases from Honeywell, 3M and other leading corporations

The book is basically important because it is a joint effort with Miller Heiman who has taken thousands of interviews to create “Strategic Selling”. Instead of referring to Key Account Management as a strategic selling concept, the author has said that it is a business performance improvement initiative. Also, it has been clearly mentioned that this process will not be very short and simple and it can take almost up to a year to really understand the customers business and the challenges faced by him.

The book gives ready questionnaires, practical guidelines, tools for analysis and some simple rules which can be followed. There are some interesting case studies as mentioned above which help in understanding how this has worked for different companies to increase their profits and grow business. Honeywell Controls and Automation systems grew its business from 40% to 61% by implementing the various

tools suggested in the Strategic Account Management program, this too in a very low growth phase of the market.

A case study is also given of a company which lost its customer and returned as a sole source contract worth \$5.5 million per year. Many other examples are referred to in the book where some companies took months to realign the marketing function and include various other functions to create Key Account Management.

The book starts with explaining what is key account management. Then it is divided into two parts. The first part talks about how everyone needs to follow the same path and direction to be able to get success on this program. Second part is more in depth and describes the tactical issues.

Three keys are described in the first part. Key one is the vision that needs to be set and making it a business improvement function rather than a sales function. The second key talks about how organisations must be committed to the program and show this commitment to service customers through various programmes. Third, is to start with the right number of accounts which are strategic.

Part two talks about tactical issues. Thus, keys four, five, six and seven are given here. These talk about Human Resource management, People management, Relationships, Communication and Technology.

The last key is conclusion on the various factors discussed above. It gives a picture of the entire seven keys to manage strategic accounts.

3. “Key Account Management” by Peter Cheverton

The author in this book has basically given a road to show how to create a Key Account Management Programme. It begins with determining your key accounts. He says that accounts which matter most to your company are key accounts. These customers may not be very large, but are still important because there are some futuristic considerations which make them special. These customers may help you become profitable in the future and they are necessary for your company to reach its targets and vision. In that sense, key account management is investment management.

“Key account management is a natural development of customer focus and relationship marketing in business-to-business markets.”

Analysis of Key accounts is necessary and must be looked at as an investment from a future perspective. In the book, the author has analysed on the basis of:

PESTLE Analysis: Political, Economic, Social, Technical, Legal and Environmental factors influence businesses at all times. These must be considered.

Porters model of competitive forces: Michael porter has put forth five forces which must be considered in any competitive scenario. These are Bargaining power of customers, bargaining power of suppliers, substitute products and services, current competitors and new entrants

Market chain analysis: In this, a thorough analysis of the market chain is done to understand the customers business. For example, a market chain for pesticide company will begin with the company and end with the consumer. At every stage, there will be challenges which can be identified and thus it will give more clarity about the customers business. This analysis can be very useful to understand where the customer faces problems or where value can be added.

Customers have been categorised into four types of accounts:

- Key accounts - These are your most important accounts, absolutely critical to your future business. They deserve the utmost attention and investment of resources.
- Key development accounts – These accounts have a potential of being converted to key accounts by giving them more focused attention and having a more committed approach to serve them.
- Maintenance accounts – These accounts are the ones which are not as important as key accounts, but nevertheless useful to the company. They are regular no frills customers and therefore not much investment must be made to serve them. For example, instead of making sales calls, telephone can be used and expenses on serving these accounts reduced. They can be thus put on maintenance mode.
- Opportunistic accounts – In this category, there will be customers who the company can service at the requirement of the company. It is not necessary to be very involved in them nor should they be treated badly. They can be called as customers of convenience.

The Goals of Key Account Management

The purpose of the analysis and study of the customer in such detail is to ensure that the key account relationship strengthens to an extent where the customer starts relying completely on the company, since the supplier understands all its nuances and has become a key supplier. The focus of key account management being creation of sustainable competitive advantage for the long term, it is necessary to become indispensable to the customer, so that the customer will depend on the supplier for purchases. This will ensure a long- term relationship.

“Identifying key accounts is the responsibility of the senior management team.”

The author has given the example of the customers operation being similar to a shell-like spiral. In many instances, the sales people will contact the purchase department of the customer which is the periphery of the spiral, and not involve himself in the deeper part of the spiral. The purchase department of the customer organization may not allow deeper contact with the center of the snail, but the whole purpose of key account management is to spread your hands deep into the value chain and become an asset to the customer which cannot be replaced easily by competitors. To be so close to the customer, strong contacts must be developed at the center of the opportunity snail.

“If the business organization and structure is to be determined by the demands of key accounts then the selection of those accounts is critical.”

The main features of key account management are:

- The main feature of account management is a team of people with different form of expertise and the main aim is to service the many contacts at the customer side. These contacts may not be restricted to the customer company’s purchase department but may be spread across various departments and functions.
- The Key Account Manager is a senior person who can take strategic decisions for the account, and therefore has credibility in the relationship.
- A constant study and understanding of the customer business, his pain points and a thorough understanding of his market.

“Without segmentation, the selection of key accounts will tend to suffer from sizeism.”

The era before the concept of Key Account Manager was introduced saw a very different picture. The purchase managers were often barriers who would not allow the supplier to penetrate deep into the company and acted as gatekeepers. Supplier companies often did not have any interest in the business of the customer and were only involved to a level which was minimally required. They did not have much interaction with members of the customer company and often had a very curt relationship. Thus, the relationship was very basic and elementary.

“Size alone does not bring security.”

This changed with the evolution of Key Account Manager concept. It brought about an era of partnership and joint working of the two entities. It brought about a synergy in business where collaboration brought about enhanced results. The supplier started helping the customer in reducing costs, being more active in helping them solve problems and share many resources. This brought in a sharing of ideas, people and networks. Four things are always true about key account management:

1. The assumption that larger the customer, the more profitable he is, is incorrect.
2. If you grow with the customer, it is more profitable in the long run. This is especially true for existing customers.
3. Bringing in new customers is more expensive and retaining present customers is usually more profitable.
4. Large number of companies have been striving to keep a limited number of suppliers and therefore the focus must be on retaining existing customers.

“The pioneering selling company must also invest in the training and development, not just of the key account manager, but the whole customer-focused team.”

To make a key account management a permanent, enduring part of your business, avoid presenting it as merely a new sales program. Make it clear why key account

management is necessary. Clarify the problems with the current approach and define the principles and purpose of Key account management.

The control is with the customer

It is now more and more necessary as a supplier to gauge the customer and find out how important he is in your future development. If he is not, it is the right time to not invest much in the relationship and avoid wasting precious resources. But one must keep in mind that the customer has become more powerful than ever and the balance of power has tilted in his direction.

The complexity in decision making about which suppliers to choose and retain is increasing. They can use many different metrics to judge your performance which may not necessarily be related to price. Suppliers can be judged for other parameters of performance also. Also, the method in which customers buy, is changing. Therefore, becoming a key supplier must be the focus of your company. It is essential to change and align your behavior to meet the customer expectations or even delight them. There are different types of suppliers:

1. Tactical suppliers – The purchase system is made simple by these types of suppliers. If your customer thinks you are one, then you must make things easy for the customer for doing business with you.
2. Tactical profit – In this case, the main intent of the customer is cost saving. If you are seen by your customer as a tactical profit supplier, you must focus on controlling your costs and pass on the benefit.
3. Strategic partners – This type of relationship is the most valued one. The supplier is looked upon as a strategic partner. Hence, he must invest time and resources to nurture this relationship. Customers value this type of supplier and expects that he will be serviced highly. When you are looked upon as a valuable partner, you must pull the customer deeply into the relationship.
4. Strategic security – Some relationships between buyer and seller are such that price is not the defining factor. The supplier may be providing a unique or important item which cannot be easily replicated. In such a case, a steady and

assured supply of good quality product is more important than price. When the supplier is in this category, he should give utmost importance to the unique feature which has made him indispensable. Thus, he will remain strategically important to the supplier.

“Reconnaissance is about listening - not telling.”

In any business environment, what matters is how you are perceived by the customer. What the customer thinks of you must be identified and used to your advantage. What the customer thinks of you is more relevant than the actual picture. At various levels in the customer organization, people will view you differently. One must strive to make the required impression at every level.

The goal here must be to create a position for yourself where you are a strategic asset to the customer. If the supplier is able to understand the market and business of the customer, he will be able to understand risk factors, pain points or market opportunities of the customer and help him create better value. This in turn will help the supplier himself by keeping a strong relationship and steady business. Thus, if value drivers of customers are known, it would be possible to strategize better for both companies. Typical value drivers include:

- Operational excellence - The customer’s purchasing focuses on logistics, inventory and e-commerce management, so its suppliers must have high-quality systems.
- Product leadership - The customer’s purchasing focuses on supplier partnerships. Timing matters, so its suppliers must be innovators with short lead times.
- Customer intimacy - The customer’s purchasing focuses on working with suppliers in a tight supply chain, so its suppliers should be flexible and responsive.

Skills and Resources

There are some specific skills which will enhance the function of key account management and help it run smoothly. These include teamwork, focus on value,

understanding business models and building strong relationships. In some cases, it is possible that this may lead to downsizing, but this should not be done with the perspective of cost cutting.

“Sometimes you get lucky and your largest customers take you where you want to be, but you wouldn’t want to rely on it.”

It is a sensible thing to try to match the organization structure of your key accounts whenever possible. However, this may not be possible everywhere and the aim therefore should be to create an organization which can work well with the customers organization structure. For example, if price is the focus of the customers organization, you must align your priorities according to this. If niche and specialized products are required by customer, the supplier must strive to put in a research and development department to cater to the specialized need. In all this endeavor however, the emphasis must be to keep lines of communication at all levels open and running and maintain transparency in the structure. Thus, giving the best service to the customer must be at the heart of the exercise.

2.3 Definition of Key Account Manager

“Key Account Managers sustain and nurture solid relationships with key clients that generate the most income for a particular company. They utilize company resources to develop and implement strategic solutions to achieve key clients’ long-term goals.”

“A key account manager’s main role is to **retain top customers and nurture those key relationships over time**. Ideally, they become a strategic partner and advisor to the client, discovering new opportunities to work together for mutual benefit (lucidchart.com/blog/key-account-manager-skills).

Key Account Manager is the person who is responsible for Key Account Management of one or multiple accounts which are completely owned by him/her. He performs the function of Key Account Management which includes sales, strategic planning and managing relationships between the company and key customers.

The role of a Key Account Manager includes the following:

- Leadership of Key Account Management team
- Complete understanding of customer business, competition
- Understanding of relevant technology and domain skills
- Ensuring cross functional collaboration within the company to benefit the customer
- Ownership of account strategy and account coordination
- Ability to build relationships at all levels and across functions inside the customer organization

The interaction of a Key Account Manager with different stakeholders internally as well as at the customer end is shown below:



Figure 2.2: Interaction of Key Account Manager

Challenges faced by Key Account Manager in playing his role:

- Managing relationships with multiple levels at the customer side including senior management
- Constant decision-making in complex scenarios and interactions with large numbers of stakeholders
- High stakes in business resulting in high cost of failure
- Understanding and developing relationships with key decision makers at customer side
- Getting different departments internally to present a common face to the customer to ensure highest level of service
- Getting support from senior management in the company for investments in key accounts

2.4 Development of Model

Based on the above study of literature and some other insights, the researcher created a model that synthesises the insights from literature review so that it is used as basis on which this research was taken ahead. The model shows that **for effective performance, three factors are critical**. The presence of these three factors is important for the Key Account Manager to perform his job effectively. These three factors are as follows:

1. Customer understanding and individual skills
2. Team building and support from senior management
3. Relationship with the client.

This is shown in a model form as under:

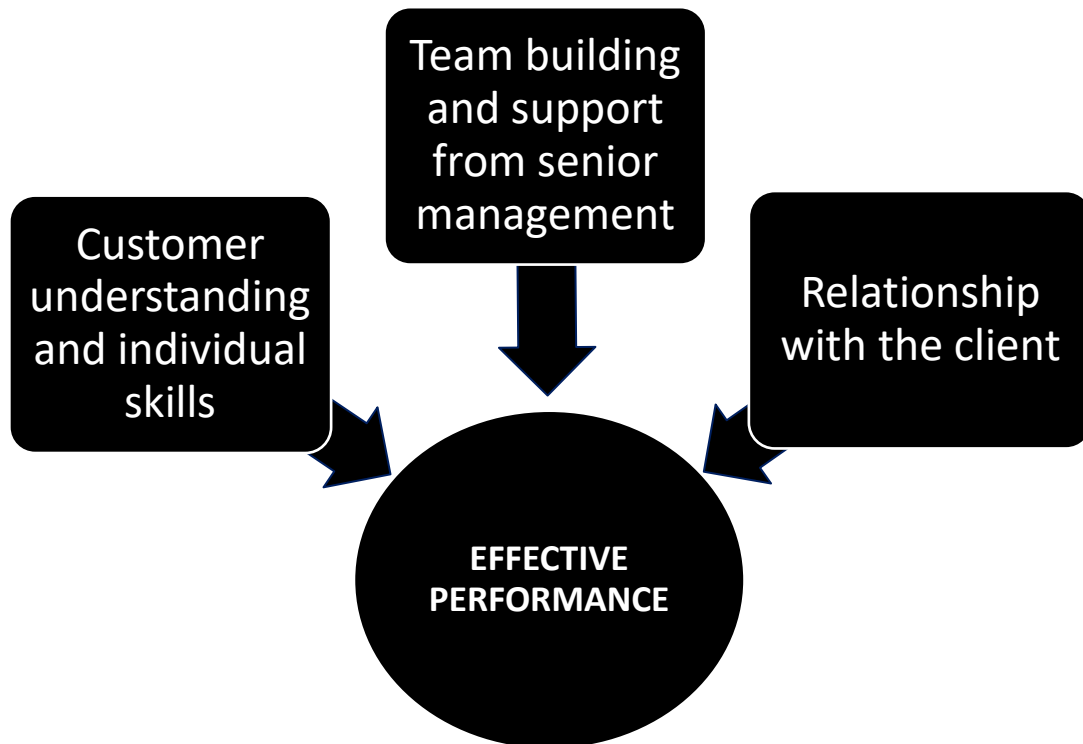


Figure 2.3: Initial Model - Critical Success factors for effective performance of Key Account Manager

2.5 Further Model Refinement

Taking the above research further, a pilot survey was conducted in the form of Behavioural event Interviews (details provided in Research Methodology chapter) to find out if there are more critical factors based on the field data generated from the interviews of Key Account Managers. This pilot survey was carried out to corroborate the findings from the literature review and see if any additional critical factors are relevant and must be considered in the Indian context. This added new insights into the specific behaviours of Key Account Manager's in the Indian context. The model was then expanded and made more specific in terms of critical success factors that lead to effective performance of key account managers.

Finally, a total of six different areas were identified which can be considered as critical success factors which contribute to effective performance of the Key Account Manager. These were considered as important factors which helped in contributing to

success. All of these put together allowed the researcher to build a model based on the following factors:

- Strategy
- Customer understanding and understanding ecosystem
- Team dynamics and relationship with team members
- Relationship with top management(support)
- Relationship with client organization
- Individual skills

Based on the above parameters identified, a diagrammatical representation is developed as below.

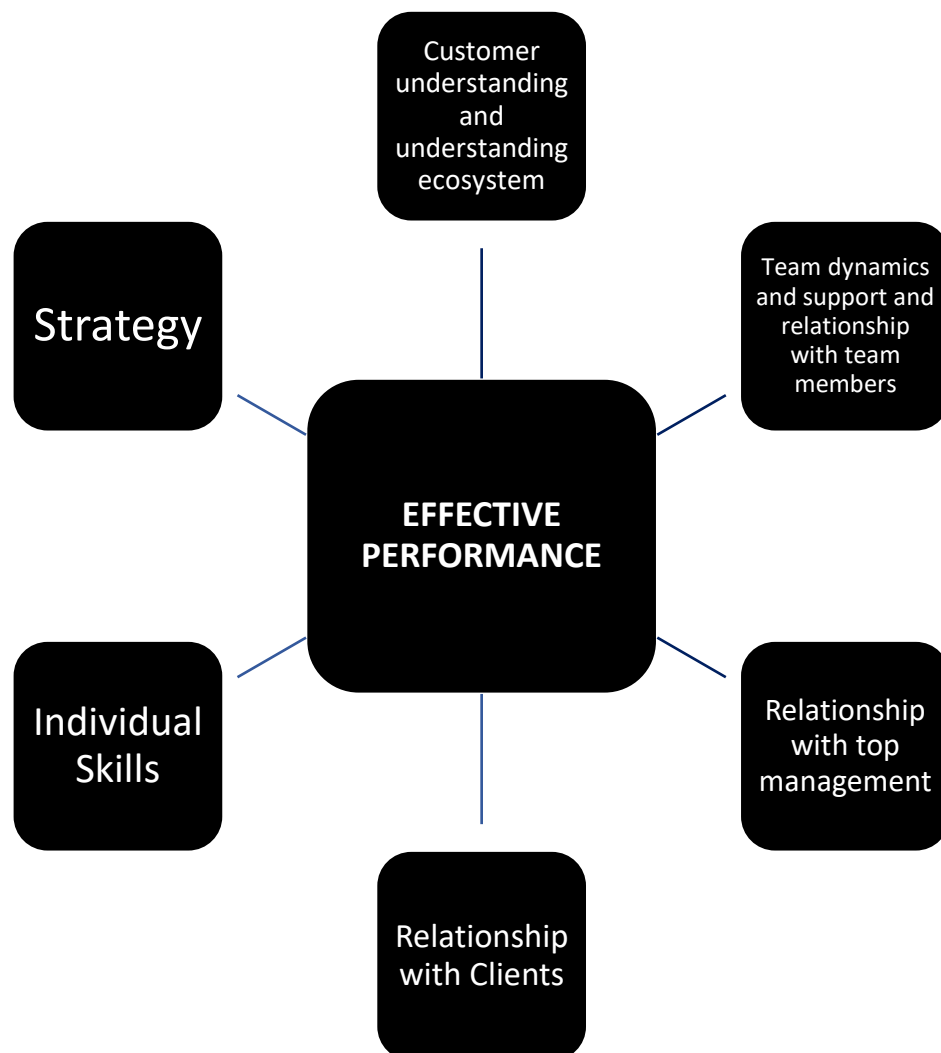


Figure 2.4: **Refined Model - Critical success factors for effective performance of Key Account Managers**

1. The **first factor** in this model talks about how “**Understanding Strategy**” is crucial for the performance of the Key account Manager. The manager must understand the overall strategy of the buying organization(customer). He should collaborate with the customer to help identify the most important business challenges the customer is facing. This will enable him to not just retain the customer but take the relationship to the level of partnering. The Key Account Manager should be aligned to the success metrics of the customer which may range from market growth to technology innovation to optimizing costs. Understanding the customers product roadmap, the new areas/markets in which he wishes to enter would enable him to look at opportunities to cross sell and upsell in order to grow business. This will also make the customer realize the commitment of the seller to help him grow. When the supplier (selling organization) understands the long term as well as short term strategic goals of the customer, he can develop offerings and align his existing offerings better. If he is able to predict, due to his expertise and his understanding of customer business areas that will benefit the customer it would enable him to offer value and become a partner. Thus, building strategies for key account management for successful marketing and relation building becomes an important activity.
2. The **second factor** which is a critical success factor and which contributes to success of the Key Account Manager is “**Customer understanding and understanding the ecosystem**”. It is very necessary that the manager has the domain knowledge and a completely thorough technical understanding of the customers business. He must have knowledge of customers key result areas and understanding of the customer buying cycle (to maximize revenue opportunities). In addition, it is critical to understand and be aligned to customer CXO business priorities to align his offerings accordingly. Another important area is to understand the customers competitors. This is required to be able to:
 - Understand customer requirements and their pain points
 - Service the customer well for present requirements and create a vision for future requirements
 - Solve any problems and difficulties faced by the customer in his business

The ecosystem around the buyer or customer consists of a loose network of many different parties like the customer’s customers, multiple outsourcing firms, makers of

related products or services which have some effect or the other on the company's offerings or products or competitors. This ecosystem is like a community which has many interacting firms who are dependent on each other for business. The manager must have the macro view of this ecosystem and understand the place of his organisation in the whole picture. He must be able to see the dependencies and networks between different players. He must also be able to use this information to better service the customer. when he is able to link the dependencies, he will be in a position to solve problems better and help the customer in difficult times.

3. The **third factor** identified as critical for success is “**Team dynamics and relationship with team members**”. To be able to service the most important customers of the firm, a strong and cohesive team with common goals is a must. The Key Account Manager should have the ability to channelize resources from teams across the company as and when required and present a common front to the customer where the whole company talks as one. This should also be aligned to the customer Key Result Areas. There must be a good rapport among the team members and they must be internally in tune with each other. Only then is it possible to service the customer as per his expectations. Typically, in the software industry, it is seen that many crisis situations have to be handled frequently. Rapid technological changes, changes in people heading the accounts, changes in the environment are seen. Due to this, very good team work and ability to take quick decisions becomes pertinent. When internal processes and decision-making is in tandem and smoothly undertaken, the client will be served in the most effective manner. Following factors contribute to effective relationship within team members:

- Right combination of people
- Coaching for required skill sets
- Process for escalation management
- Process for crisis management
- Reward mechanism
- Attrition control

4. The **fourth factor** “**Relationship with top management**” refers to the relationship manager has with his own company's senior management including

the CXO level. Key Customers need to be treated differently. Also, it is not an easy task to service the most important customers since they would also want to leverage their position and sometimes even make unreasonable demands. However, the manager must be in a position to handle this in the most efficient way. The entire organization, and especially the senior management must be a part of the Key account management process. Senior Management should recognize this function as a priority function inside the organization. This would allow him to work seamlessly and get support from within. The manager alone cannot always take decisions entirely by himself. Many times, it is seen that some policies or procedures need to be reoriented to suit the need of the customer. This is not possible unless the top management mentors the Key Account Manager and helps the manager in fulfilling the demands. This can be done by top management in the following ways:

- a) Being a champion for individual key accounts
 - b) Mentoring the Key Account Manager
 - c) Driving criticality across organization
 - d) Help implement any changes in the organization for adjusting to customer demands
 - e) Helping overcome bottlenecks outside the reach of Key Account Manager
 - f) Supporting investments required by an account
5. The **fifth factor** identified which contributes to effective performance is “**Relationship with clients**”. Key accounts are one of the most important assets of a company. The profitability of the selling firm often depends upon these very important customers in business to business marketing. Developing a long term and sustainable relationship with the client takes tremendous effort and skill and patience. Often customers make unreasonable demands. Many times, the required resources are not available with the supplier. At such times it is necessary to resolve the matter in the most affable manner. This is where the importance of relationships comes in. The Key Account Manager should have a close working relationship with senior management at the client side including access to the CXO level. He should also develop relationships across the client organization in all functions including engineering, product management, professional services etc. Lastly, he should understand the key decision makers and influencing people within the client organization – people who drive client decision-making.

6. The **sixth factor** relates to the “**Individual skills of Key Account Manager.**

These include the following:

- Sales and Marketing skills
- People skills
- Organizational skills
- Administrative and Project Management skills
- Personal qualities

In fact, to be able to deliver all of the above, a multifaceted role must be played by the manager. Thus, this dimension of individual skills is a critical factor for success of the key account manager.

The six factors together contribute to the effective performance for playing this role. This helped the researcher in creating the hypotheses for research.

Effective performance: In this context, effective performance is a mixture of various parameters. There are certain parameters like customer retention, customer satisfaction index, revenue growth and higher profitability which is common for most customers. However, in addition, companies can have differing definition of effective performance for Key Account Manager success for different customer categories. For example:

1. Stable Customers where not too much growth is expected but are key as they account for a large part of the company’s revenue. Working with this customer needs to maintain the account at a certain revenue level.
2. Growth Customers where the opportunity for growth is large – the parameters for success here are high revenue growth and success against competitors in winning business.
3. New Markets/New domains: Sometimes, a customer can be key as this allows a company to enter a new domain or market.

What is important for the Key Account Manager is to understand the category of customers they are servicing and align their strategy accordingly for effective performance.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

Management Research is the process of identifying a problem or studying a subject of interest in a scientific and systematic manner so as to be able to come to a conclusion or establish new facts about that particular subject of interest.

Key Account Management plays an important role in the IT Industry due to various factors described in the first chapter. A lot of mid-size and large IT companies have focused Key Account Management programs. However, not much formal research has been done on the factors which are critical for the Key Account Manager performance, especially in the Indian context.

The main objective of this research is to find the Critical Success Factors which contribute towards effective performance of Key Account Managers in the Information Technology industry. This means whether the critical success factors (independent variables) are responsible for effective performance (dependent variable). To be able to achieve this objective a mixture of quantitative and qualitative data analysis was deemed to be fit.

The success of any research depends largely on creating the correct design, following the steps of research process and minimizing bias of any kind. The research methodology involves identifying the problem, doing a literature review which gives a basic understanding of the topic, creating a hypothesis based on this and further steps to test the hypothesis.

These steps involve creation of a research design, data collection, data analysis and interpretation and finally presenting the conclusion. The present chapter covers all the above steps in ensuing sections.

3.2 Problem Statement

The essence of research design is in defining a problem statement that will initiate the research process. As stated in the previous chapter, the IT industry is a high contributor for economic growth in India. Increasing business and revenues, retaining customers, ensuring proper customer relationships at all levels is necessary for this. It has been seen that companies end up losing customers or not growing with a particular customer due to lack of focus on that particular customer and lack of understanding of the customer's business. All this is linked to the lack of good Account Management practices in the company and not having an understanding of Key Account Management.

Due importance must be given to Key accounts, and Key Account Managers play a critical role in achieving this. There is a need to focus on building a long-term relationship with key customers, understand their pain points and offer value so that the relationship is based on a partnership model. This necessitates understanding the factors which are critical for effective performance of the Key Account Manager. This will help in an improved relationship with the customer and increased value to both parties. This will also help the Key Account Manager in improving his performance. It will help companies to understand the capabilities required by the key account manager which can be useful for promotion to the post or for recruitment.

Based on the extent and scope of the study, the research problem is therefore to understand what factors are critical for effective performance for playing the role of Key account manager successfully in select Information Technology firms. The geographical location is Pune and surrounding areas.

Thus, the title of the research is **“A study of the Critical Success factors for effective performance of Key Account Managers in select IT industrial units in Pune.”**

3.3 Scope of the Study

This study was carried out in the area of Pune city and surrounding areas. The study was carried out on Key Account Managers in medium and large size IT firms. Small size companies below 50 million USD are not considered.

3.4 Objective of the Study

The objectives of the study are as follows:

1. To study the critical factors that lead to the effective performance of a Key Account Manager in the IT industry
2. To understand which are the most important critical success factors in terms of priority out of the six variables studied.
 1. Strategy
 2. Customer understanding and understanding ecosystem
 3. Team dynamics and relationship with team members
 4. Relationship with top management(support)
 5. Relationship with client organization
 6. Individual skills
3. To offer fresh insights into the workings of key account managers and IT industry related to the research.

3.5 Hypotheses

The following hypotheses were created based on the title and objective of the study. The hypotheses try to find the relation between the critical success factors and their contribution to effective performance.

Hypothesis 1:

Understanding strategy is a critical success factor for effective performance of the Key Account Manager.

Hypothesis 2:

Customer Understanding is a critical success factor for effective performance of the Key Account Manager.

Hypothesis 3:

Ability to handle team dynamics is a critical success factor for effective performance of the Key Account Manager.

Hypothesis 4:

Positive Relationship with top management is a critical success factor for effective performance of the Key Account Manager.

Hypothesis 5:

Collaborative relationship with client organization is a critical success factor for effective performance of the Key Account Manager.

Hypothesis 6:

Individual skills are a critical success factor for effective performance of the Key Account Manager.

3.6 Research Design

The research design is basically the plan or blueprint that will be used to conduct this research to derive a logical and clear conclusion to the problem under consideration. A blueprint was therefore made based on the literature review as to

- a) What should be the sample size
- b) What method of data collection would best suit the study
- c) How to analyze the data

This study uses Descriptive Research Design. The reason for this is that descriptive research is used when a current problem at hand needs to be studied or information of a current phenomenon needs to be obtained. Descriptive research design gives answers to “what exists”. IT industry in Pune is a well-established growing industry and key account management has well defined role and responsibilities. However, the details of factors which are responsible for effective performance are not identified so far in the Indian context. Further, it can be said that the type of design is cross sectional since it is for a specific point in time. A good approach for using this design is sample survey which has been used in this research. Two types of data collection methods were used in the design which are elaborated in the ensuing sections.

3.7 Sampling Plan

The details of the sampling have been presented in this section. Considering the scope and geographical area, a sample has been created. Pune is well known for its very robust IT industry. Large number of multinationals as well as Indian IT firms operate in Pune and it is possible to get some very rich data and the right kind of respondents for this survey. Also, since very senior level managers were targeted, it was necessary to select an area where ample choice was available.

3.7.1 Sample Criteria and Profile

The sample profiles used include the following:

1. Key account managers must have an experience of at least 10 years in the role of Key Account Manager.
2. In their current role, they must be handling management of one or more key accounts for their respective companies
3. The key account manager should be working in IT Companies in the Pune region which are large or mid- sized companies.

3.7.2 Description of the Key Account Manager

The key account manager is responsible for managing the key accounts in the company, who are its most important customers. He is the face of the organization to the customers and brings critical information of the clients to his organization. He is responsible for maintaining and developing relations with customers and growth of existing business.

3.7.3 Population

Population consists of all the elements having similar characteristics which the researcher proposes to study or are the subject of a study. They are similar in one or more ways.

Population consists of all the Key Account Managers working in Large and Mid-Sized IT companies in Pune.

Population in this study is finite and unknown.

3.7.4 Sample Unit

The unit of analysis in this study is Large and Medium IT firms in Pune. This contains the sample element which are the key account managers working in these companies.

Small companies with revenue size of less than 50 Million USD have not been considered as a majority of these companies do not have formal key account management programs on the ground.

There are 11 Large firms and approximately 60-70 Medium firms in Pune (based on revenue).

Medium sized firms	50 Million USD to 1 Billion USD
Large sized firms	1 Billion USD and above

Table 3.1: Company Sizes Based on Revenue

3.7.5 Sampling Procedure

The sampling technique used was simple random sampling for identifying key account managers. The simple random sampling technique was found suitable for this study as it gives a representative picture of the population since each element in the sample has an equal chance of being selected. The respondents selected for Behavioral Event Interviews and Pilot Study are based on the convenience of the researcher. The researcher has covered mid-size and large IT Service companies.

3.7.6 Sample Size

Since the population size is finite and unknown, sample size was determined by following method.

$$\text{Sample size} = (Z\text{-score})^2 * \text{Std Dev} * (1 - \text{StdDev}) / (\text{margin of error})^2$$

Here we assume 95% confidence level, 0.5 standard deviation and a margin of error (confidence interval) of +-10%

$$(1.96 * 1.96) * 0.5 * 0.5 / (0.10 * 0.10)$$

96 respondents are needed.

As a buffer, 100 respondents were considered. The researcher had sent 100 Questionnaires using various methods like email, and personal contact. Some were un-answered or were incomplete making them invalid responses. The actual number of valid responses collected are 59.

From large size IT firms, there were 25 completely filled questionnaires by Key Account Managers, whereas from medium size IT firms, there were 34 completely filled questionnaires by Key Account Managers.

	Total number of companies in Pune	Number of companies to whom questionnaire was sent	Number of companies from whom response was received	Total number of questionnaires sent	Total number of responses received
Large companies	11	9	9	36	25
Medium Companies	60	40	25	64	34
Total	71	49	34	100	59

Table 3.2: Number of Responses Received

3.8 Data Collection

3.8.1 Secondary Data Collection

The basis of understanding the topic better was secondary research. Secondary data was available in various forms as follows:

1. Books
2. Research journals and magazines
3. White papers from different universities as well as practitioners
4. Internet articles
5. Relevant Websites – NASSCOM and ibef.org
6. Seminars and Conferences proceedings
7. Company websites
8. Business magazines and industry reports

3.8.2 Primary Data Collection

The main method of data collection was primary data collection. This was done in two ways:

1. Qualitative data collection through Behavioral event interviews.
2. Quantitative data collection through survey by circulating questionnaires. This was done through email and personal interaction.

3.8.3 Qualitative Data Collection

Qualitative data was collected for concepts where a deep understanding of the topic was required and where only quantitative type questions would not do justice to the information required to be collected. This was done for understanding if there are any additional critical success factors apart from the ones derived from the literature review.

The behavioral event interview technique was used to collect qualitative information. This was analyzed based on the method used for Behavioral event interview. Additional three critical factors identified were then added to the previous success

factors for development of hypothesis. The technique of BEI is elaborated in the next part.

3.8.3.1 Behavioral Event Interviews (BEI)

A sample of 10 Key Account Manager's was taken for in-depth interviews to get a more rounded picture of critical factors and dig deeper into the issues and challenges faced by managers.

Behavioral Event Interview method technique was pioneered by Flanagan (1954). It is based on the premise that a few critical incidents in the life of the interviewer will provide accurate evidence of the interviewee's competence.

BEI interviews are biographical interviews and are based on the assumption that:

- a) The patterns of behavior and motivation remain fairly constant over time.
- b) The individual's approach to critical incidences is not situation specific, but is based on personal values, attitudes and beliefs.
- c) Individual behavior in non- work situations may have parallels with work performance and can provide the basis for predicting performance in work areas.
- d) BEI is a structured biographical interview.

References (as quoted by Marchbank T. Beard "The use of biographical Interviews and questionnaires in Development centres : Realizing the potential of your employees through assessment and development" Lee, G and BeardD(ed)Mcgraw-Hill Training Series).

3.8.3.2 Methodology of Behavioral Event Interview (BEI)

The behavioral event interviews were based on questions which were asked to determine specific behaviors of respondents related to an important challenging event in their careers while playing their role as key account manager.

- a. The BEI methodology was used to conduct 10 interviews of senior Key Account Managers
- b. These managers had experience of 10-20 years in this role.
- c. These interviews lasted between 1-2 hours each.

- d. Respondents were asked a question to narrate a critical incident. The interviewer gently probed into the situation described by the respondent and collected information in four stages: Doing, Saying, Feeling, Thinking.
- e. Questions were asked on how a difficult situation where a lot of firefighting was involved was managed, and what steps were taken for resolution. For e.g, a manager was on the verge of losing his key account which was one of the biggest accounts in the company. The entire process of how the problem was resolved and how the account was retained was recorded and interpreted later.

The behavioral interviews were structured as follows:

- a) **Introduction:** The purpose of this section was:
 - a. To develop a rapport with the interviewee.
 - b. It also set up clear expectations about the process and scope of the interviewee so that he could provide the details provided in the interview.
- b) **Trigger:** The purpose of this part was:
 - a. To make the candidate recollect the critical event among the events that came to his mind.
 - b. To judge whether the event had the characteristics of the event solicited by the trigger.
 - c. To give an opportunity to the candidate to change the event in case the interviewer thought that the event did not meet the characteristics sought by the trigger.
- c) **Structure of the event.** The purpose of this section was:
 - a. To get a clear outline of the event the interviewee was going to speak about.
 - b. To get from the interviewee the start of the event for him or her involvement in the event and the end of the event or the end of the involvement.
 - c. To divide the event into logical /critical and chronological sub stages between the start and end of the event.
 - d. To create the skeleton for probing.

- d) **Probing and details of the event:** The purpose of this section was:
 - a. To get the details of the event.
 - b. To understand the nature of the interviewee's involvement in the event.
 - c. To probe the thoughts, feelings and actions of the interviewee during the course of the event.
 - d. To live the event with the interviewee.
- e) **Closure of the interview:** The purpose of this section was:
 - a. To give an opportunity to the interviewee to add anything related to the event that has been missed out.
 - b. To thank the interviewee and to close the interview.

This gave insight into the competencies and behaviors which were demonstrated by the respondent in real situation at the workplace. Unlike other types of interviews, BEI takes the respondent back to his concrete experience that had happened in the past. Therefore, the competencies are in actual behavior rather than reported or generalized descriptions. After this, analysis was made from the behavioral data collected to label various competencies based on observed behaviors. This method allows the interviewer to collect information with less bias as the respondent is not exactly aware as to what is being judged.

3.8.4 Quantitative Data Collection

Quantitative data was collected to confirm and get more understanding about the topic and validate the hypothesis. Data was collected by using questionnaire as a tool.

A questionnaire was made which incorporated five critical factors and six sections and a pilot survey of a small number of respondents was conducted. Some changes were made to make the questionnaire easily understandable. A four point Likert scale has been used and ranking questions have also been framed in certain cases.

3.8.4.1 Pilot study

Ten respondents were selected for a pilot study. The first questionnaire had 6 sections. Different types of questions were designed for different sections as per requirement. The pilot study provided some very valuable inputs and changes were made in the questionnaire as follows:

- Two more sections were added and instead of 6 sections, the final questionnaire had 8 sections.
- Some questions were rephrased and some statements which were difficult to follow were also changed.
- The researcher realized that some jargon which is used regularly in the IT industry should be used to make it easily understandable to the managers. This was used to give more clarity to the respondents and get more accuracy in data collection.

3.8.4.2 Reliability Testing

The Cronbach Alpha Reliability test was used to check the consistency of the questionnaire. This test measures Reliability or internal consistency. A Reliability coefficient of 0.70 or higher is considered "acceptable". PART A consists of "Personal and Company Information" and Part H is the ranking of critical success factors.

Section	Cronbach Alpha
PART B	0.6952
PART C	0.7413
PART D	0.7921
PART E	0.7125
PART F	0.7267
PART G	0.7421

Table 3.3: Reliability Testing

It can therefore be concluded that the reliability of the questionnaire is good.

3.8.4.3 Development of Final Questionnaire as a tool for Primary Data collection

The final questionnaire was divided into 8 sections as follows:

Part A: Personal and company profile

This section consists of individual details of the Key Account Manager, company details, criteria for classification of key accounts and structure of key account management in the company.

Part B: Strategy

This section covers multiple questions related to strategy like the Key Account Manager's involvement in key account management, understanding of customer strategy, aligning company offerings to customer requirements, the importance of customer success metrics etc.

Part C: Customer understanding and understanding ecosystem:

This section covers questions relating to customer understanding – understanding of his business and ecosystem, customer Key Result Areas and success factors, understanding of customer competition, understanding his buying cycle and CXO level priorities.

Part D: Team dynamics and relationship with team members

This section covers questions related to internal team dynamics, relationship with team members, attrition control and details regarding escalation and crisis management.

Part E Relationship with top management(support)

This section covers factors related to the Key Account Manager's relationship with top management and their involvement in helping drive Key Account Management strategy.

Part F: Relationship with client organization

This section covers factors related to the Key Account Managers relationship with the client organization across levels and understanding of key decision makers in the client organization.

Part G: Individual skills

This section covers factors related to the individual skills of the account manager.

Part H: Overall ranking of critical factors

This section was used to identify the most critical factor among the above six factors.

3.9 Data Analysis

3.9.1 Introduction to the Wilcoxon Signed Rank Test

The Wilcoxon Signed Rank Test was considered to be the best suited and was used for hypothesis testing.

The Wilcoxon Signed Rank Test is an example of a non-parametric test for ordinal data like a Likert scale. This test does not require any assumption about an underlying normal distribution. The assumption made in the Wilcoxon Signed Rank test is that the variable being tested is symmetrically distributed about the median, which would also be the mean.

The Wilcoxon Signed Rank Test can be used for

1. *Single sample*
2. *Paired Data*
3. *Comparison of two unrelated samples*

This test is similar to the Mann-Whitney test.

Steps to use the test

The Wilcoxon signed-rank test is a popular, nonparametric substitute for the t-test. It assumes that the data follow a symmetric distribution. The test is computed using the following steps.

1. Subtract the hypothesized mean, from each data value. Rank the values according to their absolute values.
2. Compute the sum of the positive ranks S_p and the sum of the negative ranks S_n . The test statistic is the minimum of S_p and S_n .
3. Compute the mean and standard deviation of W_r using the formulas.
4. Compute the z-value

The significance of the test statistic is determined by computing the p-value using the standard normal distribution. If this p-value is less than a specified level (usually 0.05), the null hypothesis is rejected in favour of the alternative hypothesis. Otherwise, no conclusion can be reached.

3.9.2 Pearson Correlation coefficient test

The Pearson Correlation Coefficient test was used to measure the correlation between 2 variables. It is the best method of measuring association between two variables and is based on the method of co-variance.

It gives a correlation coefficient between -1 and +1. A coefficient of +1 indicates a perfect positive correlation. A coefficient of -1 indicates a perfect negative correlation. A coefficient of 0 indicates no correlation.

Furthermore, frequency tables, pie-charts and graphs have also been used for statistical data analysis.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

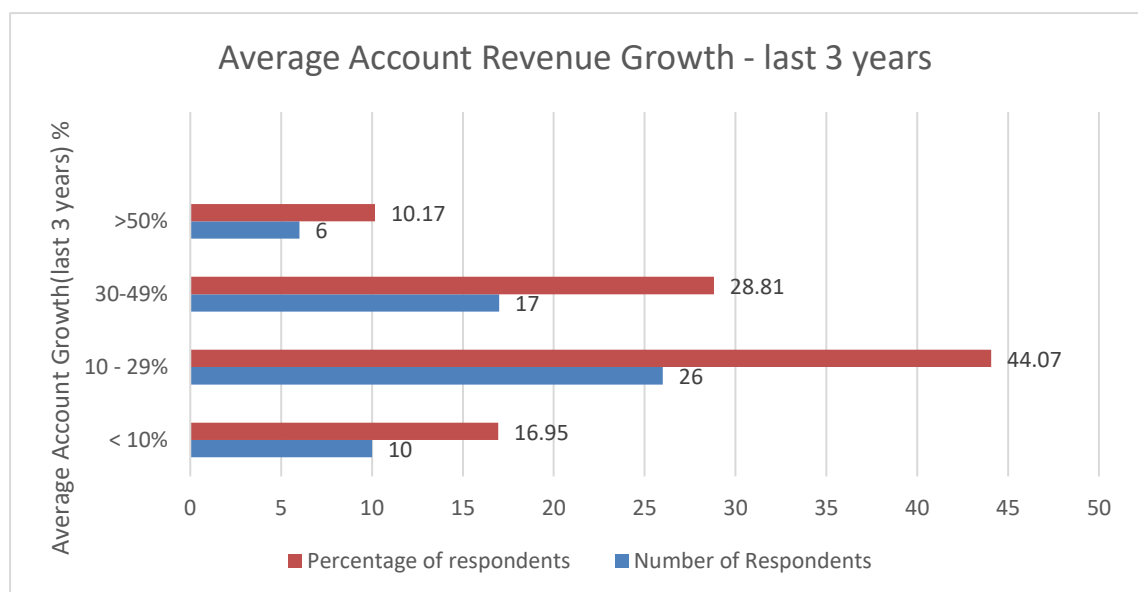
This chapter covers the data analysis, findings and interpretation of this research. Data analysis is an important part of this research. Raw data was converted into meaningful insights through this step. Data has been analysed using different statistical techniques like SPSS and Excel and is presented below.

4.2 PART A: Personal and Company Profile

a) **Percentage growth in overall account revenues per annum over last three years:**

Average Percent Growth per annum	Number of Respondents	% Respondents
Less than 10	10	16.95
10-29	26	44.07
30-49	17	28.81
Greater than 50	6	10.17

Table 4.1: Average % growth



Graph 4.1: Average Account Revenue Growth (Last 3 years)

Analysis and Interpretation

A majority of the respondents (44.07%) had average account growth between 10-29% followed by 28.81% respondents having account growth of between 30-49%.

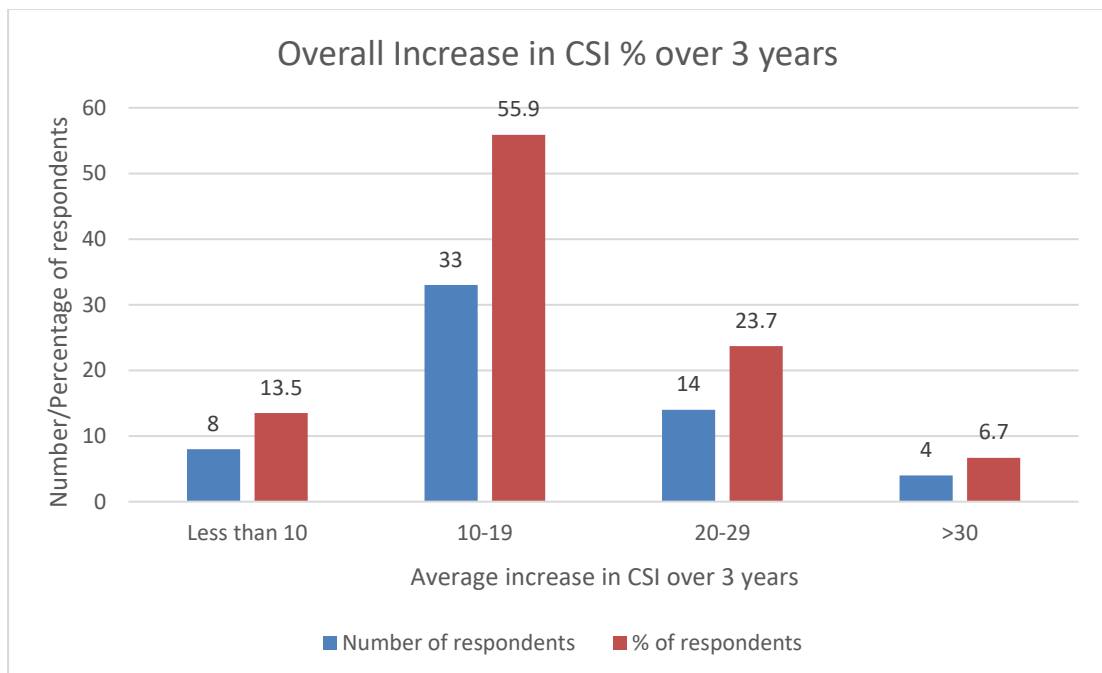
10.17% respondents had a high account growth more than 50% and 16.95% had an account growth less than 10%.

Given the fact that IT companies growth is less than 10%, this shows that Key Account Management results in better performance of accounts.

b) Overall % Increase in CSI (Customer Satisfaction Index) over past 3 years

% increase in CSI	Number of Respondents	% Respondents
Less than 10	8	13.5
10-19	33	55.9
20-29	14	23.7
>30	4	6.7

Table 4.2: Overall increase in CSI in last 3 years



Graph 4.2: Average Increase in CSI % over 3 years

Analysis and Interpretation

Different companies use different scales for measuring Customer satisfaction. This question measures the % increase in Customer satisfaction over 3 years.

A majority of the respondents (55.9%) had CSI increase between 10-19% followed by 23.37% respondents having CSI increase between 20-29%.

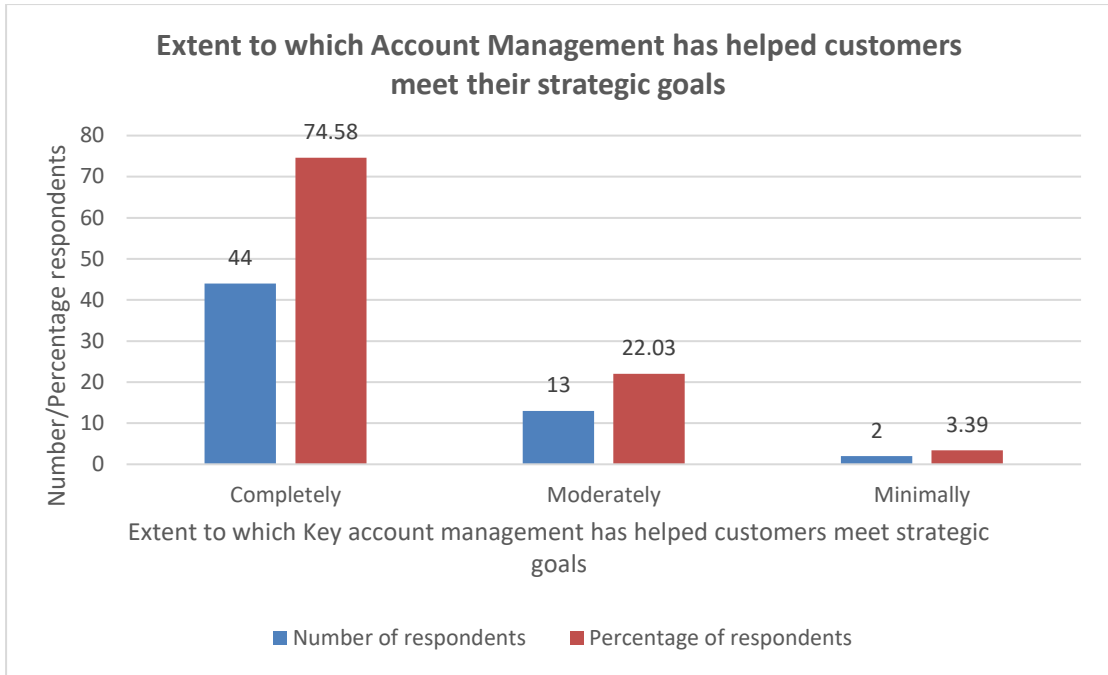
Only 6.7% respondents had a CSI increase more than 30% and 13.5% had a CSI increase less than 10%.

Respondents with large CSI have managed accounts which had very low CSI to start with and Key Account Management helped them increase CSI and stabilise that account.

c) To what extent has efforts of Account Management helped customers meet their strategic goals

	Number of Respondents	% Respondents
Completely	44	74.58
Moderately	13	22.03
Minimally	2	3.39
Total	59	100

Table 4.3: Account management helping customers meet strategic goals



Graph 4.3: Extent to which Key Account Management has helped customers meet their strategic goals

Analysis and Interpretation

This question was meant to get feedback from the respondents on the extent to which they feel Key Account Management helped customers meet strategic goals.

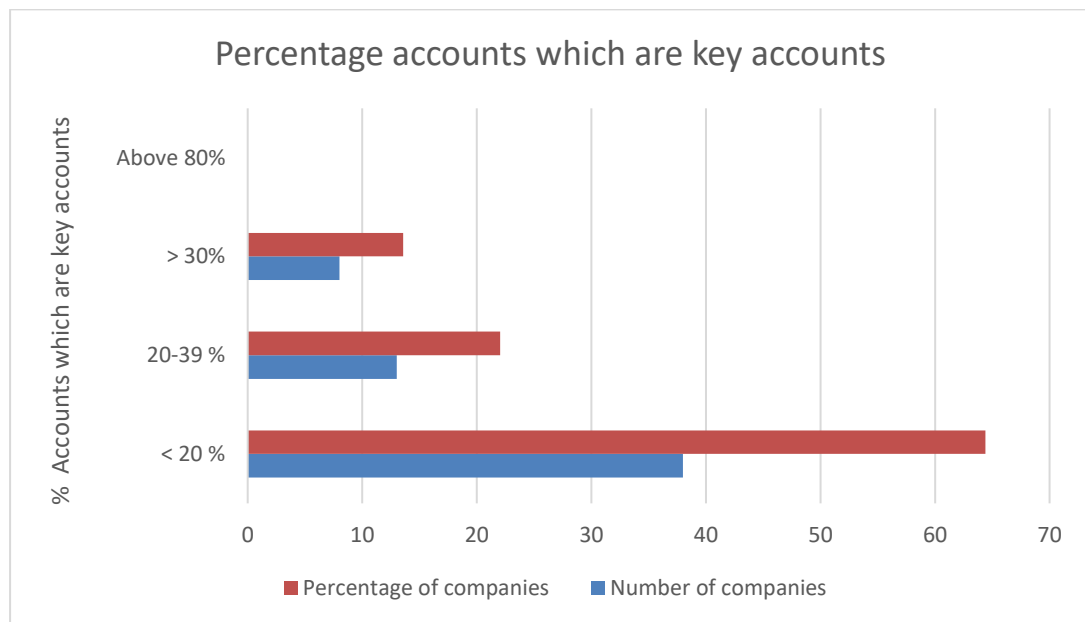
A majority of the respondents (74.58%) felt that Key Account Management had ‘Completely’ helped customers meet their strategic goals followed by 22.03% respondents feeling that this had helped customers “Moderately” meet their strategic goals.

This is important as most KAMs feel that Key Account Management is providing a huge value add to their customers and helping them meet their goals.

d) Percentage of accounts which are key accounts

% Accounts which are key	Number of Companies	% Companies
<20%	38	64.40
20-39%	13	22.03
>30%	8	13.56
Total	59	100

Table 4.4 : Percentage accounts which are key accounts



Graph 4.4: Percentage of accounts which are Key Accounts

Analysis and Interpretation

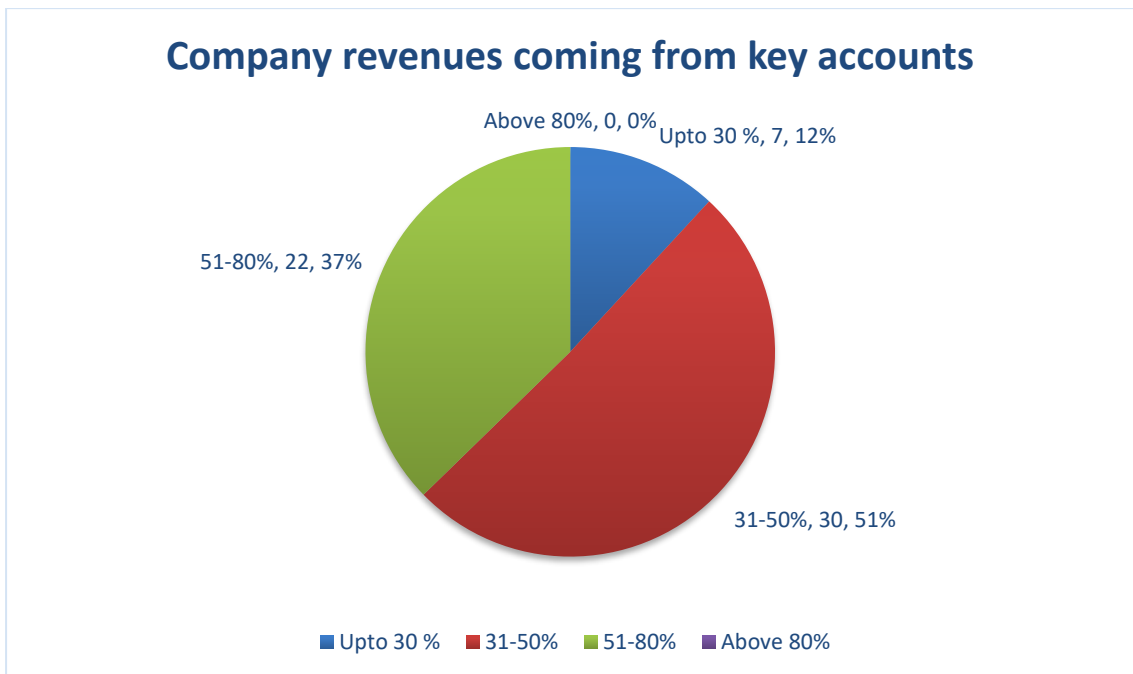
Two third of the respondents (64.4%) said that less than 20% of the companies' accounts were designated as Key Accounts whereas for 22.03% respondents, 20-39% accounts were designated for Key accounts. Only 13.56% respondents had more than 30% accounts designated as key accounts.

It is observed that small percentage of accounts are designated as key accounts in majority companies. Having too many key accounts or a large percentage of accounts designated as key accounts would defeat the very purpose of having a Key Account Management program as a lot of focus and effort across the organization is spent on these accounts.

e) How much of the Company Revenues comes from Key Accounts?

% Revenues from key accounts	Number of Companies	% Companies
Up to 30%	7	11.86
31 to 50 %	30	50.85
51 to 80%	22	37.29
Above 80%	0	0
Total	59	100

Table 4.5: Company revenues from key accounts



Graph 4.5: Company revenues from key accounts

Analysis and Interpretation

Half the respondents (50.85%) said that 31-50% of revenue for the company comes from key accounts. 37% respondents said that 51-80% revenue comes from key accounts. Only 11.86% respondents had up to 30% revenue coming from key accounts with no one having more than 80% revenues from key accounts.

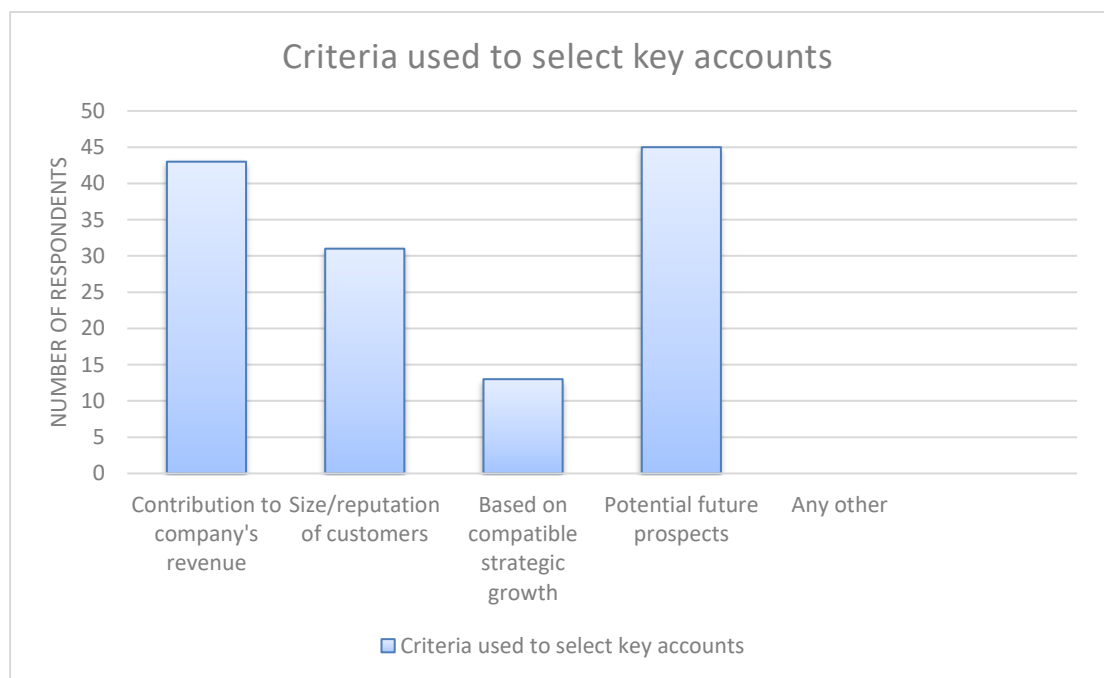
It is observed that a very high percentage of company revenues come from key accounts. This is in line with the industry norms where around 50% revenue comes

from top 10 accounts. Knowing who your key customers are and their growth trajectory is key for a KAM and the company.

f) What is the criteria used in your company to classify the customer/client as a key account?

Criteria used to select key accounts	Number of Respondents
Contribution to company’s revenue	43
Size/reputation of customer	31
Based on compatible strategic growth	13
Potential future prospects	45
Any Other	0

Table 4.6: Criteria to select key accounts



Graph 4.6: Criteria used to select key accounts

Analysis and Interpretation

This section covers the criteria used by companies to decide whether an account is a Key account. There are multiple criteria (as described in Chapter 1) which different companies use to decide on key accounts.

In this survey, the top 2 criteria were “Potential future prospects” and “Contribution to company revenue”.

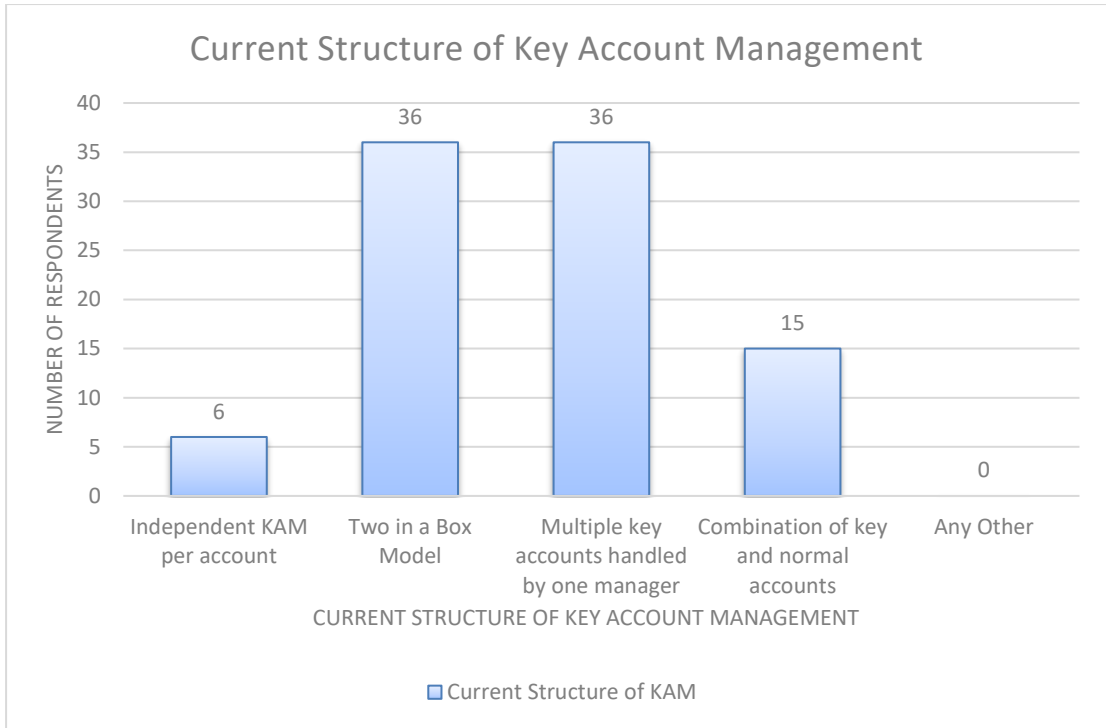
Selecting customers whose potential for growth is high as Key customers topped the list with 45 respondents saying that this is a key criterion.

Current contribution to company revenue is a criterion which 43 respondents said was the basis for key account selection. Data reflects that companies have to focus on customers whose current contribution to revenue is high.

g) Please specify the current Structure of Key Account Management in the company

Key Account Management Structure	Number of Respondents
Independent key account manager per account	6
Two in a Box model	36
Multiple key accounts handled by one manager	36
Combination of key accounts and normal accounts	15
Any Other	0

Table 4.7 : Current structure of key account management



Graph 4.7: Current Structure of Key Account Management

Analysis and Interpretation

Different companies use different Key Account Management structures depending on their needs. This section covers the Key Account Management structure used by companies. Companies also sometimes use multiple structures together.

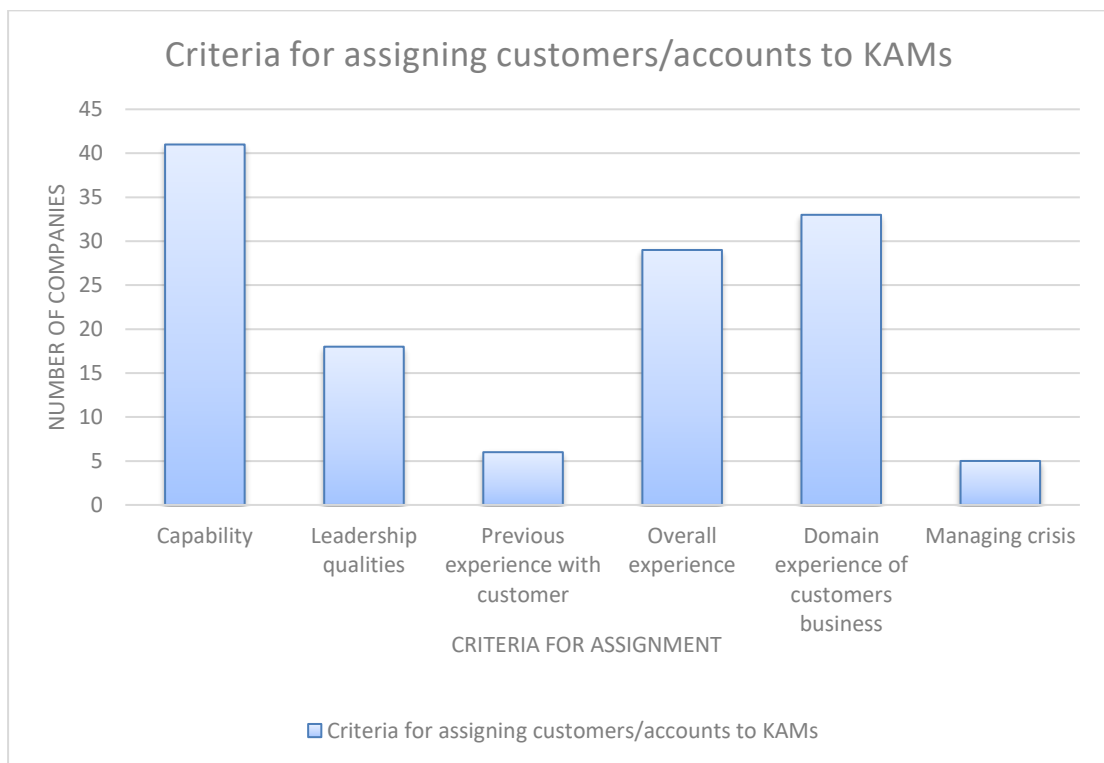
The two most popular structures used were the “Two in a Box Model” and “Multiple Key accounts handled by one manager” both with 36 responses. This was followed by 15 respondents saying that they had KAMs manage a mixture of accounts followed by only 6 respondents saying that they had a dedicated KAM per account.

“Two in a Box Model” means that there are two KAMs who manage the account together – one is at the customer site and one is at the company site.

h) What is the criteria for assigning customers/accounts to Key Account Managers

Criteria for assigning accounts to Key Account Managers	Number of Companies
Capability	41
Leadership Qualities	18
Previous experience with customer	6
Overall experience	29
Domain knowledge about customer business	33
Managing crisis	5

Table 4.8: Criteria for assigning customers/accounts to KAMs



Graph 4.8: Criteria for assigning customers/accounts to KAM

Analysis and Interpretation

This section talks about the criteria used by companies to assign KAMs to key accounts. Respondents chose one or more criteria which were used by the companies to select KAMs.

The top 2 responses were Capability (41 respondents) and Domain Knowledge (33 respondents). This was followed by Overall Experience (29) and Leadership Qualities (18 respondents). Data shows that “previous experience with customer” and “managing crisis” were the two least used criteria. Managing crisis is a minimal requirement for KAM role and having previous experience with the customer can work both ways (in terms of bringing in new ideas).

(Additional Correlation AI) Correlation between “How much Account Management has helped customers meet their strategic goals” and “Average Increase in CSI”:

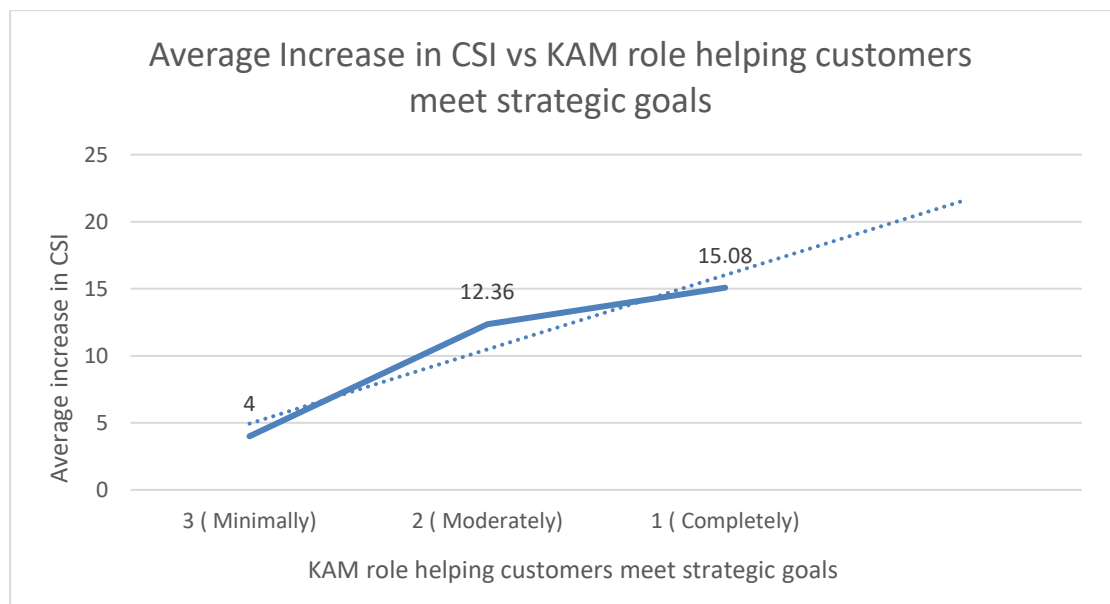
How much has account management helped customers meet strategic goals	Average increase in CSI
1 (Completely)	15.08
2 (Moderately)	12.36
3 (Minimally)	4

Table 4.9: Average Increase in CSI vs KAM role helping customers meet strategic goals

Test used : Pearson’s Correlation

Pearson’s Correlation Coefficient = 0.98.

This shows that there is a strong positive correlation between the two variables.



Graph 4.9: Avg Increase in CSI vs KAM role helping customers meet strategic goals

Analysis and Interpretation

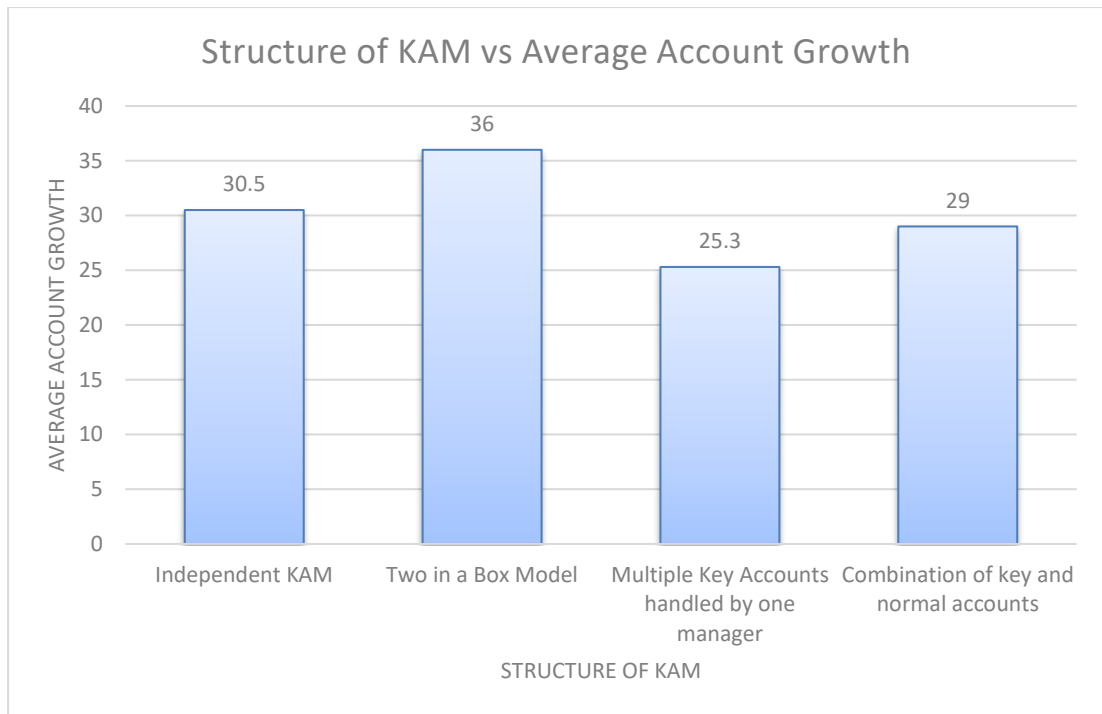
This section had tried to find if there is a strong positive correlation between what respondents feel about KAM role helping customers meet strategic goals vs the actual Average increase in CSI for those respondents.

It is found that the two have a positive correlation and maximum increase in CSI of 15.08% is for customers of the almost 75% respondents who said that the KAM program helped customers meet strategic goals completely followed by a 12.36% increase in CSI for respondents who said that the KAM role helped customers meet their strategic goals moderately.

(Additional Correlation A2) Structure of Key Account Management vs Account Growth:

Structure of Key Account Management	Average Account Growth
Independent KAM	30.5
Two in a Box Model	36
Multiple Key Accounts handled by one manager	25.3
Combination of Key Accounts and normal accounts	29
Any Other	0

Table 4.10: Structure of KAM vs Average Account Growth



Graph 4.10: Structure of KAM vs Average Account Growth

Analysis and Interpretation

This section tries to find out whether there is a correlation between “Average Account Growth” and “Structure of Key Account Management”.

It is found that the maximum average account growth is for the “Two in a Box” model at 36% growth and this is around 13-40 % higher than other models.

(Additional Correlation A3) Correlation between “Average Account Growth % over last 3 years” and “Average Increase in CSI % over last 3 years”:

Test used : Pearson’s Correlation

Pearson’s Correlation Coefficient = 0.54

Analysis and Interpretation

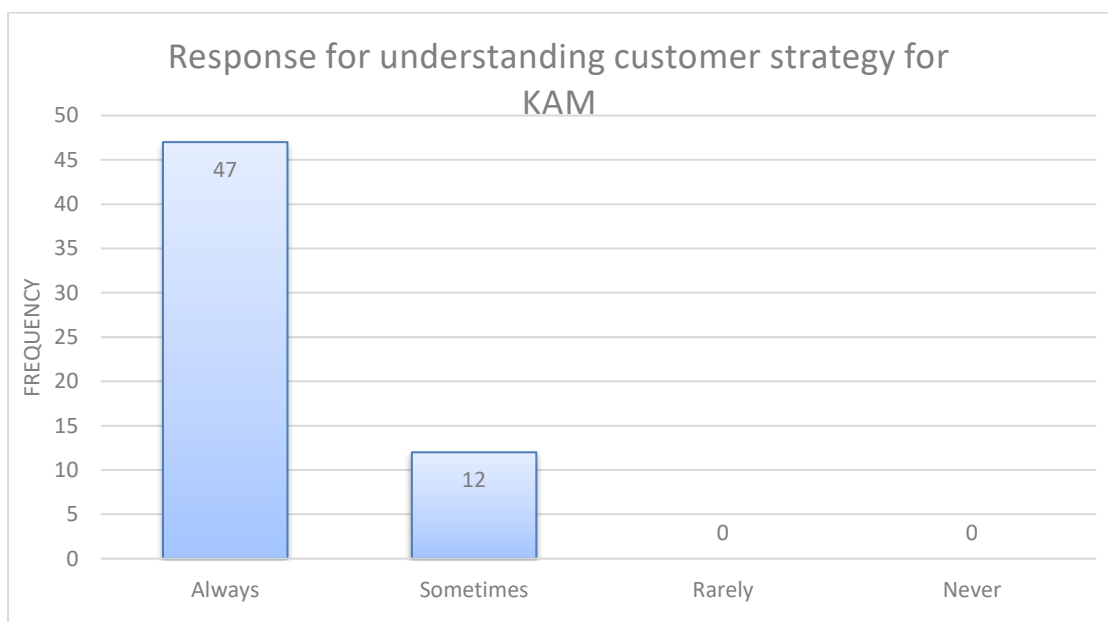
This shows that there is a positive correlation between “Average Account Growth over last 3 years and Average increase in CSI over last 3 years. This shows that happy customers result in better account growth.

4.3 Part B: Strategy

a) Understanding customer strategy is an important area for KAM

Understanding customer strategy	Frequency	Percent	Cumulative Percent
Always	47	79.66	79.66
Sometimes	12	20.34	100
Rarely	0	0	100
Never	0	0	100
Total	59	100	

Table 4.11: Understanding customer strategy



Graph 4.11: Understanding Customer Strategy

Analysis

The above table shows that 79.66% of respondents gave response as “Always”, while 20.34% gave response as “Sometimes”. No respondents gave response as “Rarely” or “Never”.

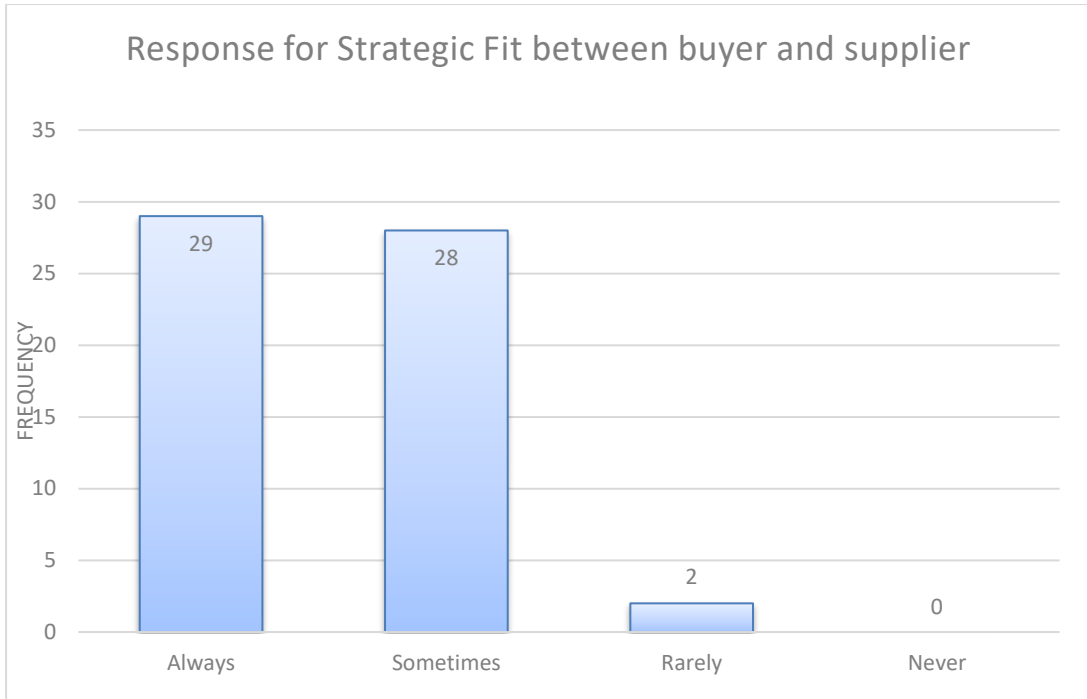
Interpretation

Almost 80% of respondents said that this factor is Always Important. The above data shows that understanding of customer strategy is critical for KAMs success. This allows a Key Account Manager to better service customers and align offerings based on customer strategy

b) A strategic fit between the supplier and buyer enhances the performance of the KAM

Strategic Fit between buyer and supplier	Frequency	Percent	Cumulative Percent
Always	29	49.15	49.15
Sometimes	28	47.46	96.61
Rarely	2	3.39	100
Never	0	0	100
Total	59	100	

Table 4.12: Strategic fit between buyer and supplier



Graph 4.12: Strategic fit between buyer and supplier

Analysis

The above table shows that 49.15% of respondents gave response as “Always”, while 47.46% gave response as “Sometimes” and 3.38% gave response as “Rarely”. No respondents gave response as “Never”.

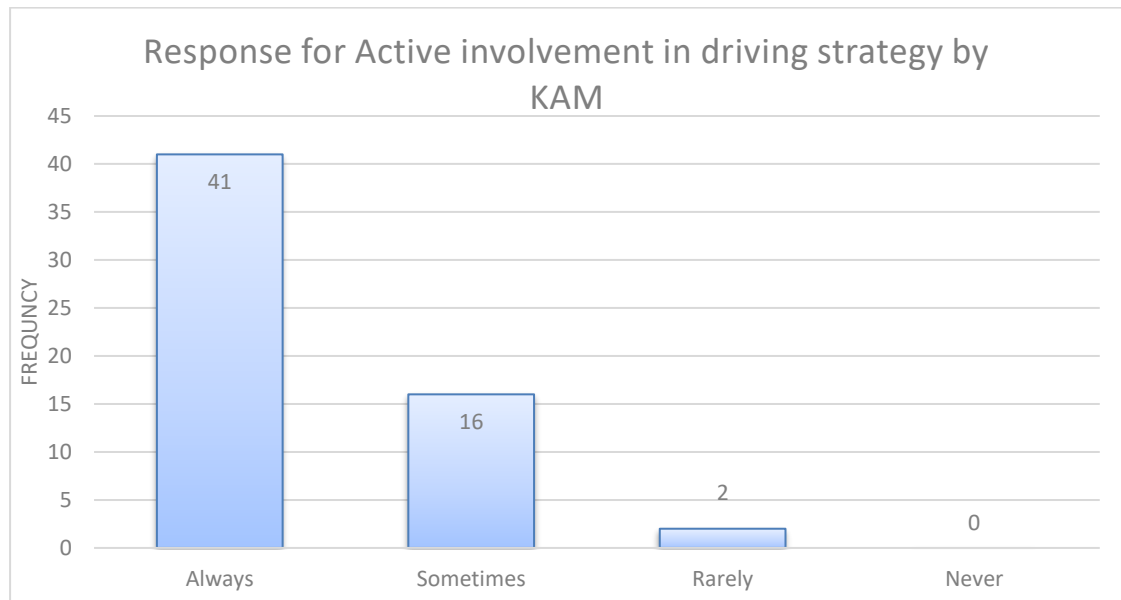
Interpretation

Almost half (49%) of respondents said that this factor is “Always” important and that it is useful to have a strategic fit between supplier and buyer. The other half of respondents (47%) felt that strategic fit will only work “Sometimes” in enhancing performance but since there are only 3% responses for “Rarely” and “Never”, it can be concluded that this factor improves KAM performance. When the goals of both buyer and supplier align, there will be lesser friction and this goal congruence will help in the KAM performing his role more effectively.

c) Active involvement in driving strategy helps the KAM to play his role successfully

Active involvement in driving strategy	Frequency	Percent	Cumulative Percent
Always	41	69.49	69.49
Sometimes	16	27.12	96.61
Rarely	2	3.39	100
Never	0	0	100
Total	59	100	

Table 4.13: Active Involvement in Driving Strategy by KAM



Graph 4.13: Active Involvement in Driving Strategy by KAM

Analysis

The above table shows that 69.49% of respondents gave response as “Always”, 27.11% gave response as “Sometimes” and 3.39% gave response as “Rarely”. No respondents gave response as “Never”.

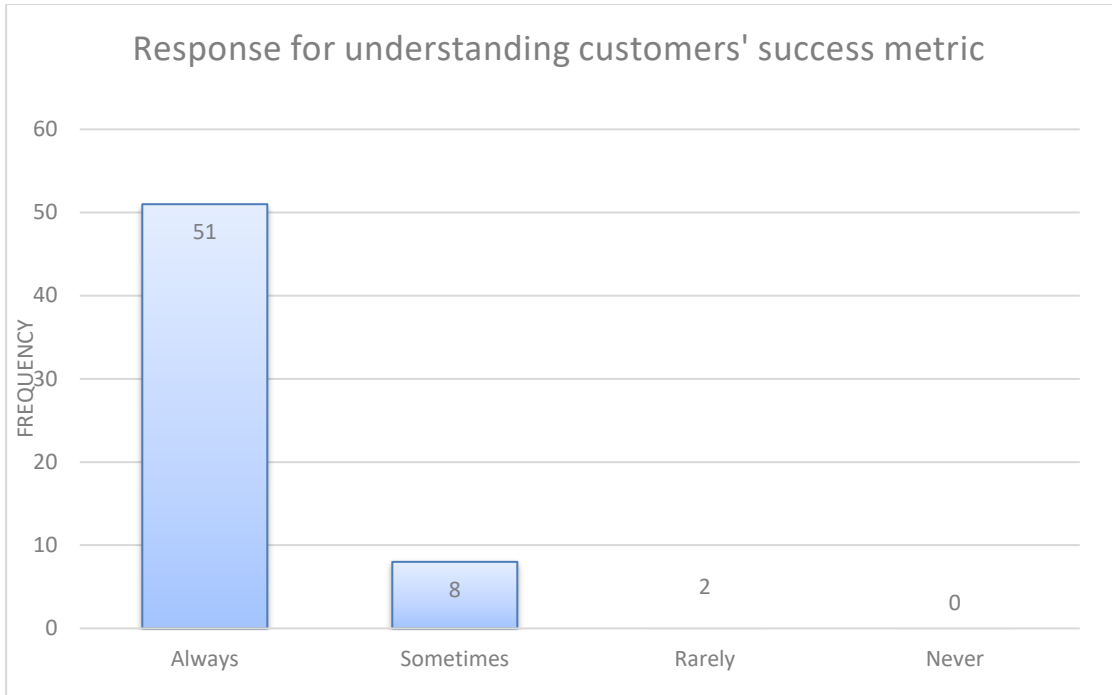
Interpretation

There was an overwhelming consensus of 70% respondents that the KAM should “Always” play an active role in driving account strategy. This helps a KAM own his accounts and develop a better understanding of the account. Having the KAM play an active role is a better strategy as seen from the above responses since there is an increased feeling of ownership and accountability towards organization and client.

d) Understanding the success metrics of customers is important for KAM success

Understanding customers success metric	Frequency	Percent	Cumulative Percent
Always	51	86.44	86.44
Sometimes	8	13.56	100
Rarely	0	0	100
Never	0	0	100
Total	59	100	

Table 4.14: Understanding customers’ success metric



Graph 4.14: Understanding customers' success metric

Analysis

The above table shows that 86.44% of respondents gave response as “Always” while 13.56% gave response as “Sometimes”.

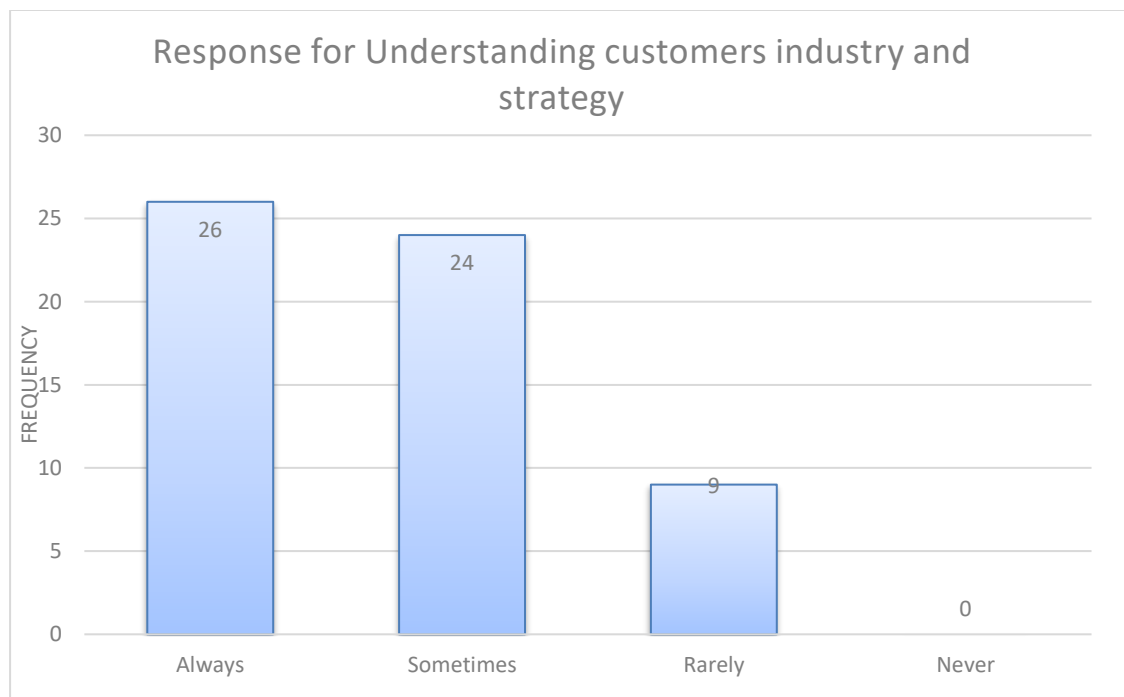
Interpretation

It is seen from the above data that understanding the customers success metrics is very important for the KAM as the KAM has to align his thinking along the same lines and offer service accordingly. Different customers can have different success metrics – for some, it might be gaining market share, for some it might be getting a new product off the ground, for some it might be reducing costs etc..

e) Understanding customers' industry and strategy is a crucial factor for the KAM's success

Understanding customers industry and strategy	Frequency	Percent	Cumulative Percent
Always	26	44.07	44.07
Sometimes	24	40.68	84.75
Rarely	9	15.25	100
Never	0	0	100
Total	59	100	

Table 4.15: Understanding customers' industry and strategy



Graph 4.15: Understanding customers' industry and strategy

Analysis

The above table shows that 44.06% of respondents gave response as “Always”, 40.67% gave response as “Sometimes” and 15.26% gave response as “Rarely”. No respondents gave response as “Never”.

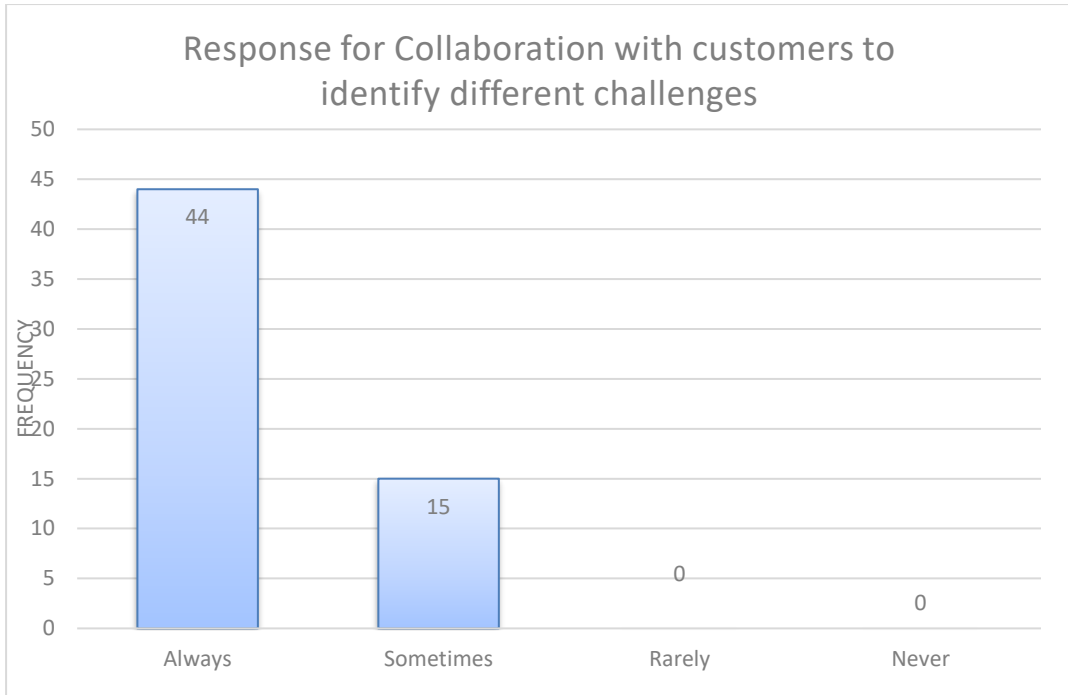
Interpretation

The above data shows that it is useful for a KAM to have a complete understanding of the customer strategy – the industry the customer is in, the roadmap, future trends and developments, market dynamics, competition in various markets. An understanding of these factors would enable a KAM to become an active participant in the customer’s strategy and help the customer achieve goals. A slightly smaller portion of respondents however, also felt that this is sometimes necessary and not always a factor which will guarantee effective performance.

f) Collaboration with the customers to help identify different business challenges contributes to effectively playing the role of KAM

Collaboration with customers to identify different challenges	Frequency	Percent	Cumulative Percent
Always	44	74.58	74.58
Sometimes	15	25.42	100
Rarely	0	0	100
Never	0	0	100
Total	59	100	

Table 4.16: Collaboration with customers to identify different challenges



Graph 4.16: Collaboration with customers to identify different challenges

Analysis

The above table shows that 74.57% of respondents gave response as “Always” while the remaining 25.42% gave response as “Sometimes”. No respondents gave response as “Rarely” or “Never”.

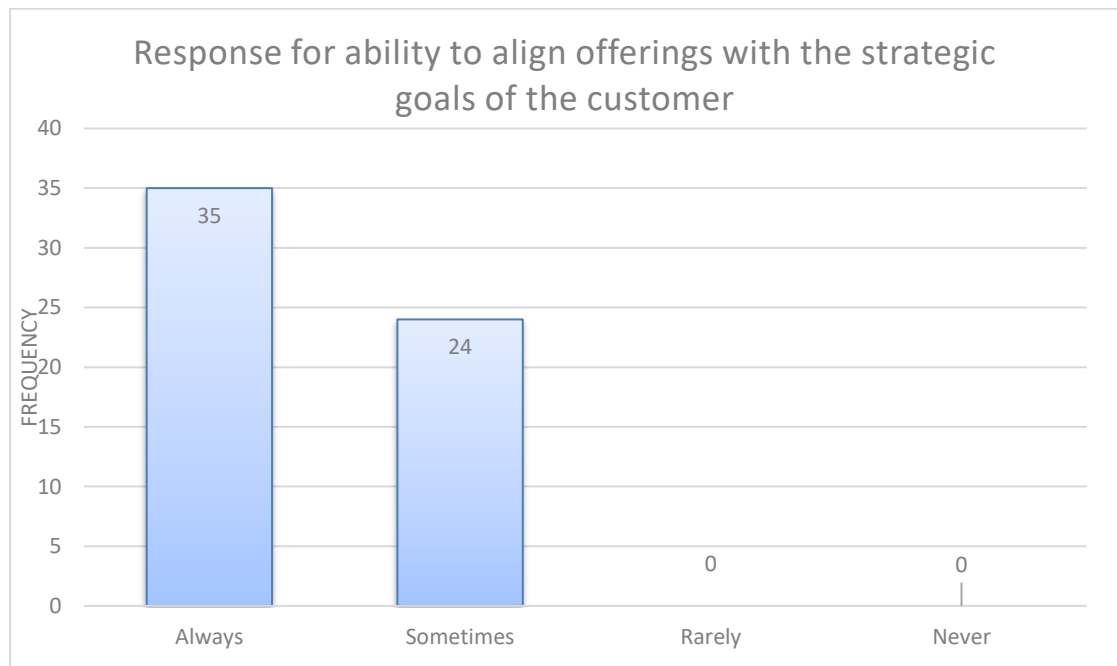
Interpretation

The above data shows that it is critical for the KAM to collaborate with customers continuously to understand their business challenges which might be different at different points of time in a relationship with 75% respondents stating that this will help KAM play his role more effectively. This is an integral part of being a partner and servicing customers based on these challenges. A customer would tend to have an increased dependency on partners/vendors who understand his challenges and can help in resolution of those challenges.

g) KAM’s ability to align offerings with the strategic goals of the customers contributes to success

Ability to align offerings with the strategic goals of the customer	Frequency	Percent	Cumulative Percent
Always	35	59.32	59.32
Sometimes	24	40.68	100
Rarely	0	0	100
Never	0	0	100
Total	59	100	

Table 4.17: Ability to align offerings with strategic goals of customer



Graph 4.17: Ability to align offerings with strategic goals of customer

Analysis

The above table shows that 59.32% of respondents gave response as “Always” while the remaining 40.67% gave response as “Sometimes”. No respondents gave response as “Rarely” or “Never”.

Interpretation

This shows that it is important for the KAM to align offerings with the strategic goals of the customer. A customer would be more willing to buy/invest in offerings which are aligned to the customer's strategic goals. For example, if a customer wants to cloudify his product or come up with a mobile version of the product in the future, positioning these relevant offerings would help a KAM win business.

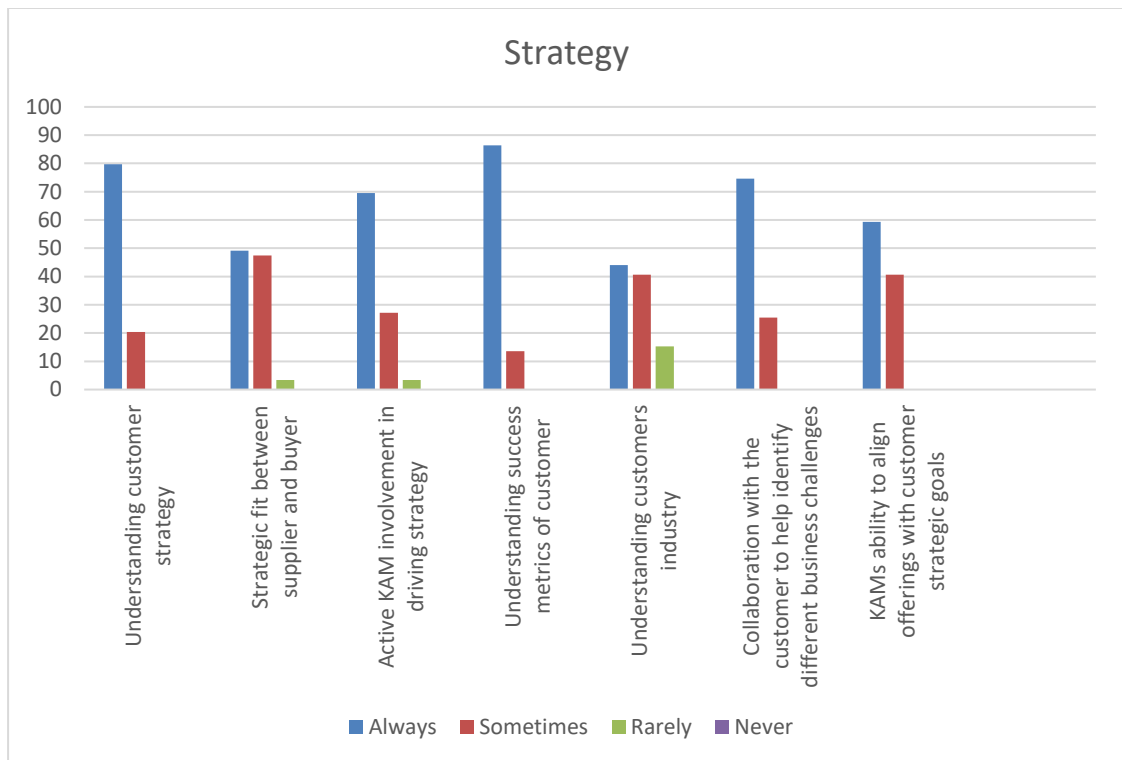
(Additional Table B1) Section Summary Table: Strategy

Sr.No	Statements	Always%	Sometimes %	Rarely %	Never %
1	Understanding customer strategy is an important area for KAM	79.66	20.34	0	0
2	A strategic fit between the supplier and buyer enhances the performance of the KAM	49.15	47.46	3.39	0
3	Active involvement in driving strategy helps the KAM to play his role successfully	69.49	27.12	3.39	0
4	Understanding the success metrics of customers is important for KAM success	86.44	13.56	0	0

5	Understanding customers' industry and strategy is a crucial factor for the KAM's success	44.07	40.68	15.25	0
6	Collaboration with the customers to help identify different business challenges contributes to effectively playing the role of KAM	74.58	25.42	0	0
7	KAM's ability to align offerings with the strategic goals of the customers contributes to success	59.32	40.68	0	0

Table 4.18: Strategy

(Additional Chart B1) Section Summary Chart: Strategy



Graph 4.18: Strategy

Interpretation

From the responses, the top three factors related to “Strategy” which always help in enhancing KAM performance are as follows:

- a. Understanding the success metrics of customers is important for KAM success
- b. Understanding customer strategy is an important area for KAM
- c. Collaboration with the customers to help identify different business challenges contributes to effectively playing the role of KAM

Other factors have a lesser impact in enhancing performance as compared to the above three factors.

HYPOTHESIS TESTING

H_0 : Understanding strategy is not a critical success factor for effective performance of the Key Account Manager.

H_1 : Understanding strategy is a critical success factor for effective performance of the Key Account Manager.

Test used: Wilcoxon Signed Rank Test

Coding: Always:4, Sometimes: 3, Rarely:2, Never:1

Test Summary

Sample size: $n=59$

As sample size $n > 25$, T is approximately normally distributed with mean $n(n+1)/4$ and variance $n(n+1)(2n+1)/24$

Mean = 885

Variance = 17552.5

T=1829

$Z=(T-Mean)/SD = 5.378$

As $Z_{cal} >$ critical value of 1.64 for a 1-tailed test at 5% l.o.s we can reject the null hypothesis

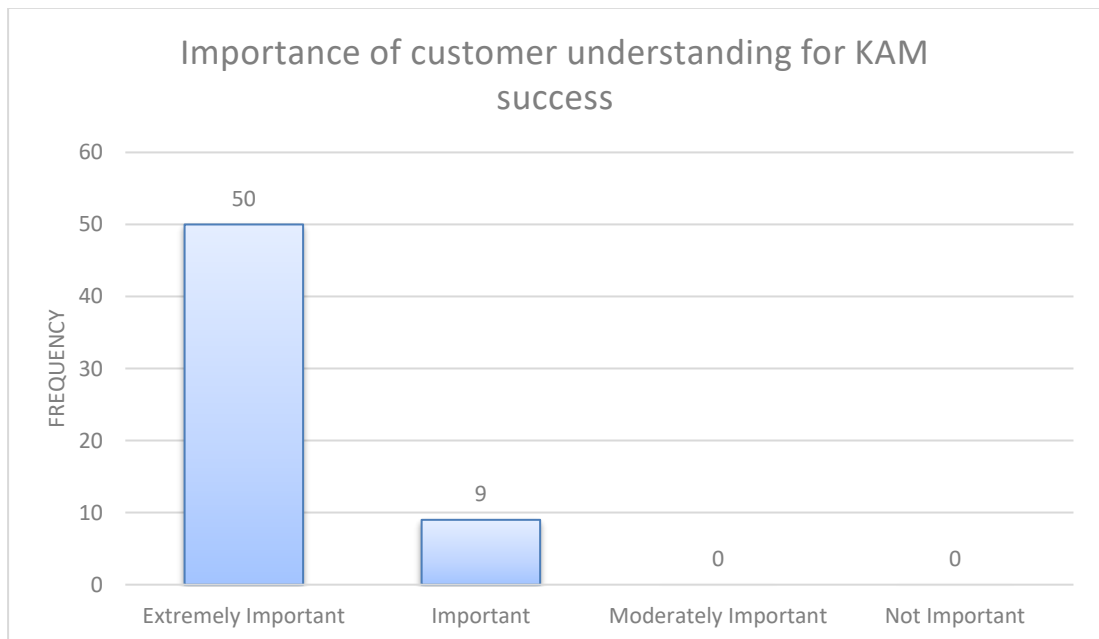
Thus, we can conclude that Understanding strategy is a critical success factor for effective performance of the Key Account Manager.

4.4 Part C : Customer Understanding and understanding ecosystem

a) Importance of customer understanding for KAM success

How important is customer understanding for KAM success	Frequency	Percent	Cumulative Percent
Extremely Important	50	85	85
Important	9	15	100
Moderately Important	0	0	100
Not Important	0	0	100
Total	59	100	

Table 4.19: Importance of Customer Understanding for KAM success



Graph 4.19: Importance of Customer Understanding for KAM success

Analysis

The above table shows that 85% of respondents felt that customer understanding for KAM success is “Extremely Important”, while 15% felt that it is “Important”.

0% felt that this factor is “Moderately Important” or “Not Important”.

Interpretation

100% of respondents said that this factor is Extremely Important or Important.

The above data shows that customer understanding is critical for KAMs success. This includes understanding of the following:

- Understanding of customer’s product mix
- Understanding of technology stack
- Product roadmap
- Competitors
- Internal dynamics
- CXO priorities
- Understand decision makers
- Understand high level KRAs etc.

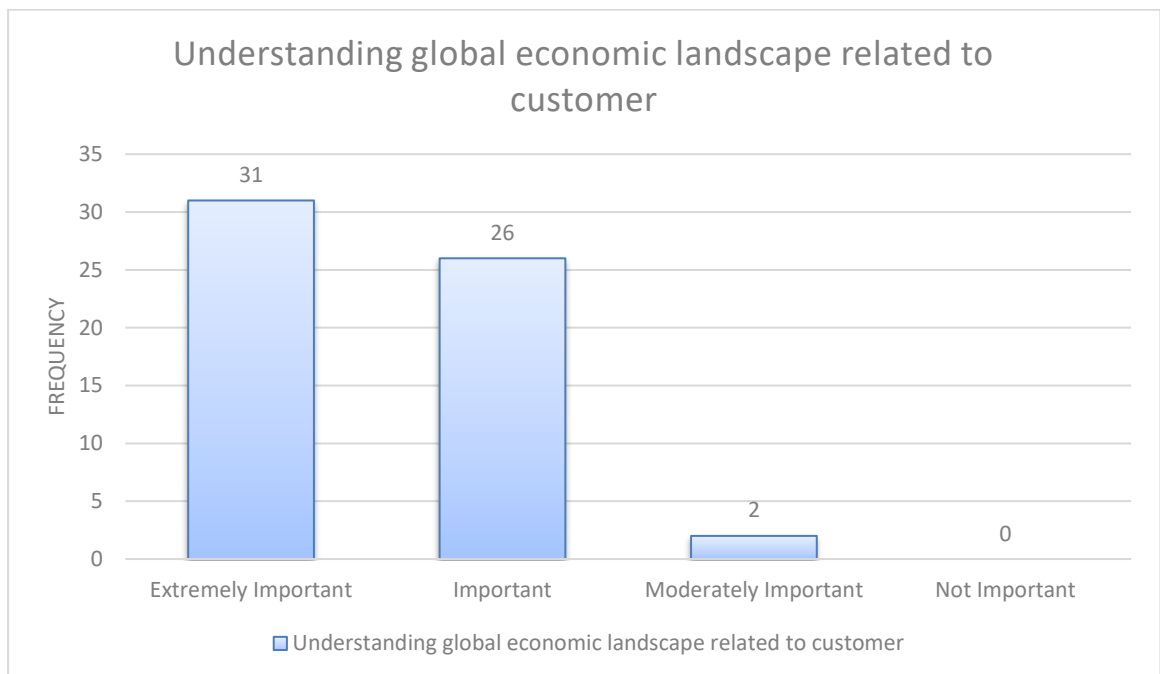
The KAM can then influence and play a role in defining customer product roadmap.

The customer will listen to him more and this forms the basis of a true partnership.

b) How important is understanding the global economic landscape related to the customer?

Understanding customer industry and domain	Frequency	Percent	Cumulative Percent
Extremely Important	31	53	53
Important	26	44	97
Moderately Important	2	3	100
Not Important	0	0	100
Total	59	100	

Table 4.20: Understanding global economic landscape related to customer



Graph 4.20: Understanding global economic landscape related to customer

Analysis

The above table shows that 53% of respondents felt that understanding the global economic landscape related to the customer is “Extremely Important”, 44% felt that this factor is “Important” and 3% felt this is “Moderately Important”. 0% said that this factor is “Not Important”.

Interpretation

Understanding the global economic landscape (overall market trends, product lifecycle, risks, competitors) is an important factor for understanding customer business and for being a successful Key account manager. It is necessary for the manager to understand what stage the product is at in the lifecycle.

c) Rank the importance of following areas for playing the role of the KAM

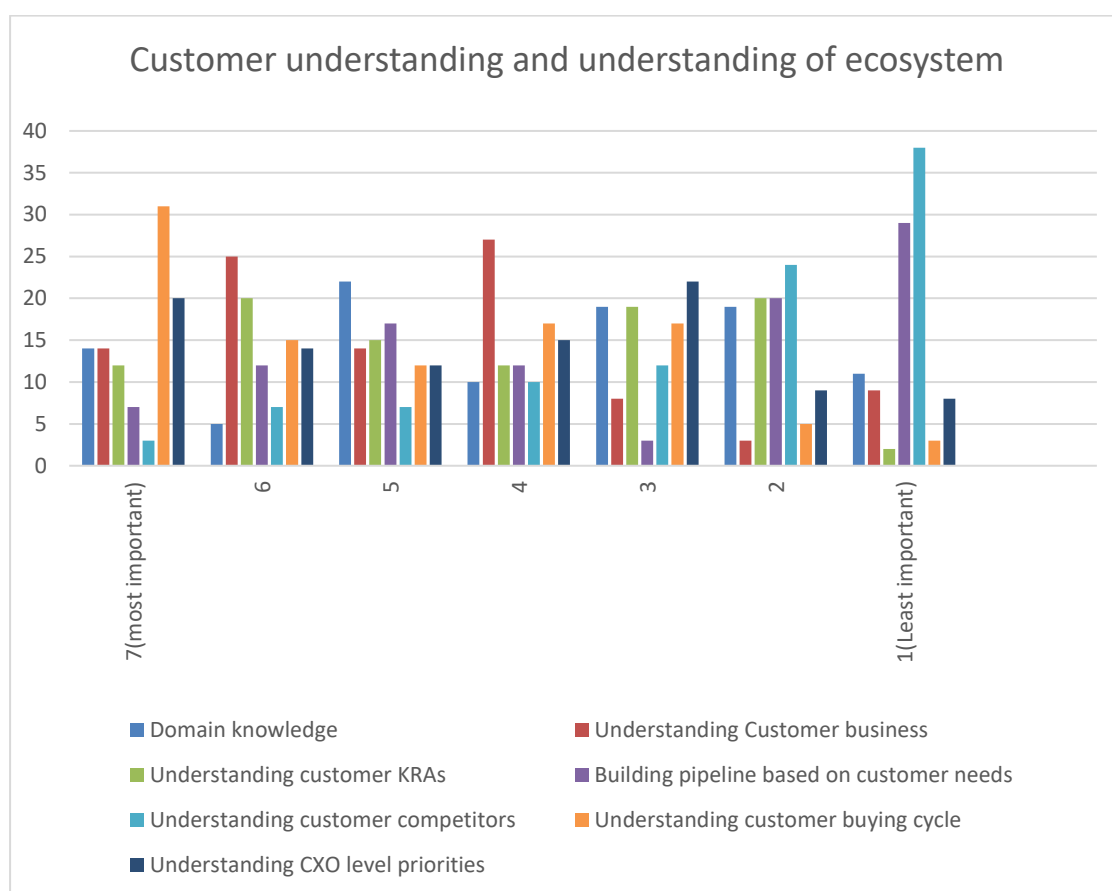
(7= Most Important, 1 = Least Important)

2. Domain knowledge of customers business
3. Customers business (understanding of strategy, focus areas)
4. Customers key result areas (KRA's)/Key success factors
5. Building pipeline based on understanding customer needs
6. Understanding customers competitors
7. Understanding customer buying cycle
8. Understanding CXO level priorities

Rating of Importance (Frequency (%))	Domain Knowledge	Customer business (strategy etc.)	Customer Key success factors / KRAs	Building pipeline based on customer needs	Understanding customer competitors	Understanding buying cycle	Understanding CXO level priorities
7 (Most Important)	8(14)	8(14)	7(12)	4(7)	2(3)	18(31)	12(20)
6	3(5)	15(25)	12(20)	7(12)	4(7)	9(15)	8(14)
5	13(22)	8(14)	9(15)	10(17)	4(7)	7(12)	7(12)
4	6(10)	16(27)	7(12)	7(12)	6(10)	10(17)	9(15)
3	11(19)	5(8)	11(19)	2(3)	7(12)	10(17)	13(22)

2	11(19)	2(3)	12(20)	12(20)	14(24)	3(5)	5(9)
1 (Least Important)	7(12)	5(8)	1(2)	17(29)	22(38)	2(3)	5(9)

Table 4.21: Customer understanding and understanding of ecosystem



Graph 4.21: Customer understanding and understanding of ecosystem

Observations and Interpretation

The top 3 factors in order of importance are as follows

- Understanding customer buying cycle
- Understanding CXO level priorities
- Understanding of Customer business

“Understanding customer buying cycle” came across as the most important factor by far with 31% respondents marking it as 7 (Most important) and 15% marking it as 6. This factor means that the vendor should be aligned with the buying cycle and understand whether it is from Jan to December or April to March or any other cycle. This will give the vendor insight into how and when the customer plans his strategy and budgets for the year. He can then be prepared with proactive proposals, people and advice the customer on how he can best spend his budgets to get maximum output.

“Understanding CXO level priorities” was the second most important factor marked by respondents. A CXO has different priorities and strategy at different points in the product life-cycle:

- “Spend of new technology” when the company’s competitors have taken a lead in new technologies or he/she feels that they can steal a march over others. Also, the customer company would then want the vendor to help in reducing cost on existing product/technology
- “Entering new markets”
- “Cost Reduction/margin improvement”
- “Vendors to focus on context work”

It is important for a vendor to help the CXO carry out his vision

“Understanding of Customer Business and Strategy” was the third ranked factor the respondents thought to be important. A vendor who understands and aligns himself to customer business strategy helps customer work more efficiently and becomes an extended team for the customer

The 2 least important factors that the respondents marked out were

- Understanding Customer competitors (62% gave a rating of 1 or 2)
- Building pipeline based on customer needs (49% gave a rating of 1 or 2)

Respondents felt that these factors were relatively less important than other factors.

HYPOTHESIS TESTING

H ₀ : Customer understanding is not a critical success factor for effective performance of Key Account Manager

H ₁ : Customer understanding is a critical success factor for effective performance of Key Account Manager

Test used: Wilcoxon Signed Rank Test

Coding: Extremely Important:4, Important: 3, Moderately Important:2, Not Important:1

Test Summary

Sample size =n=59

As sample size $n > 25$, T is approximately normally distributed with mean $n(n+1)/4$ and variance $n(n+1)(2n+1)/24$

Mean = 885

Variance = 17552.5

T=1680

Z=(T-Mean)/SD = 4.529

As $Z_{cal} >$ critical value of 1.64 for a 1-tailed test at 5% l.o.s we can reject the null hypothesis

Thus, we can conclude that Customer Understanding is a critical success factor for effective performance of Key Account Manager

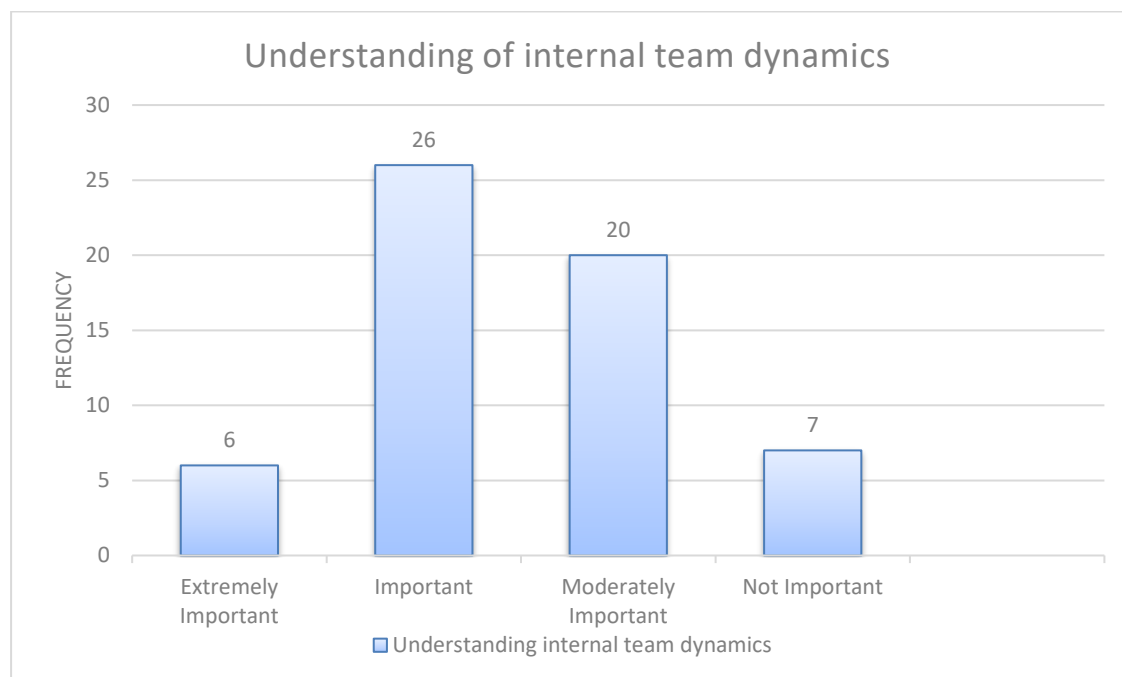
4.5 Part D: Team Dynamics and relationship with team members

How important are the following factors for managing teams which would result in effective performance of Key Account Manager?

a) Understanding of Internal Team Dynamics

Overall response in understanding internal team dynamics	Frequency	Percent	Cumulative Percent
Extremely Important	6	10.17	10.17
Important	26	44.07	54.24
Moderately important	20	33.9	88.14
Not important	7	11.86	100
Total	59	100	

Table 4.22: Understanding of Internal Team Dynamics



Graph 4.22: Understanding of Internal Team Dynamics

Analysis

It can be seen from the above table that only 10.17% respondents treated this as extremely important, 44.07% respondents treated this as important, 33.9% respondents treated this as Moderately important with 11.86% treating this factor as not important.

Interpretation

A Key Account Management team for key accounts has a matrix structure. Account teams have a mix of different people depending on the requirements of the customer. These people include

- **Account Management team** including Key Account Manager, Delivery Manager, project manager etc.
- **Core technical delivery team** consisting of architects and people from different technologies like C/Java/.Net etc.
- **Sales team**
- **Functional support team:** People from support functions such as legal, finance, HR etc. who are aligned with the account for quick response and resolution of issues related to their function
- **Senior management or account sponsor.**
- **Onsite team** working at customer site

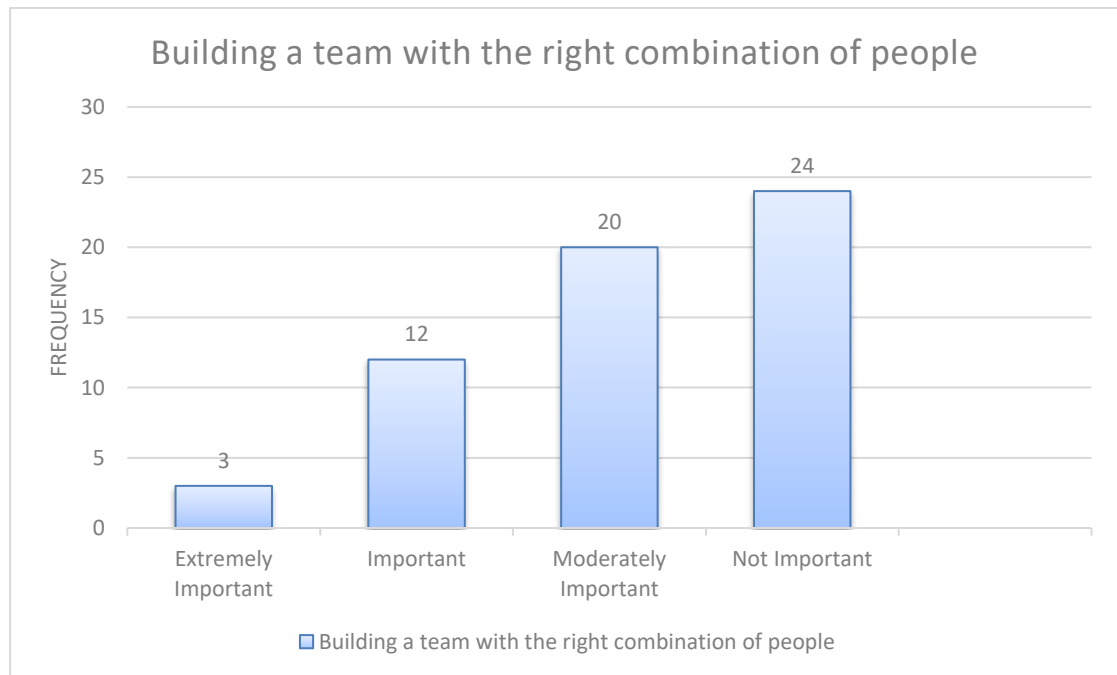
Internal team dynamics refers to how these different people from above functions and across geographies work together and whether there is any friction internally. An account manager needs to carry all people together to ensure success and growth of an account and understand how internal team issues can affect customer satisfaction.

The need for internal team dynamics comes across as important from the respondents as a majority of 54% respondents felt that it is extremely important or important. Only 11.86% respondents felt it is not important.

b) Building a team with the right combination of people

Overall response in building a team with right combination of people	Frequency	Percent	Cumulative Percent
Extremely Important	3	5.08	5.08
Important	12	20.34	25.42
Moderately important	20	33.90	59.32
Not important	24	40.68	100
Total	59	100	

Table 4.23: Building a team with the right combination of people



Graph 4.23: Building a team with the right combination of people

Analysis

It can be seen from the above table that only 5.08% respondents treated this as extremely important and 20.34% respondents treated this as important. 33.90%

respondents treated this as Moderately important with 40.68% treating this factor as not important.

Interpretation

As technology requirements from different customers for different projects are different, a customer project team requires people with different skill sets like:

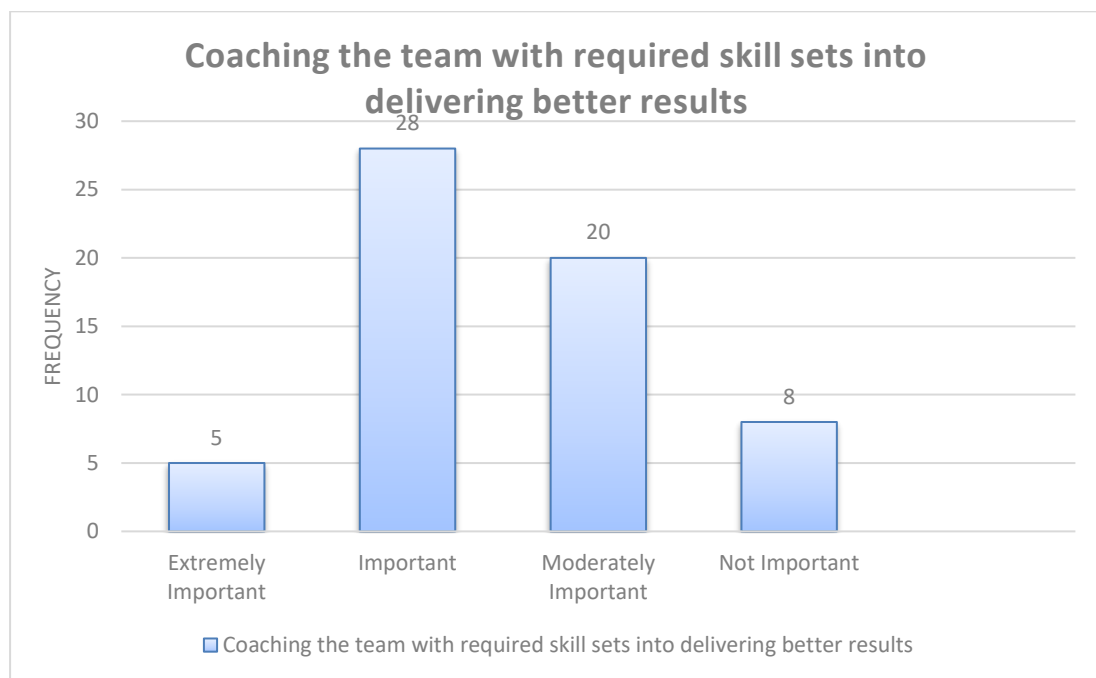
- Technology skills like C/Java/.Net/Testing skills
- New technologies like Mobility/Analytics
- Management skills like project management, product management
- Onsite people with a mix of technology and customer management skills

More than 74% respondents stated that this factor was only moderately important or not important for effective performance of a KAM. This is a basic hygiene factor for customers and not as a value-add factor. Other factors have been observed to be more important for KAM effective performance than this factor. Ensuring that the overall team has the right combination of skills is needed for the success of any account (not just key accounts) as this ensures on-time customer project deliveries and high customer satisfaction.

c) Coaching the team with required skill sets into delivering better results

Overall response in coaching team with required skill sets	Frequency	Percent	Cumulative Percent
Extremely Important	5	8.47	8.47
Important	28	47.46	55.93
Moderately important	18	30.51	86.44
Not important	8	13.56	100
Total	59	100	

Table 4.24: Coaching the team with required skill sets into delivering better results



Graph 4.24: Coaching the team with required skill sets into delivering better results

Analysis

It can be seen from the above table that only 8.47% respondents treated this as extremely important and 47.46% respondents treated this as important. 30.51% respondents treated this as Moderately important with 13.56% treating this factor as not important.

Interpretation

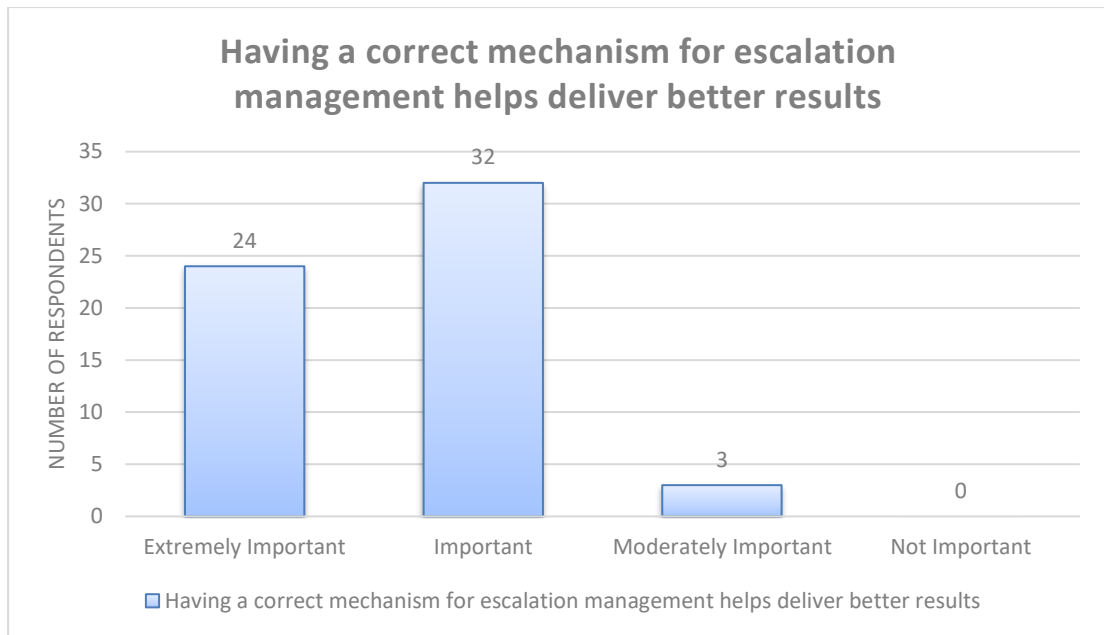
Majority of the respondents felt that “Coaching team with the required skill sets” is extremely important or important. 44% felt that it was moderately important (30.5%) or not important (13.56%).

This shows that it is important to continuously coach the team in changing technologies and skill sets. It is often not possible to find people with the exact skill-sets and having a formal mature knowledge management process is important for a long-term relationship. A multi-skilled team can make life easier for the customer and also ensure that the effect of attrition or not finding the right skill sets is minimized.

d) Having a correct mechanism for escalation management contributes to effective team management and helps deliver better results

Overall response in correct mechanism for escalation management	Frequency	Percent	Cumulative Percent
Extremely Important	24	40.68	40.68
Important	32	54.24	94.92
Moderately Important	3	5.08	100
Not Important	0	0	100
Total	59	100	

Table 4.25: Having a correct mechanism for escalation management helps deliver better results



Graph 4.25: Having a correct mechanism for escalation management helps deliver better results

Analysis

It can be seen from the above table that 40.68% respondents treated this as extremely important, 54.24% respondents treated this as important, 5.08 % respondents treated this as Moderately important with 0% treating this factor as not important.

Interpretation

Long term complex customer relationships go through various ups and downs like any other relationship. There can be different problems in a customer relationship/escalation like

- Problems in projects and project deliveries or project delays
- People related problems like attrition or non-performance
- Skill related problems like shortage of skills, not finding the right people
- Billing related and finance related problems
- Other operational problems

Customers want that the issues be resolved in a specific time frame and also want an escalation mechanism to make sure that their grievances are taken seriously and that the same reach senior management. This makes having a proper escalation

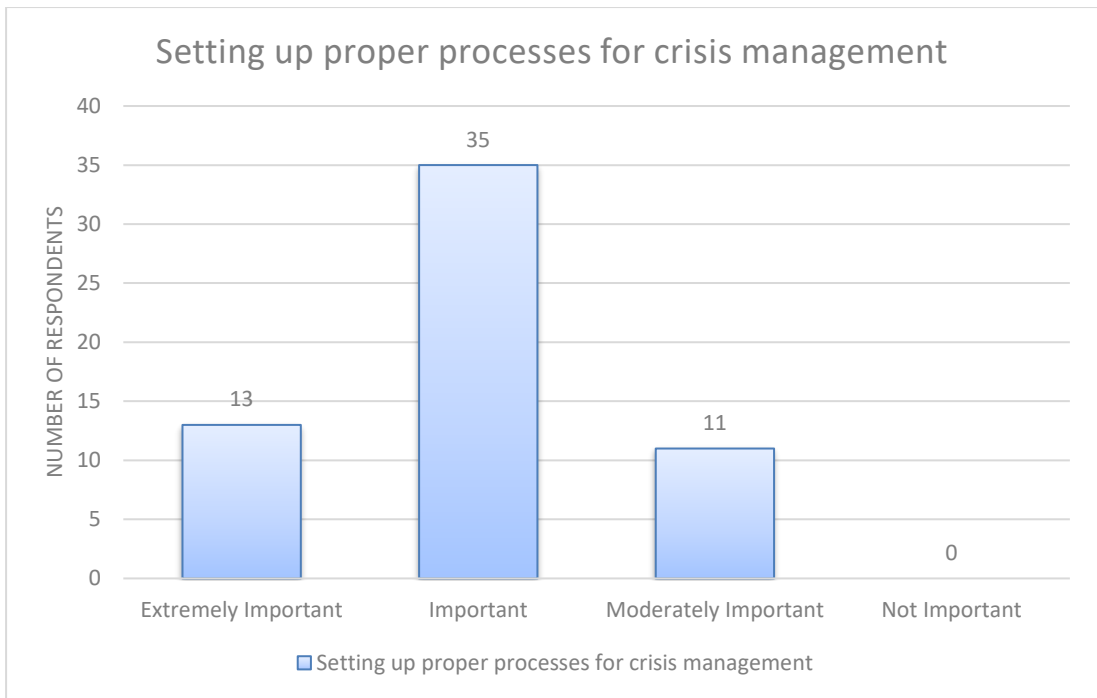
management mechanism which the customer can follow to get his issues resolved in a specific time-frame very important.

The importance of this factor is proven by the fact that an overwhelming majority (96%) of the respondents said that “Correct Mechanism for escalation management” is extremely important or important for effective performance of Key Account Manager.

e) Setting up proper processes for crisis management

Setting up proper processes for crisis management	Frequency	Percent	Cumulative Percent
Extremely Important	13	22.03	22.03
Important	35	59.32	81.36
Moderately Important	11	18.64	100
Not Important	0	0	100
Total	59	100	

Table 4.26: Setting up proper processes for crisis management



Graph 4.26: Setting up proper processes for crisis management

Analysis

It can be seen from the above table that 22.03% respondents treated this as extremely important, 59.32% respondents treated this as important, 18.64% respondents treated this as Moderately important with 0% treating this factor as not important.

Interpretation

From the responses, it is seen that majority of the respondents (81%) said that “Set Processes for crisis management” is extremely important or important for effective performance of Key Account Manager.

In the case of an unpredictable negative event, it is important to have a set process by which the customer and vendor organization can respond to the event and try and minimize impact. This may include formation of a high-level HOT team to deal with this, an agile mechanism for both companies to find a solution and joint risk planning.

f) Different stakeholders inside the organization work with a common goal in synchronization with customer KRAs

Overall response in different stakeholders work with a common goal	Frequency	Percent	Cumulative Percent
Extremely Important	23	38.98	38.98
Important	31	52.54	91.52
Moderately Important	5	8.48	100
Not Important	0	0	100
Total	59	100	

Table 4.27: Different stakeholders work in synchronization with customer KRAs



Graph 4.27: Different stakeholders work in synchronization with customer KRAs

Analysis

It can be seen from the above table that 38.98% respondents treated this as extremely important, 52.54% respondents treated this as important, 8.48% respondents treated this as Moderately important with 0% treating this factor as not important.

Interpretation

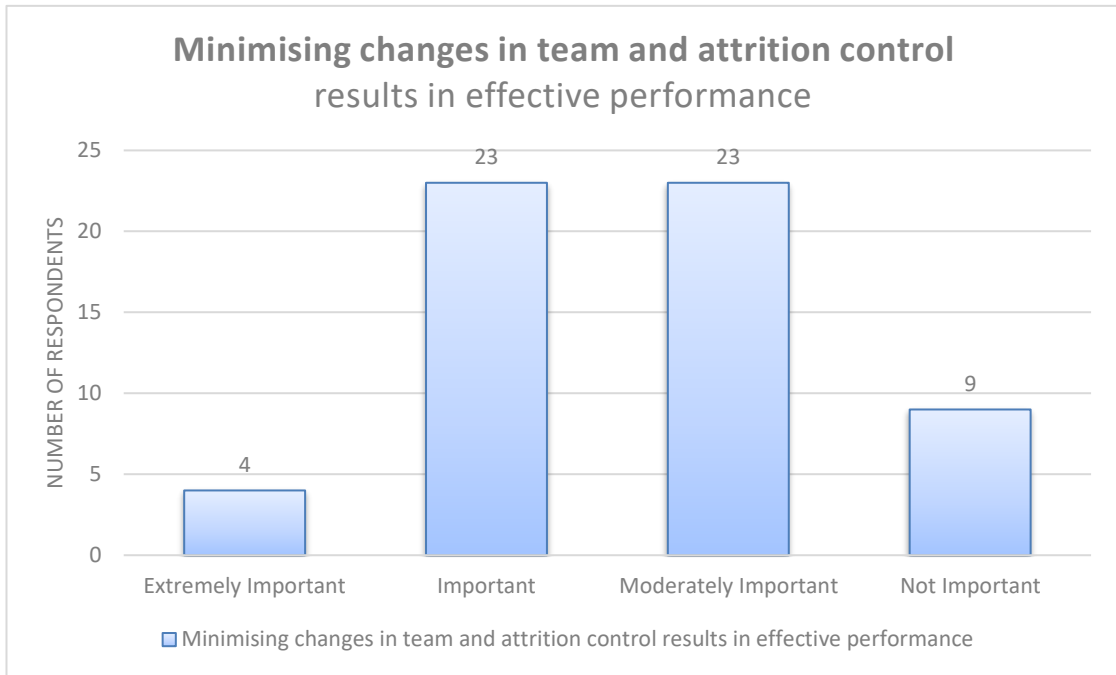
Majority of the respondents (91.52%) said that “Different stakeholders working with a common goal” is extremely important or important for effective performance of Key Account Manager.

Customer organizations have their internal KRAs (Key Result Areas) which are important to them to ensure their success. These are **operational** KRAs like quality and productivity norms, moving to new technologies, **strategic** KRAs like coming up with new products or capturing new markets. Customer success depends on these KRAs. It is observed that it is very important for the vendor to understand these customer KRAs and help the customer achieve his KRAs.

g) **Minimising changes in team and attrition control** results in effective performance

Overall response in minimising changes in team and attrition control impact	Frequency	Percent	Cumulative Percent
Extremely Important	4	6.78	6.78
Important	23	38.98	45.76
Moderately Important	23	38.98	84.75
Not Important	9	15.25	100
Total	59	100	

Table 4.28: Minimizing changes in team and attrition control



Graph 4.28: Minimizing changes in team and attrition control

Analysis

Response about minimising changes in team and attrition control impact team management is given by KAM. From above table, 6.78% KAM give response as extremely important, 38.98% KAM give response as important, 38.98% KAM give response as moderately important and 15.25% stating that it is not important.

Interpretation

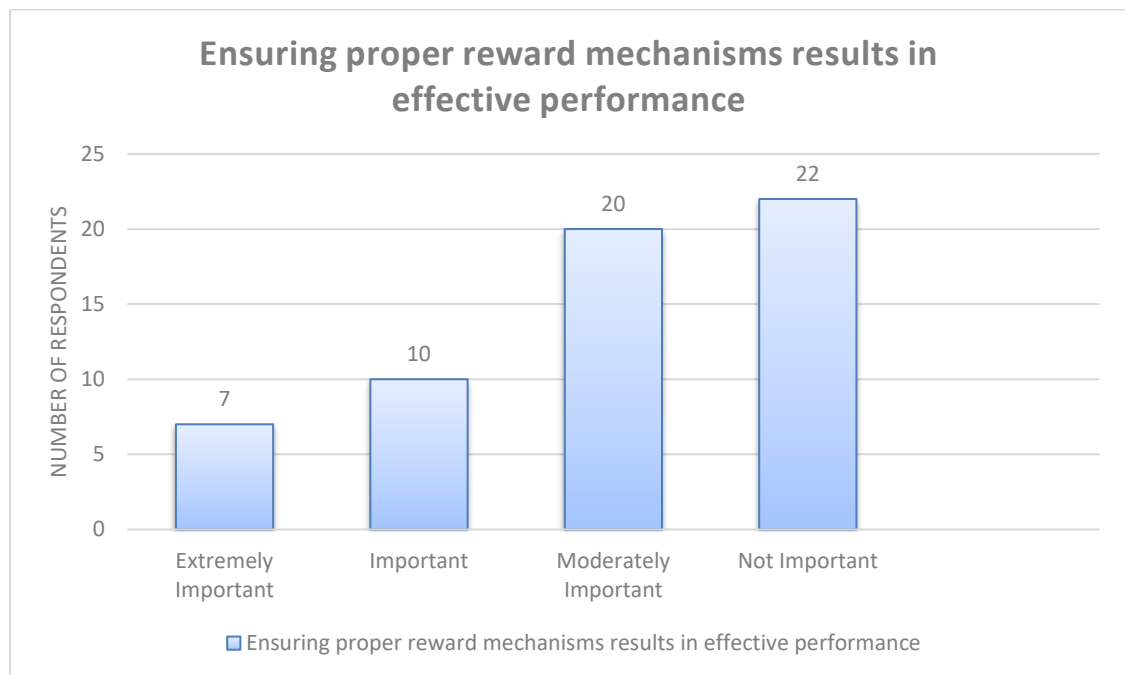
Majority of the respondents said that “Minimising attrition” is important or moderately important for effective performance of Key Account Manager.

Respondents did not find this as extremely important. Attrition is a given evil in this industry and teams are able to manage this through proper knowledge management and other methods like cross-skilling. Attrition levels in the industry range between 12-20% and managing the outcome of attrition is seen to be more important.

h) Ensuring proper reward mechanisms results in effective performance

Overall response in proper reward mechanisms	Frequency	Percent	Cumulative Percent
Extremely Important	7	11.86	11.86
Important	10	16.95	28.81
Moderately Important	20	33.9	62.71
Not Important	22	37.29	100
Total	59	100	

Table 4.29: Ensuring proper reward mechanisms results in effective performance



Graph 4.29: Ensuring proper reward mechanisms results in effective performance

Analysis

It can be seen from the above table that 11.86% respondents treated this as extremely important, 16.95% respondents treated this as important, 33.9% respondents treated this as moderately important with 37.29% treating this factor as not important.

Interpretation

It is observed that KAMs did not find having proper reward mechanisms to be an important factor for performing this role. Only 12% of respondents said that this is extremely important for success of KAM role with 70% treating this as moderately important or not important for success of KAM role.

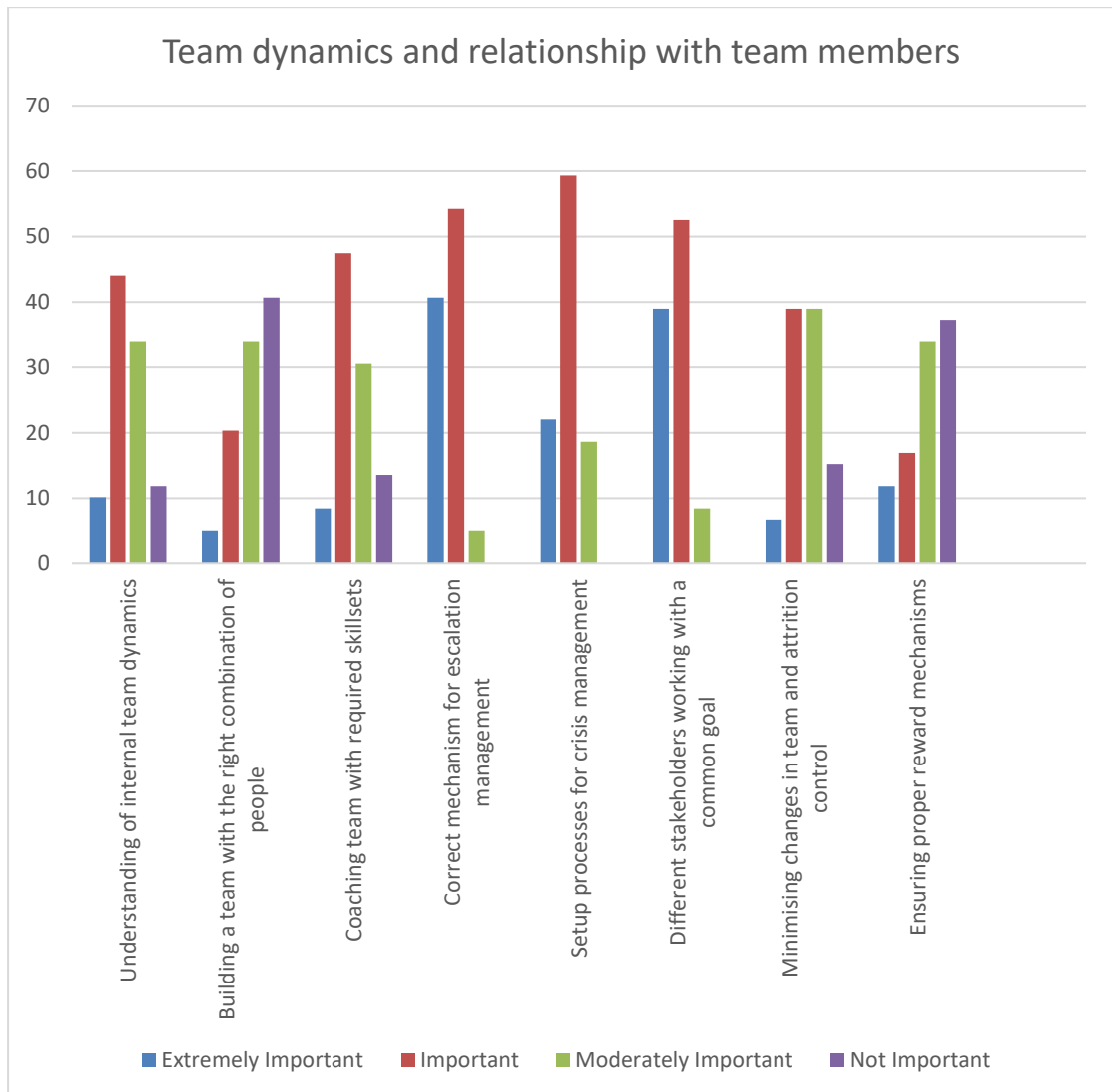
Other factors like achievement orientation or higher order needs are better motivators for the team and financial rewards are not the only parameter. In the long run, what helps people working on a customer account is job satisfaction, having a good work culture, work-life balance, recognition in other forms like promotions.

(Additional Table D1) Section Summary Table: Team Dynamics and Relationship with Team Members

Sr.No	Statements	Extremely Important %	Important %	Moderately Important %	Not Important %
1	Understanding of internal team dynamics	10.17	44.07	33.9	11.86
2	Building a team with the right combination of people	5.08	20.34	33.9	40.68
3	Coaching the team with required skill sets into delivering better results	8.47	47.46	30.51	13.56
4	A correct mechanism for escalation management helps deliver better results	40.68	54.24	5.08	0
5	Set processes for crisis management help deliver better results	22.03	59.32	18.64	0
6	Different stakeholders inside the organization work with a common goal in sync with customer KRAs	38.98	52.54	8.47	0
7	Minimising changes in team and attrition control	6.78	38.98	38.98	15.25
8	Ensuring proper reward mechanisms results in effective team management	11.86	16.95	33.9	37.29

Table 4.30: Team Dynamics and Relationships with Team Members

(Additional Chart D1) Section Summary Chart: Team Dynamics and Relationship with Team Members



Graph 4.30: Team dynamics and relationship with team members

Interpretation

This section showed a mixed response from respondents. Three of the factors were considered to be important for effective Key Account Management.

- a) A correct mechanism for escalation management.
- b) Set processes for crisis management.
- c) Different stakeholders including support functions such as finance, legal, delivery, sales etc. working with a common goal in sync with customer KRAs.

The above three factors underline the importance for any organization of working together and presenting a common face to the customer with common strategies and common goals. The other factors were not considered by respondents to be important from the perspective of team dynamics and effective account management.

The bottom three factors that respondents felt were less important with respect to other factors were as follows:

- a. Building a team with the right combination of people
- b. Ensuring proper reward mechanisms
- c. Minimizing changes in team and attrition control

This hypothesis has been disproved in the context of this research. This means that Team Dynamics and relationship with team members, though an important factor is not seen to be a critical success factor.

HYPOTHESIS TESTING

H ₀ : Ability to handle team dynamics is not a critical success factor for effective performance of Key Account Manager.

H ₁ : Ability to handle team dynamics is a critical success factor for effective performance of Key Account Manager
--

Test used: Wilcoxon Signed Rank Test

Coding: Extremely Important:4, Important: 3, Moderately Important:2, Not Important:1

Test Summary

Sample size =n=59

As sample size $n > 25$, T is approximately normally distributed with mean $n(n+1)/4$ and variance $n(n+1)(2n+1)/24$

Mean = 885

Variance = 17552.5

T=893.5

Z=(T-Mean)/SD = 0.048

As $Z_{cal} < \text{critical value of } 1.64$ for a 1-tailed test at 5% l.o.s we can accept the null hypothesis

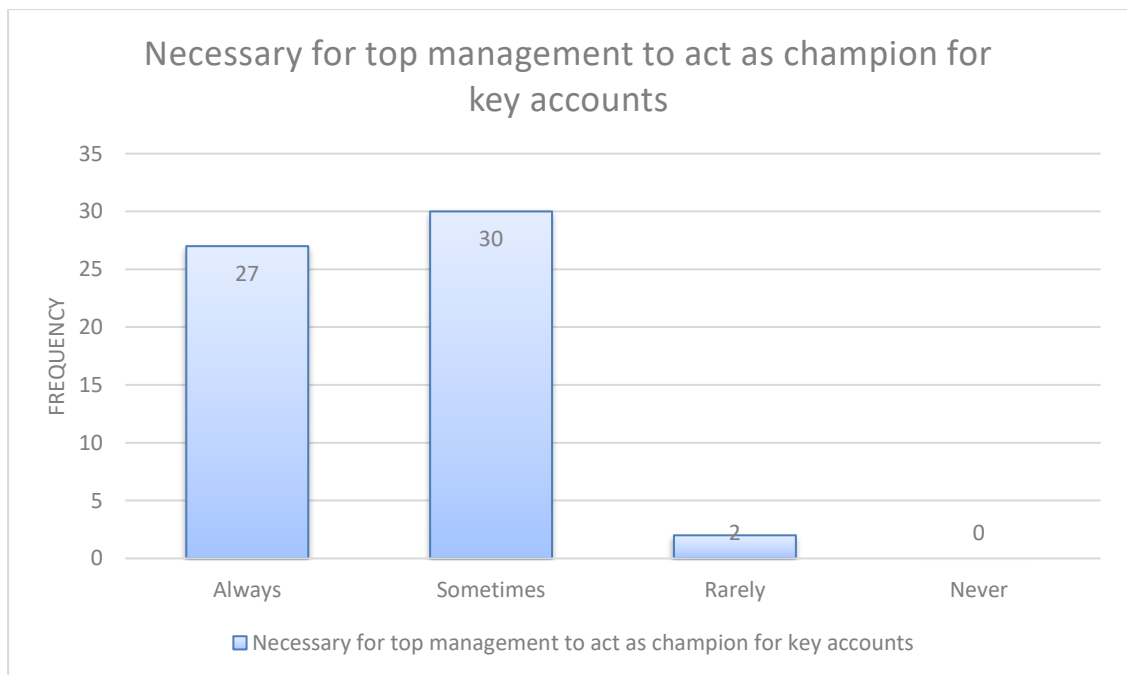
Thus, we can conclude that “Ability to handle team dynamics” is not a critical success factor for effective performance of Key Account Manager.

4.6 Part E: Relationship with top management (Support)

a) **It is necessary for top management to act as a champion for individual key accounts**

Overall response in necessary for top management to act as champion for individual key accounts	Frequency	Percent	Cumulative Percent
Always	27	45.76	45.76
Sometimes	30	50.85	96.61
Rarely	2	3.39	100
Never	0	0	100
Total	59	100	

Table 4.31: Necessary for top management to act as champion for key accounts



Graph 4.31: Necessary for top management to act as champion for key account

Analysis

The above table shows that 45.76% respondents gave response as “Always”; 50.85% gave response as “Sometimes” and remaining 3.39% KAM gave response as “Rarely”. No respondents gave response as “Never”.

Interpretation

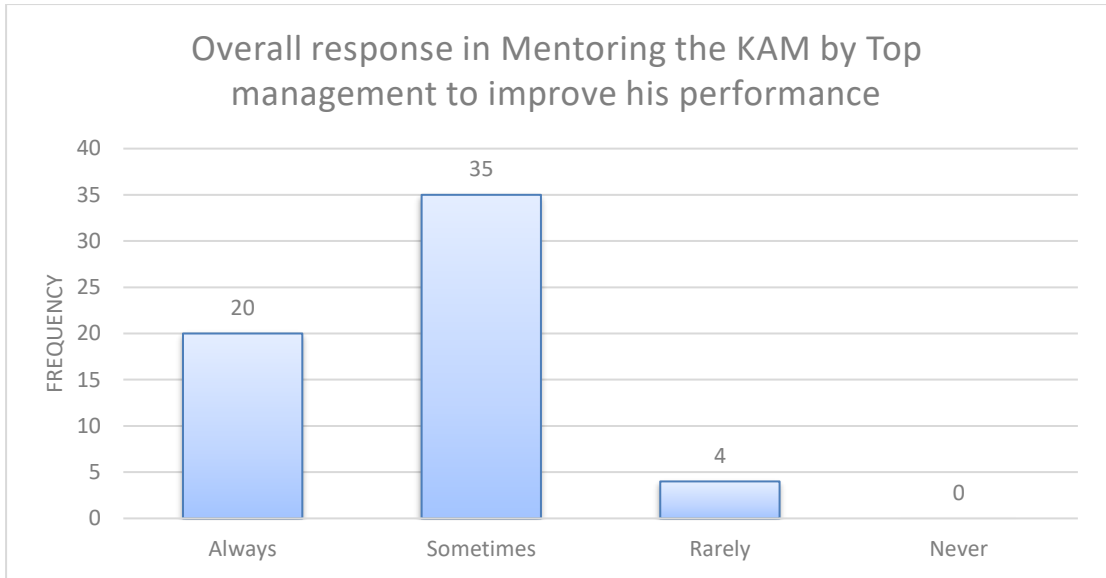
The above data reinforces that it is critical for senior management to become a champion for their company’s key accounts to make sure that these customers get the best service and that their problems/issues are resolved at the earliest.

A very small percentage of respondents said that this factor is rarely or never necessary for top management to be involved. This shows that getting quick access to CXO level and quick decision-making is very important for customers and this sends a message to the customer that his business is valued highly by the vendor.

b) Mentoring the key account manager by top management improves his performance

Overall response in Mentoring the KAM by Top management to improve his performance	Frequency	Percent	Cumulative Percent
Always	20	33.90	33.90
Sometimes	35	59.32	93.22
Rarely	4	6.78	100
Never	0	0	100
Total	59	100	

Table 4.32: Mentoring KAM by top management to improve performance



Graph 4.32: Mentoring KAM by top management to improve performance

Analysis

The above table shows that 33.9% KAM gave response as “Always”, 59.32% KAM gave response as “Sometimes”, 6.78% gave response as “Rarely” and 0% gave response as “Never”.

Interpretation

Senior executive management can mentor a KAM on how to manage customer accounts, customer strategy, relationships with key people etc. and pass on their experience to the KAM.

The data indicates that this is however only sometimes a critical factor to get mentored to solve problems/issues related to customer account and not always necessary.

One third of the respondents felt that CXO level people as “Account mentors” are always necessary. The KAM can depend on their knowledge of the customer and their overall experience to maximize account output.

c) Top management should recognise key account management as a critical function across the organization

Overall response in Recognising KAM as driving criticality across the organisation	Frequency	Percent	Cumulative Percent
Always	45	76.27	76.27
Sometimes	14	23.73	100
Rarely	0	0	100
Never	0	0	100
Total	59	100	

Table 4.33: Requirement of top management to recognize key account management as a critical function



Graph 4.33: Requirement of top management to recognize key account management as a critical function

Analysis

The above table shows that 76.27% of respondents gave response as “Always” and 23.73% gave response as “Sometimes”. 0% gave response as “Rarely” or “Never”.

Interpretation

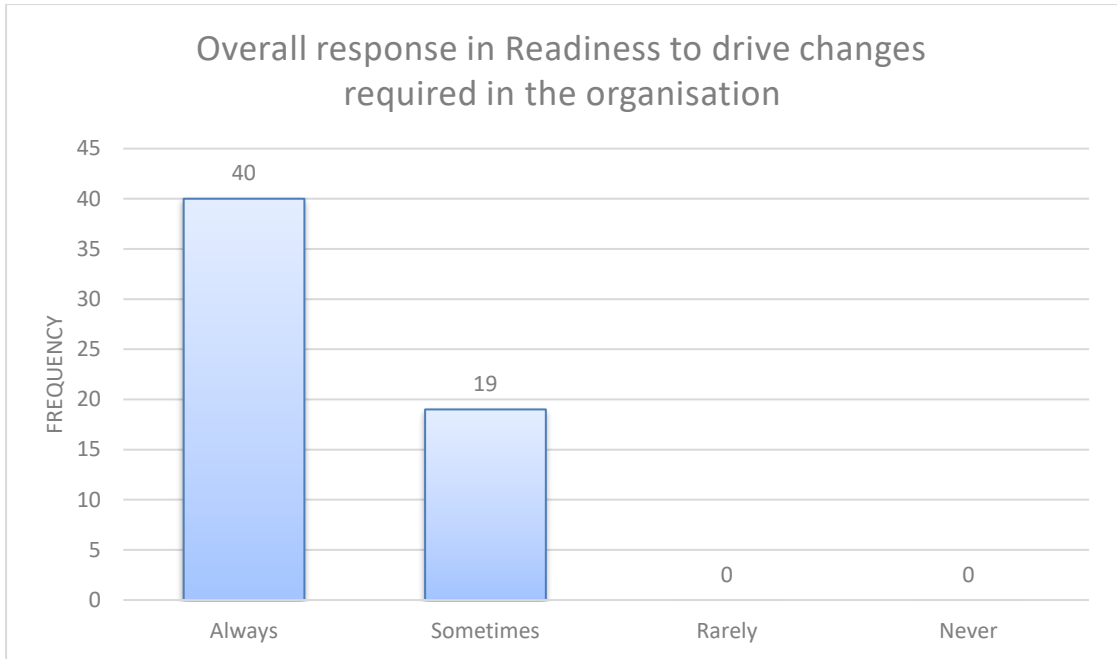
The above data reflects that more than three fourth of the respondents are of the opinion that top management should recognize Key Account Management as a critical function. The importance of the function of Key Account Manager is reflected from this response.

This will make sure that key customers will get highest priority across the organization. KAMs have to manage a lot of complexity. They have to manage teams from various functions and locations to make sure that the customer is serviced to the best of their capability. Such recognition will help the key account manager provide better service to key customers as the organization supports him completely.

d) Readiness to drive changes required in the organization will result in improving the performance of Key Account Manager

Overall response in Readiness to drive changes required in the organisation	Frequency	Percent	Cumulative Percent
Always	40	67.80	67.80
Sometimes	19	32.20	100
Rarely	0	0	100
Never	0	0	100
Total	59	100	

Table 4.34: Readiness to drive changes required by the organization



Graph 4.34: Readiness to drive changes required by the organization

Analysis

As per the above data, 67.80% of respondents gave response as “Always” while 32.20% KAM gives response as “Sometimes”. 0% gave response as “Rarely” or “Never”.

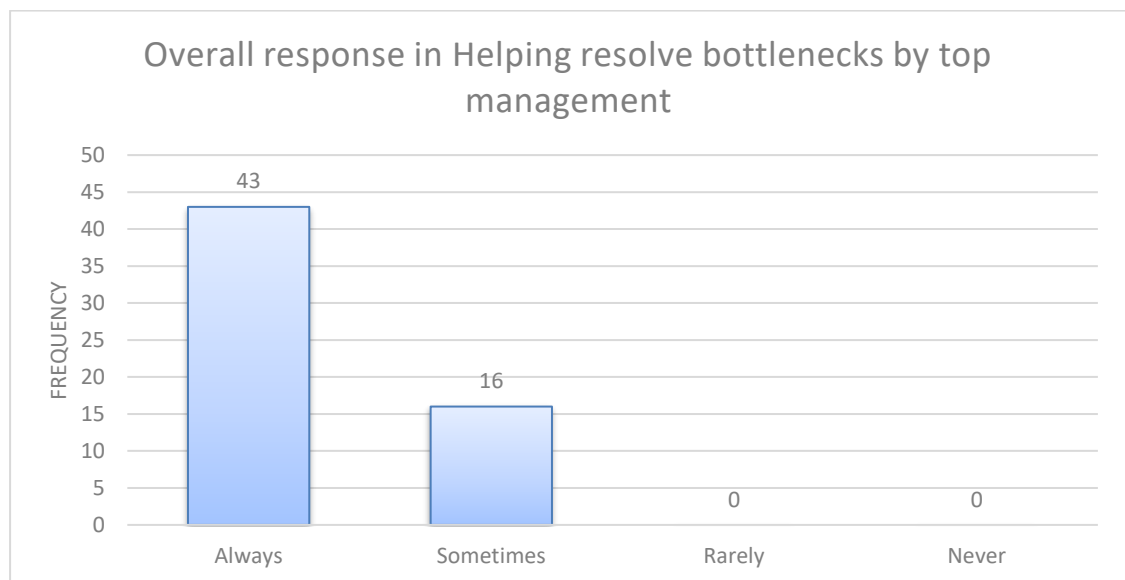
Interpretation

A large number of respondents felt that this factor always improves the effectiveness and performance of the Key Account Manager. A Key Account Manager has to be ready to take the lead and drive changes required to meet his goals rather than depending on others to do so. He can take the help of senior management to drive some of the changes required whether they are cultural changes, process changes, knowledge management etc.

e) **Helping resolve bottlenecks by senior management (which are outside the control of KAM) will result in improving the performance of KAM**

Overall response in Helping resolve bottlenecks by top management	Frequency	Percent	Cumulative Percent
Always	43	72.88	72.88
Sometimes	16	27.12	100
Rarely	0	0	100
Never	0	0	100
Total	59	100	

Table 4.35: Helping resolve bottlenecks by top management



Graph 4.35: Helping resolve bottlenecks by top management

Analysis

As per the above data, 72.88% KAM gave response as “Always” while 27.12% KAM gave response as “Sometimes” with 0% saying “Rarely” or “Never”.

Interpretation

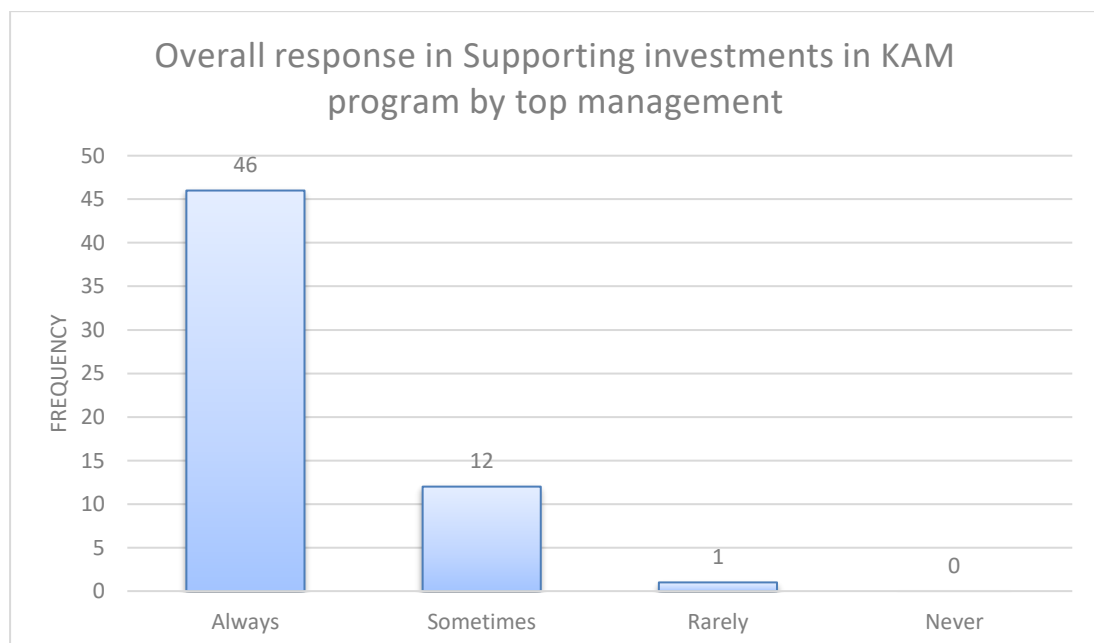
A large number of respondents felt that this factor always improves the effectiveness and performance of the Key Account Manager. The bottlenecks faced by the KAM

include getting right resources, investments, special pricing for customer deals and support from internal functions. While he/she would be able to resolve some of those bottlenecks, there would be some bottlenecks outside his control. The above data shows that the Key Account Manager is dependent on senior management to help him solve problems that are outside his span and control.

f) An important role of senior management is supporting investments required in the KAM program, empowering KAMs and being part of the KAM process

Overall response in Supporting investments in KAM program by top management	Frequency	Percent	Cumulative Percent
Always	46	77.97	77.97
Sometimes	12	20.34	98.31
Rarely	1	1.69	100
Never	0	0	100
Total	59	100	

Table 4.36: Supporting investments in KAM by top management



Graph 4.36: Supporting investments in KAM by top management

Analysis

As per the above data, 77.97% gave response as “Always”, 20.34% respondents gave response as “Sometimes” and 1.69% gave response as “Rarely”. 0% respondents gave response as “Never”.

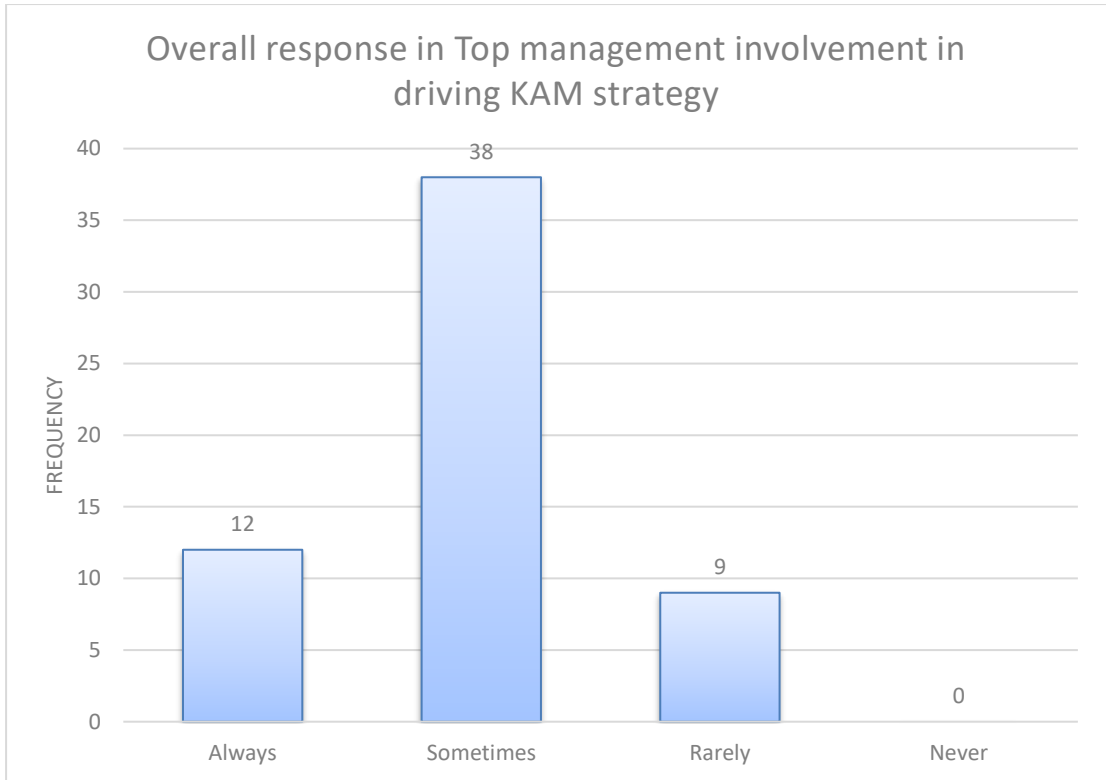
Interpretation

The above data shows that a majority of respondents felt that senior management should support any investments required for managing the customer and growing the account. These investments are for multiple reasons like special hiring needs, special pricing for a customer deal, focus on future technologies.

g) Top Management should be actively involved in driving KAM strategy

Overall response in Top management involvement in driving KAM strategy	Frequency	Percent	Cumulative Percent
Always	12	20.34	20.34
Sometimes	38	64.41	84.75
Rarely	9	15.25	100
Never	0	0	100
Total	59	100	

Table 4.37: Top management involvement in driving KAM strategy



Graph 4.37: Top management involvement in driving KAM strategy

Analysis

As per the above data, 20.34% respondents gave response as “Always”, 64.41% gave response as “Sometimes”, 15.25% KAM gave response as “Rarely” and 0 % gave response as “Never”.

Interpretation

Only 20% of respondents felt that senior management should “Always” be involved in driving KAM strategy while 64% said that they should be involved “Sometimes”. This shows that even though KAMs want support from senior management, most of them also want the flexibility of driving their strategy and want to seek help from senior management where required.

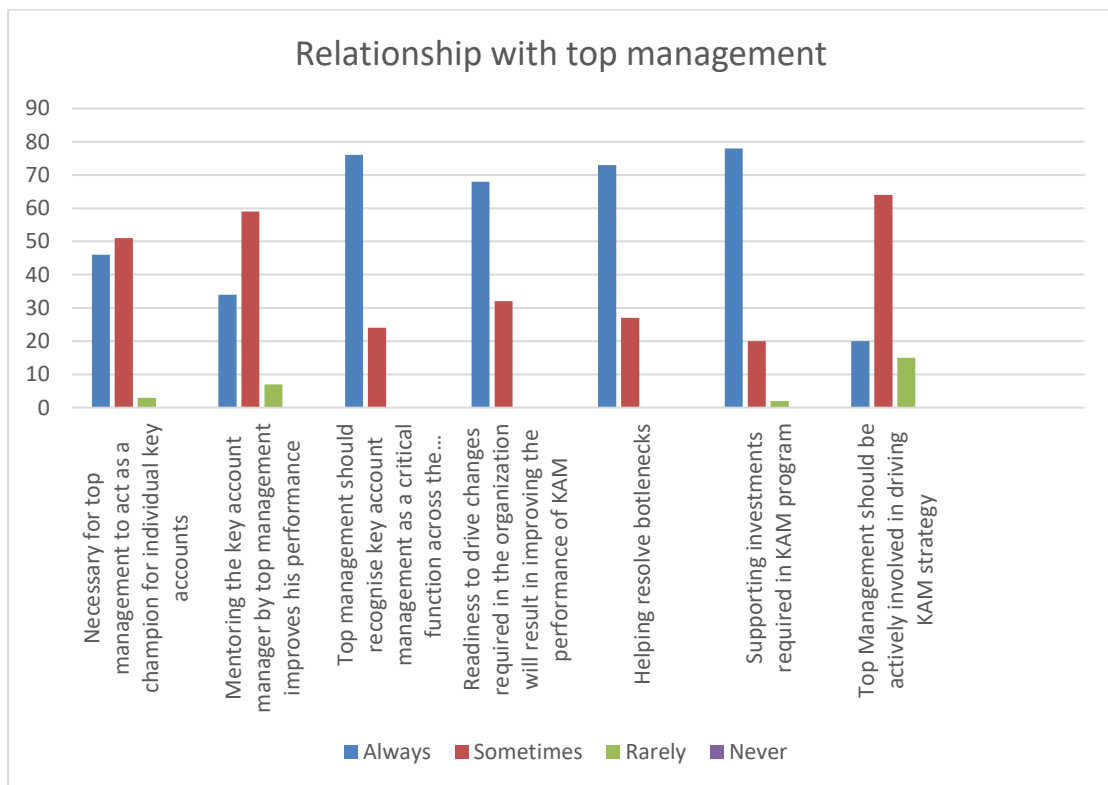
(Additional Table E1) Section Summary Table: Relationship with Top Management (Support)

Sr.No	Statements	Always %	Sometimes%	Rarely %	Never %
1	It is necessary for top management to act as a champion for individual key accounts	46	51	3	0
2	Mentoring the key account manager by top management improves his performance	34	59	7	0
3	Top management should recognise key account management as a critical function across the organization	76	24	0	0
4	Readiness to drive changes required in the organization will result in improving the performance of Key Account Manager	68	32	0	0
5	Helping resolve bottlenecks by senior management (which are outside the control of KAM) will result in improving the performance of KAM	73	27	0	0

6	An important role of senior management is supporting investments required in the KAM program, empowering KAMs and being part of the KAM process	78	20	2	0
7	Top Management should be actively involved in driving KAM strategy	20	64	15	0

Table 4.38: Relationship with Top Management (Support)

(Additional Chart E1) Section Summary Chart: Relationship with Top Management (Support)



Graph 4.38: Relationship with Top Management (Support)

Interpretation

It can be seen from the above table that there are four factors out of seven which majority respondents have rated as always important related to “Relationship with Top Management” which affect Key Account Manager performance.

These 4 factors are as follows.

- a. Supporting investments required in the KAM program, empowering KAMs and being part of the KAM process
- b. Top management should recognise key account management as a critical function across the organization
- c. Helping resolve bottlenecks by senior management (which are outside the control of KAM) will result in improving the performance of KAM
- d. Readiness to drive changes required in the organization will result in improving the performance of Key Account Manager

The above 4 factors underline the importance of the support that the Key Account Management program and KAMs require from senior management. This shows that if the management recognize these accounts as key accounts and provide support including financial support, mentoring, removing internal bottlenecks for these account managers, these accounts can give good returns by enhancing the performance of KAM.

Key customers want a seamless service and senior management can help drive this culture of seamless service and help the KAM present a unified face to the customer.

The other factors have been rated as sometimes necessary but respondents felt that they do not affect the performance of the Key Account to the same extent.

Respondents also did not rate any of the 8 factors above as “Never Important” indicating that all the above factors positively impact the Key Account Manager role but to varied extent.

HYPOTHESIS TESTING

H ₀ : Positive Relationship with top management is not a critical success factor for effective performance of Key Account Manager.

H ₁ : Positive Relationship with top management is a critical success factor for effective performance of Key Account Manager.

Test used: Wilcoxon Signed Rank Test

Coding: Always:4, Sometimes: 3, Rarely:2, Never:1

Test Summary

Sample size =n=59

As sample size $n > 25$, T is approximately normally distributed with mean $n(n+1)/4$ and variance $n(n+1)(2n+1)/24$

Mean = 885

Variance = 17552.5

T=1770

Z=(T-Mean)/SD = 5.042

As $Z_{cal} >$ critical value of 1.64 for a 1-tailed test at 5% l.o.s we can reject the null hypothesis

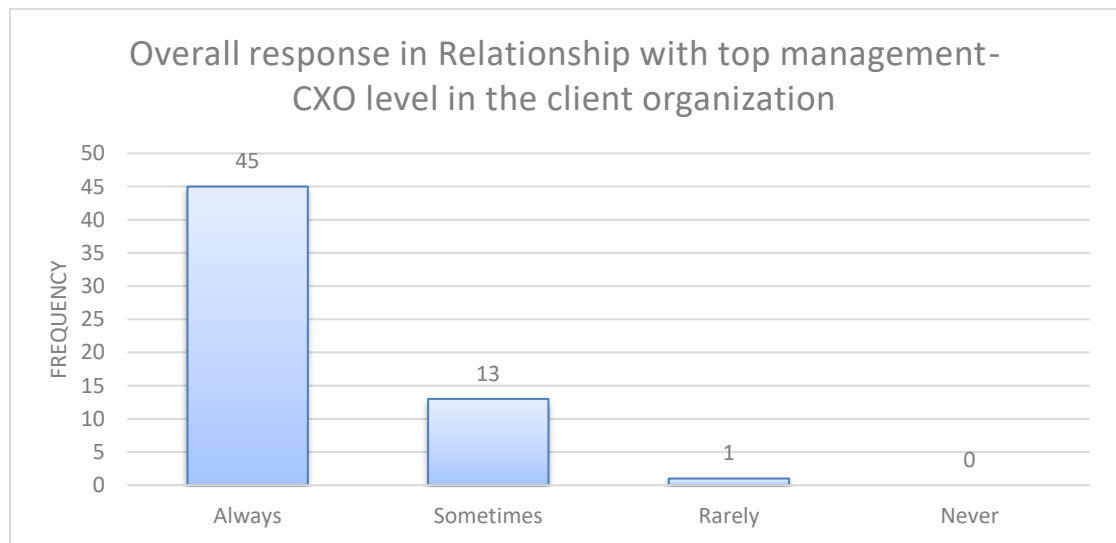
Thus, we can conclude that Positive Relationship with top management is a critical success factor for effective performance of Key Account Manager.

4.7 Part F: Relationship with Client Organisation

a) Relationship with top management-CXO level in the client organization is critical for succeeding in the KAM role

Relationship with top management-CXO level in the client organization is critical for succeeding in the KAM role	Frequency	Percent	Cumulative Percent
Always	45	76	76
Sometimes	13	22	98
Rarely	1	2	100
Never	0	0	100
Total	59	100	

Graph 4.39: Relationship with Top Management – CXO level in client organization



Graph 4.39: Relationship with Top Management – CXO level in client organization

Analysis

As per the above data, 76% of respondents gave response as “Always”, 22% of respondents gave response as “Sometimes”, 2% respondents gave response as “Rarely” and 0% respondents gave response as “Never”.

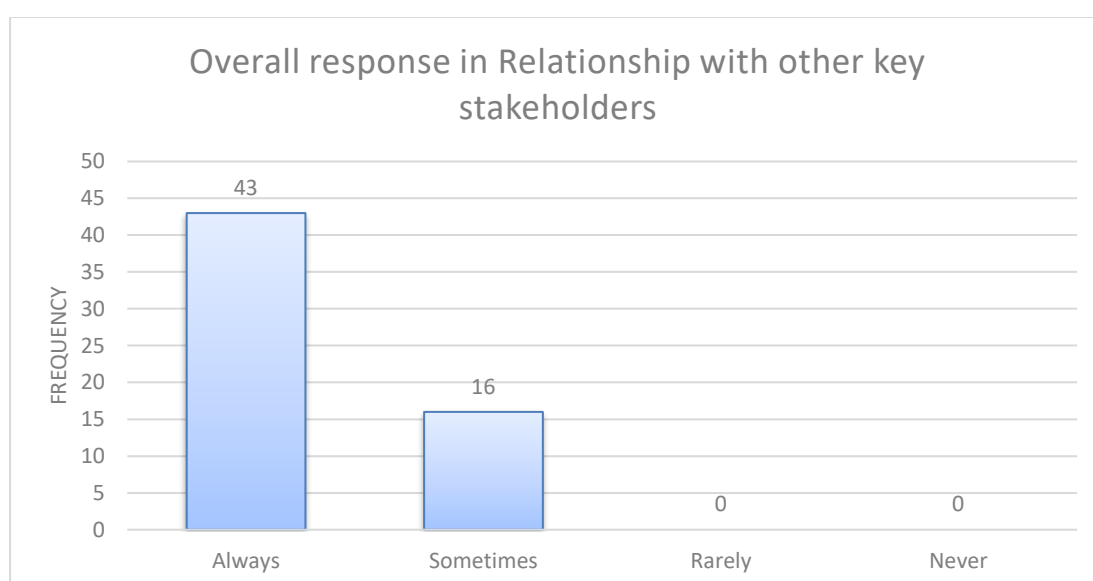
Interpretation

The above data indicates that relationship with senior management in the client organization is critical for success in managing key accounts. This ensures that the account management is in synchronization with customer KRAs and is guided by senior management from the customer side. This is supported by data which says that 76% KAMs feel that this is a factor which is always important.

b) Relationship with all other stakeholders (delivery, product management etc.) across multiple levels is an important factor resulting in success of Key Account Manager

Relationship with other key stakeholders is an important factor resulting in success of KAM	Frequency	Percent	Cumulative Percent
Always	43	73	73
Sometimes	16	27	100
Rarely	0	0	100
Never	0	0	100
Total	59	100	

Table 4.40: Relationship with other key stakeholders



Graph 4.40: Relationship with other key stakeholders

Analysis

As per the above data, 73% respondents gave response as “Always”, 27% respondents gave response as “Sometimes” and 0% KAM gave opinion as “Rarely” or “Never”

Interpretation

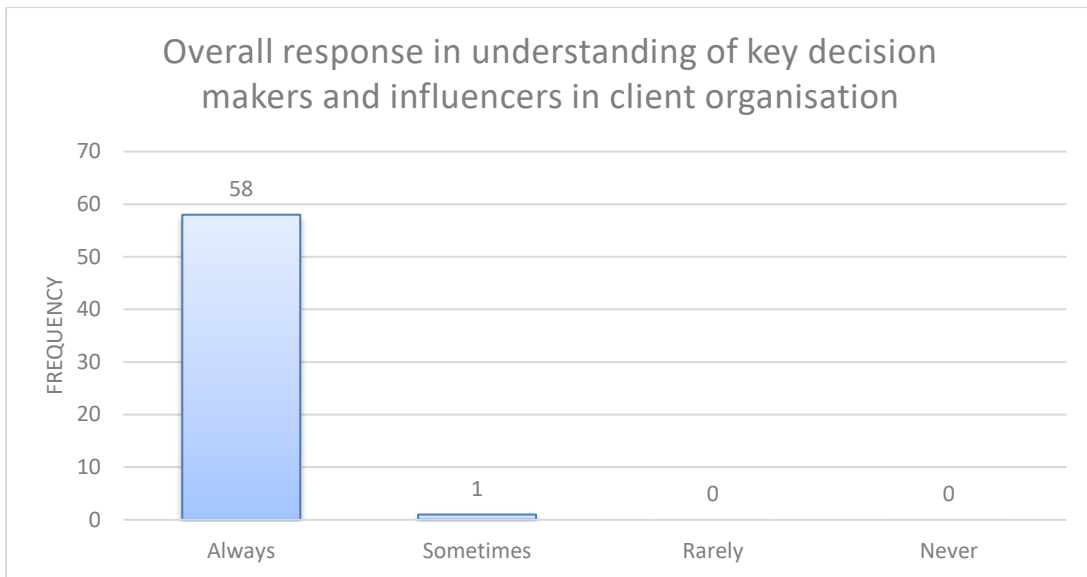
The above data indicates that in addition to the relationship with senior management in the client organization, relationship with other key stakeholders is critical for success in managing key accounts.

Other key stakeholders are the people who manage day to day operations for customers and understand the issues to turn senior management vision into reality on the ground.

c) It is important to understand who are the key decision makers and key influencers within the client organization.

Overall response in understanding of key decision makers and influencers in client organisation	Frequency	Percent	Cumulative Percent
Always	58	98	98
Sometimes	1	2	100
Rarely	0	0	100
Never	0	0	100
Total	59	100	

Table 4.41: Understanding key decision-makers and influencers in client organization



Graph 4.41: Understanding key decision-makers and influencers in client organization

Analysis

As per the above data, 98% respondents gave response as “Always” and 2% respondents gave response as “Sometimes”. 0% respondents gave response as “Rarely” or “Never”

Interpretation

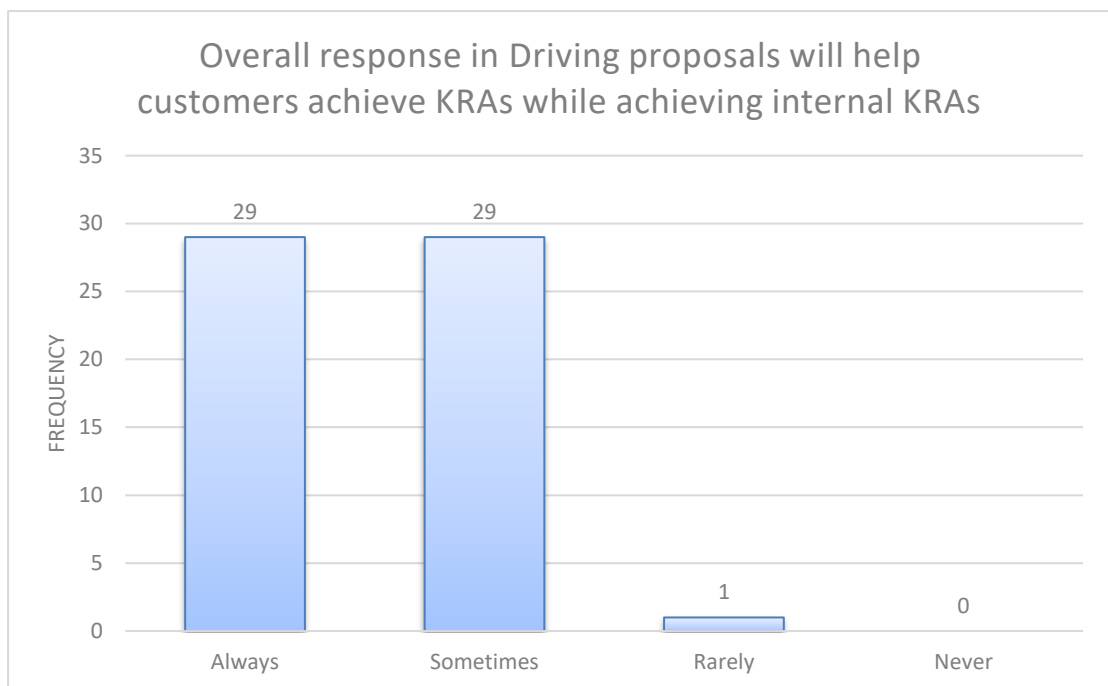
The above data shows that a very high number of respondents felt that it is extremely important to understand who are the key people who take decisions or influence decisions in the client organization. These people are the people who take decisions on strategy, outsourcing, technology etc.

It is important that the KAM has a good relationship with these key decision makers so that he can help these people achieve their goals.

d) Driving proposals and growth which will help the customers achieve their KRAs while keeping an eye on internal KRAs results in success for KAM

Overall response in Driving proposals will help customers achieve KRAs while achieving internal KRAs	Frequency	Percent	Cumulative Percent
Always	29	49	49
Sometimes	29	49	98
Rarely	1	2	100
Never	0	0	100
Total	59	100	

Table 4.42: Driving proposals will help customers achieve KRAs while achieving internal KRAs



Graph 4.42: Driving proposals will help customers achieve KRAs while achieving internal KRAs

Analysis

As per the above data, 49 % respondents gave response as “Always”, 49% respondents gave response as “Sometimes”, 2% respondents gave response as “Rarely” and 0% respondents gave response as “Never”.

Interpretation

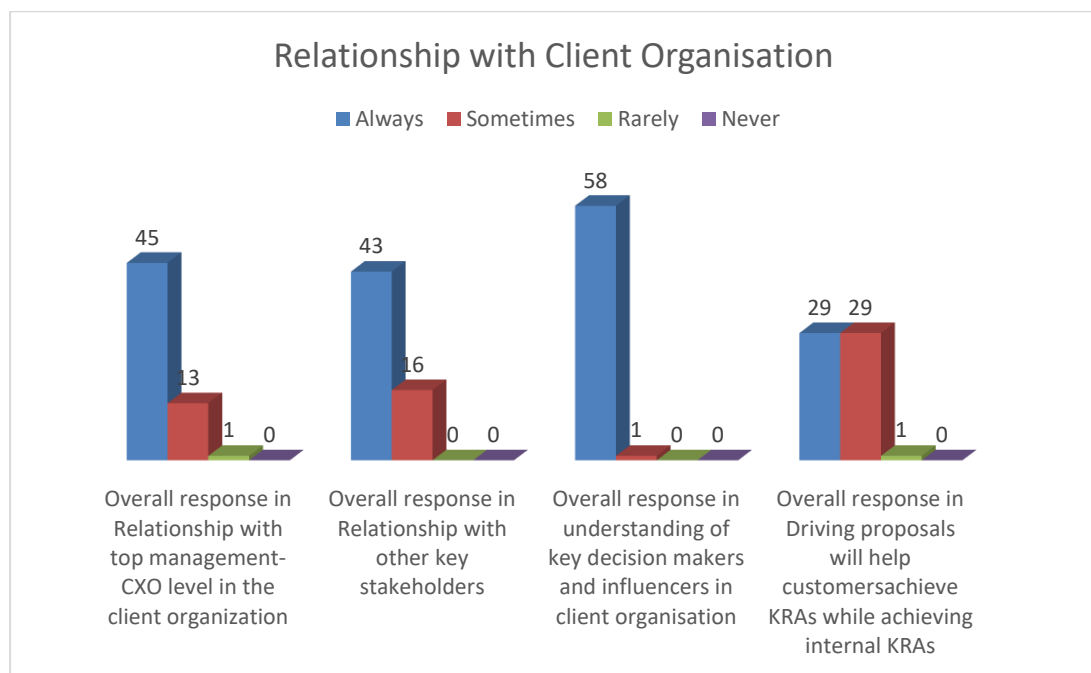
The above data reflects a mixed response where equal number of respondents have said that the above factor is always important or sometimes important.

(Additional Table F1) Section Summary Table: Overall Summary and Analysis for “Relationship with Client Organization”

Response	Relationship with top management-CXO level in the client organization	Relationship with other key stakeholders	Understanding of key decision makers and influencers in client organisation	Driving proposals will help customers achieve KRAs while achieving internal KRAs
Always	45	43	58	29
Sometimes	13	16	1	29
Rarely	1	0	0	1
Never	0	0	0	0

Table 4.43: Relationship with client organization

(Additional Chart F1) Section Summary Chart: Overall Summary and Analysis for “Relationship with Client Organization”



Graph 4.43: Relationship with client organization

Analysis and Interpretation

From the above data, it is seen that having a good relationship with Client organization is key to success in Key Account Management.

The top factor is as follows:

- Understanding key decision-makers/influencers in the client organization

This helps in not only protecting the account against competitors but also in understanding the dynamics at the client end. This would mean that the KAM spends time in developing and building a relationship with these key set of people.

The following two factors came across as equally important at second place:

- Relationships with the senior management at the client organization
- Relationship with other key stakeholders

Even though senior management drives strategy and vision at the customer end, it is the other key stakeholders who execute that strategy on a day to day basis and are also the ones on whom senior management depend on for feedback on all aspects of the business.

HYPOTHESIS TESTING

H_0 : Collaborative relationship with client organization is not a critical success factor for effective performance of Key Account Manager.
--

H_1 : Collaborative relationship with client organization is a critical success factor for effective performance of Key Account Manager.
--

Test used: Wilcoxon Signed Rank Test

Coding: Always:4, Sometimes: 3, Rarely:2, Never:1

Test Summary

Sample size =n=59

As sample size $n > 25$, T is approximately normally distributed with mean $n(n+1)/4$ and variance $n(n+1)(2n+1)/24$

Mean = 885

Variance = 17552.5

T=1750

$Z=(T-Mean)/SD = 4.928$

As $Z_{cal} >$ critical value of 1.64 for a 1-tailed test at 5% l.o.s we can reject the null hypothesis

Thus, we can conclude that Collaborative relationship with client organisation is a critical success factor for effective performance of the Key Account Manager.

4.8 Part G: Individual skills of Key Account Manager

a) Sales/Marketing skills are important to play the role of KAM successfully

Sales/Marketing skills are important to play the role of KAM successfully	Frequency	Percent	Cumulative Percent
Extremely Important	45	76.27	76.27
Important	13	22.03	98.30
Moderately Important	1	1.7	100
Not Important	0	0	100
Total	59	100	

Table 4.44: Sales/Marketing skills are important to play the KAM role successfully



Graph 4.44: Sales/Marketing skills are important to play the KAM role successfully

Analysis

The above table shows that 76.27 % respondents gave response as “Extremely Important”, 22.03% respondents gave response as “Important”, 1.7 % respondents gave response as “Moderately Important” and 0 % respondents gave response as “Not Important”.

Interpretation

The above data shows that Sales/Marketing skills are extremely important for KAMs to achieve success including the ability to understand customer pain points and develop a consulting partnership rather than a simple vendor partnership. The above skills will enable him to upsell and cross sell and build a pipeline for future sales.

b) Having people skills like leadership and communication are important to play the role of KAM successfully

Having people skills is important to play the role of KAM successfully	Frequency	Percent	Cumulative Percent
Extremely Important	39	66.10	66.10
Important	14	23.72	89.82
Moderately Important	6	10.18	100
Not Important	0	0	100
Total	59	100	

Table 4.45: Having people skills like leadership and communication are important to play the role of KAM successfully



Graph 4.45: Having people skills like leadership and communication are important to play the role of KAM successfully

Analysis

The above table shows that 66.10 % respondents gave response as “Extremely Important”, 23.72% respondents gave response as “Important”, 10.18 % respondents gave response as “Moderately Important” and 0 % respondents gave response as “Not Important”.

Interpretation

The above data shows that People skills are extremely important for a KAM to achieve success. People skills like leadership and communication are vital for playing this role. Having leadership qualities will help the manager drive the entire program and ensure a satisfactory relationship. Communication skill is necessary to achieve this since his main job is to constantly work with people both internally and at the customer end.

c) Having organizational skills like managing volatility and building next level command is a necessary factor for the KAM to play his role successfully

Having organizational skills is a necessary factor for the KAM to play his role successfully	Frequency	Percent	Cumulative Percent
Extremely Important	35	59.32	59.32
Important	13	22.03	81.35
Moderately Important	9	15.25	96.6
Not Important	2	3.40	100
Total	59	100	

Graph 4.46: Having organizational skills is a necessary factor for KAM to play his role



Graph 4.46: Having organizational skills is a necessary factor for KAM to play his role

Analysis

The above table shows that 59.32 % respondents gave response as “Extremely Important”, 22.03% respondents gave response as “Important”, 15.25 % respondents gave response as “Moderately Important” and 3.38 % respondents gave response as “Not Important”.

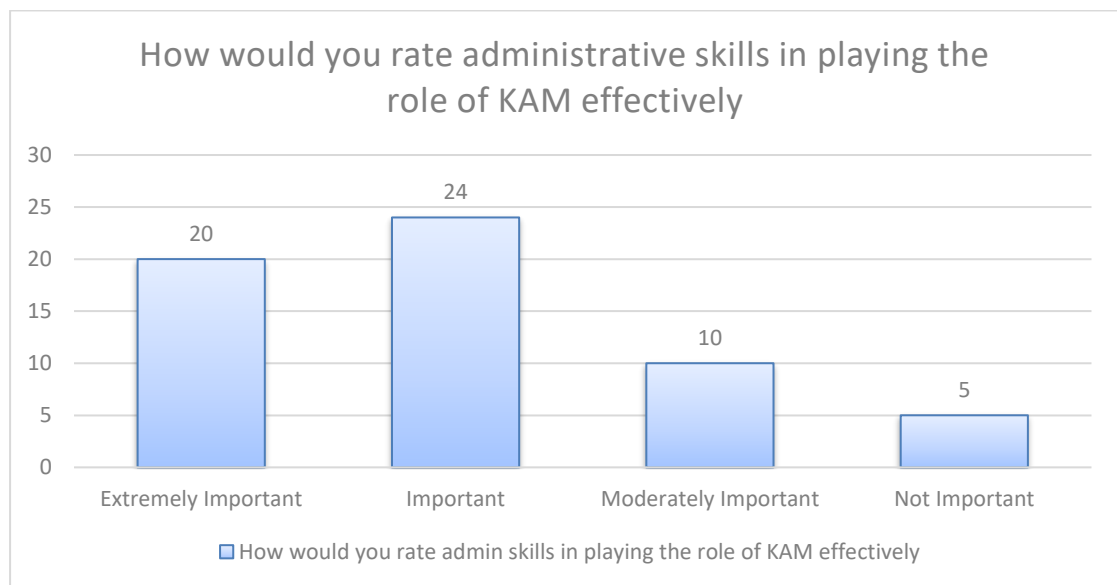
Interpretation

The above data shows that for this factor, extremely important and important are in the majority. Being able to handle constantly changing environment results smooth running of business with minimal escalations. Also, organisational skills like building next level of command ensures succession planning and handling crisis situations in a better fashion. It also ensures continuity under all circumstances.

d) **How would you rate administrative skills in playing the role of KAM role effectively?**

How would you rate admin skills in playing the role of KAM effectively	Frequency	Percent	Cumulative Percent
Extremely Important	20	33.89	33.89
Important	24	40.67	74.56
Moderately Important	10	16.95	91.52
Not Important	5	8.48	100
Total	59	100	

Table 4.47: Importance of administrative skills in playing the role of KAM role effectively



Graph 4.47: Importance of administrative skills in playing the role of KAM role effectively

Analysis

The above table shows that 33.89 % respondents gave response as “Extremely Important”, 40.67% respondents gave response as “Important”, 16.95 % respondents gave response as “Moderately Important” and 8.48 % respondents gave response as “Not Important”.

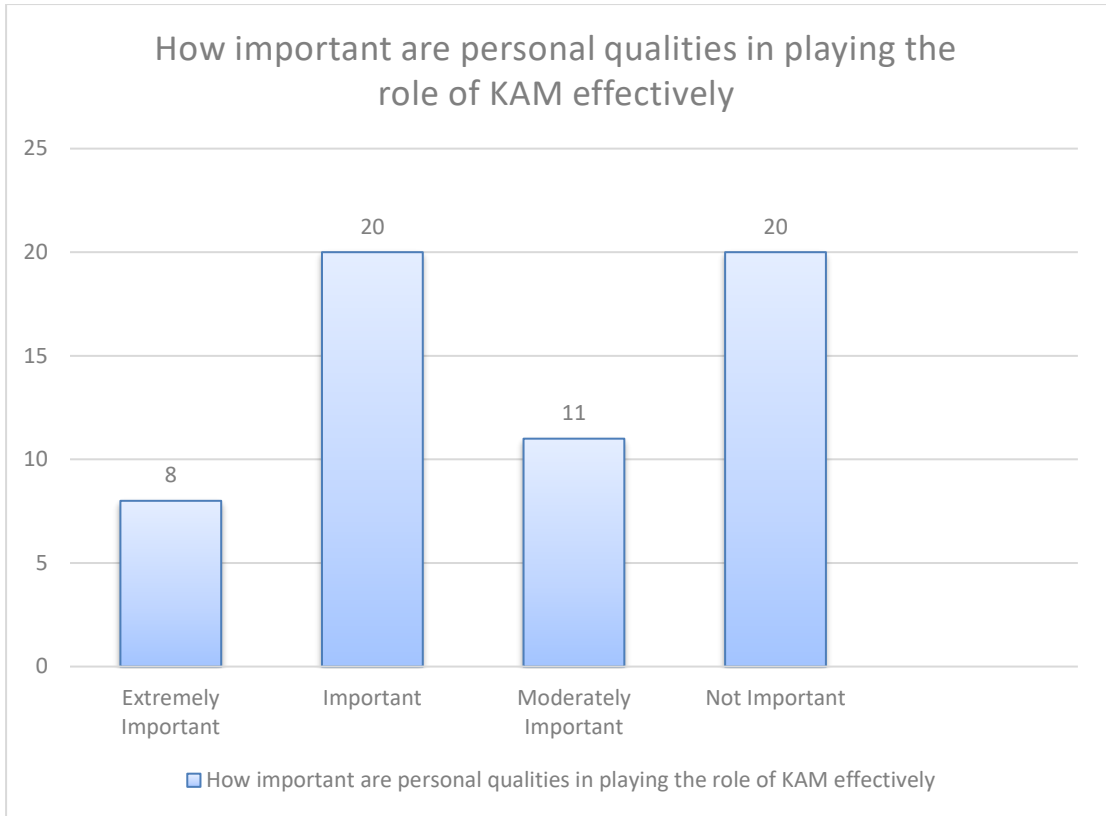
Interpretation

The above data shows that Administrative skills are not rated as extremely important by majority of the managers. Administrative skills include following the regular processes of the company, documentation and dealing with other day to day affairs. It can also include matters related to project management and planning. However, the data has shown that most respondents did not think that this aspect was critical. These processes are standardised and already set in the company and can be delegated.

e) How important are personal qualities like perseverance, patience or risk-taking ability in playing the role of KAM effectively

How important are personal qualities in playing the role of KAM effectively	Frequency	Percent	Cumulative Percent
Extremely Important	8	13.56	13.56
Important	20	33.9	47.46
Moderately Important	11	18.64	66.10
Not Important	20	33.9	100
Total	59	100	

Table 4.48: How important are personal qualities in playing the role of KAM role effectively



Graph 4.48: How important are personal qualities in playing the role of KAM role effectively

Analysis

The above table shows that 13.56 % respondents gave response as “Extremely Important”, 33.9 % respondents gave response as “Important”, 18.64 % respondents gave response as “Moderately Important” and 33.9 % respondents gave response as “Not Important”.

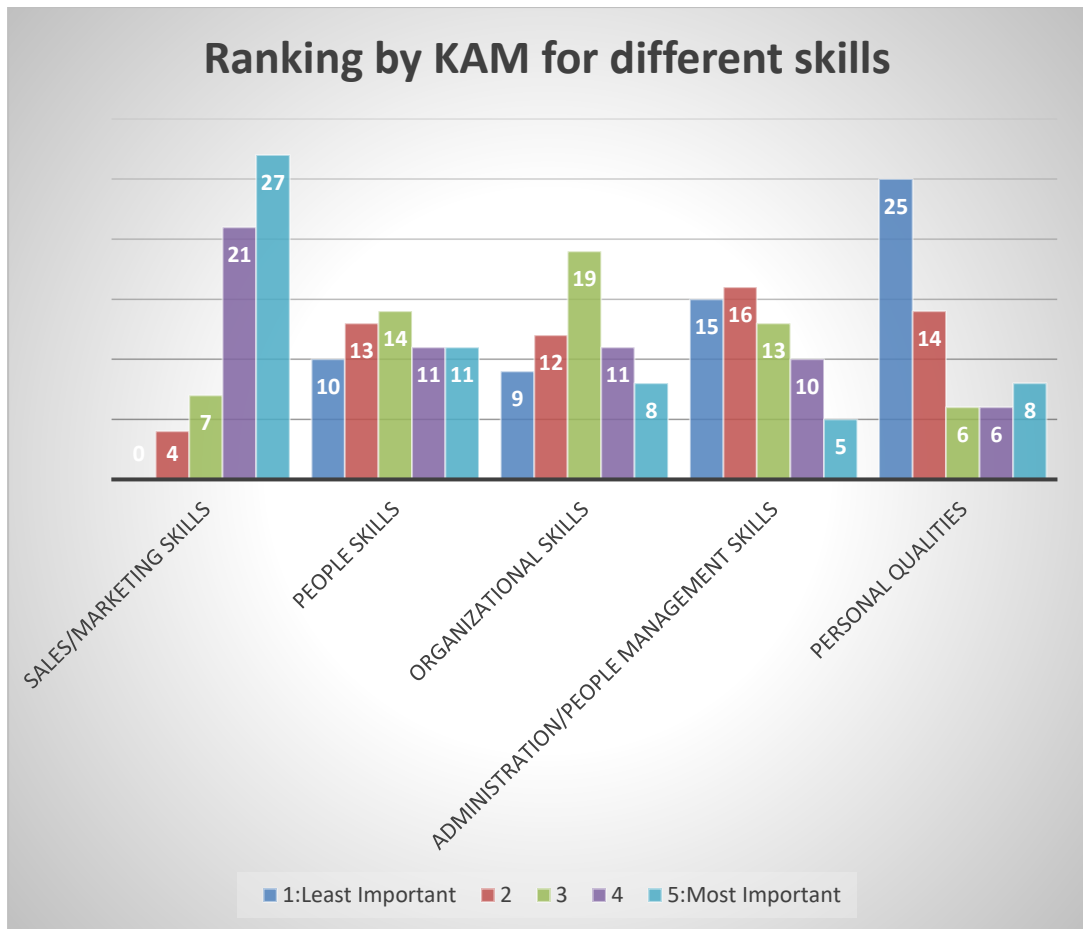
Interpretation

The above data shows that there is a mixed response from the respondents in this case. Only 13.56% rated this as extremely important. No clear picture can be derived from the data and the number of respondents saying important and not important is the same.

Q G6) Ranking by KAM for above skills

	Frequency					Percentage				
Ranking by KAM	Sales/Marketing skills	People skills	Organizational skills	n/People management	Personal qualities	Sales/Marketing skills	People skills	Organizational skills	n/People management	Personal qualities
1: Least Important	0	10	9	15	25	0	16.94	15.25	25.42	42.37
2	4	13	12	16	14	6.77	22.03	20.34	27.12	23.73
3	7	14	19	13	6	11.86	23.73	32.20	22.03	10.16
4	21	11	11	10	6	35.59	18.64	18.64	16.95	10.17
5: Most Important	27	11	8	5	8	45.76	18.64	13.56	8.47	13.56

Table 4.49 : Ranking of KAM for Individual skills



Graph 4.49 : Ranking of KAM for Individual skills

Analysis and Interpretation

Above table gives response of KAMs regarding Ranking by KAMs for different individual skills.

The ranking of the individual skill sets by respondents in order of importance was as follows:

- Sales and Marketing skills - the most important individual skill with 45.76% respondents rating it as 5(Most important) and 35.59% rating it a 4.
- People skills
- Organizational Skills
- Administrative skills
- Personal Qualities

The above data shows that personal qualities and administrative skills are two areas which are not given too much weightage by respondents. The other skills listed are more relevant and having those is much more desirable. Organisational and administrative skills are lower order skills and others have taken precedence over them. Since the role involves constant interaction with customers, Sales and marketing skills and people skills will help in building, maintaining and growing relations with the concerned people. This data has shown an important aspect – Personal qualities are not given high importance for playing this role.

HYPOTHESIS TESTING

Ho : Individual skills are not a critical success factor for effective performance of the Key Account Manager

H1 : Individual skills are a critical success factor for effective performance of the Key Account Manager

Test used : Wilcoxon Signed Rank Test

Coding : Extremely Important:4, Important: 3, Moderately Important:2, Not Important:1

Test Summary

Sample size =n=59

As sample size $n > 25$, T is approximately normally distributed with mean $n(n+1)/4$ and variance $n(n+1)(2n+1)/24$

Mean = 885

Variance = 17552.5

T=1280

Z=(T-Mean)/SD = 2.25

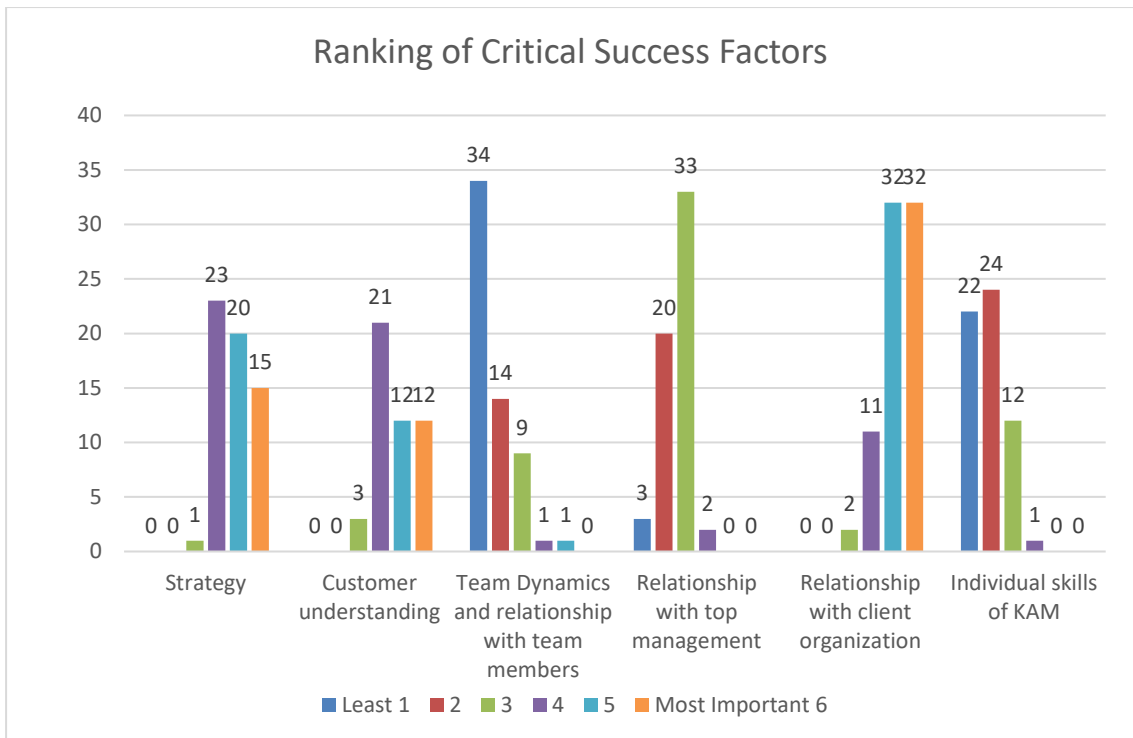
As $Z_{cal} >$ critical value of 1.64 for a 1-tailed test at 5% l.o.s we can reject the null hypothesis

Thus, we can conclude that Individual skills are a critical success factor for effective performance of the Key Account Manager.

4.9 PART H : Ranking of Critical Success factors

	Frequency (Percentage)					
Ranking the critical success factor	Strategy	Customer Understanding and understanding ecosystem	Team Dynamics and relationship with team members	Relationship with top management	Relationship with Client Organization	Individual Skills of Key Account Manager
1: Least Important	0(0)	0(0)	22(57.63)	3(5.08)	0(0)	34(37.29)
2	0(0)	0(0)	24(23.73)	20(33.9)	0(0)	14(40.68)
3	1(1.69)	3(5.08)	12(15.25)	33(55.93)	2(3.39)	9(20.34)
4	23(38.98)	21(35.59)	1(1.69)	2(3.39)	11(18.64)	1(1.69)
5	20(33.89)	23(38.98)	0(0)	1(1.69)	13(22.03)	1(1.69)
6: Most Important	15(25.42)	12(20.34)	0(0)	0(0)	32(54.24)	0(0)

Table 4.50 : Ranking of Critical Success Factors



Graph 4.50 : Ranking of Critical Success Factors

Analysis and Interpretation

From above table, 54 % KAM gives highest rank to Relationship with Client Organization and 58% KAM gives least rank to Individual Skills of Key Account Manager,

The ranking by the respondents in order of importance was as follows.

- Relationship with Client Organization
- Strategy
- Customer Understanding and understanding of ecosystem
- Relationship with top management
- Individual Skills of KAMs
- Team dynamics and relationships with team members

The detailed understanding of every factor has been given in individual sections.

At a macro level, what comes out is that factors related to external relationships and understanding of external environment are more important than factors which are inward looking.

CHAPTER 5

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

5.1 Introduction

This research has endeavoured to throw light upon the critical factors contributing to the success of the key account manager in the IT industry in Pune region.

Chapter 1 covered the Introduction to the topic. Chapter 2 covered Literature review of existing literature and a theoretical framework was created which created the base for research. Chapter 3 covered the Research methodology used. This included the sample, aims and objectives, and design of the study. The fourth chapter covered the Analysis of data which is the most important aspect of this research. Summary of findings, recommendations, conclusion and scope for further research has been discussed in the fifth and final chapter.

This chapter will thus give an overview of the findings specifically giving the summary and conclusion of the findings, some recommendations of the researcher and limitations of the study. It will cover some areas in which future research can be made. Since this is a relatively less studied topic in India, much work can be carried out which can benefit managers and management of IT companies.

5.2 Findings

The study was based on finding critical success factors for effective performance of the manager.

1. Part A focussed on finding out basic information about the Key Account Management program like average account growth, increase in CSI, percentage accounts which are key accounts, revenues coming from key accounts, structure of Key Account Management used in companies.

- a. Key Account Management has resulted in these selective accounts growing much more than the other non-key accounts in the company.
 - b. There is a direct linkage between increase in Customer Satisfaction and KAM role helping customers meet their strategic goals.
 - c. Almost all respondents felt that Key Account Management had helped the company meet its strategic goals with a large number of respondents saying that key account management had completely helped customers do so.
 - d. In majority of companies, less than 20% accounts were designated as Key Accounts.
 - e. Key Accounts accounted for more than 30% revenue as a part of company revenue in most cases with the numbers going to above 50% in 1/3rd cases.
 - f. “Contribution to company revenue” and “Size/reputation of customer” were the top criteria used to classify accounts as key accounts.
 - g. Different companies use different Key Account Management structures with the “Two in a Box” model and “Multiple Key accounts handled by one manager” being the most use models in the industry. The “Two in a Box” model had account growth which was higher than other models.
 - h. Capability and Domain knowledge understanding were the top factors used by companies to assign KAMs to key accounts.
2. Part B focussed on the first critical factor studied – i.e. “Strategy” to understand whether this factor is a critical success factor in the performance of

KAMs. This came across as a very strong critical success factor having a positive impact on the effectiveness of the performance of the manager.

- a. A majority of respondents felt that understanding customer strategy is a key factor in the success of KAMs.
 - b. From the responses received, the following factors are the top three sub factors playing an important role in KAM success (with most of the respondents stating that these are important sub factors):
 - i. KAM playing an active role in Key Account Management strategy
 - ii. Understanding of customer's success metrics
 - iii. Collaboration with customers to understand different challenges
 - c. The following sub factors – “Understanding of customers industry” and “Strategic fit between buyer and supplier enhancing KAM performance were the lowest two factors from the survey with only around 30-40% respondents stating that these are important sub factors.
3. Part C studied the second factor – i.e. “Customer understanding and understanding of ecosystem”.
- a. Customer Understanding was seen by majority respondents to be a critical factor for KAM performance and account growth with an overwhelming majority of respondents stating that this is an extremely important factor for KAMs success.
 - b. The three main sub factors which came across as important among seven factors in terms of ranking were as follows:

- i. Understanding customer buying cycle
 - ii. Understanding of CXO level priorities in the customer organization
 - iii. Understanding customers business (understanding of focus areas, product strategy)
- 4. Part D focussed on the third factor studied – i.e. “Team dynamics and relationships with team members”. This involves aspects like building the right team, coaching, understanding team dynamics, crisis management, attrition and other areas.
 - a. This factor was seen to be a less important factor for effective performance of the KAM and this hypothesis was rejected based on the responses received from the survey.
 - b. The research indicated that some sub-factors like “building a team with right combination of people”, “ensuring proper reward mechanisms”, “attrition control and minimising change” came across as less important factors with majority respondents saying it is moderately important or not important.
 - c. Three sub-factors - “different stakeholders inside vendor organization working with a common goal towards customer KRAs”, “having a proper escalation mechanism” and “having set processes for crisis management” came across as important from the vendor’s perspective as this allows a vendor to present a common front and a common face to the customer.
- 5. Part E focussed on the fourth factor studied – i.e. “Relationship with top management (Support)”.

- a. This was seen by an overwhelming majority of respondents to be a critical factor for KAM performance.
 - b. The 4 sub-factors which respondents felt very strongly in favour of were – “Senior management supporting and empowering KAMs”, “Senior management helping resolve bottlenecks”, “Readiness to drive changes will improve performance of KAM” and “Top Management recognising Key Account Management as a critical function”.
 - c. There was a mixed response on the sub-factor “Top management should be actively involved in Key Account Management strategy” with very few respondents saying that it helps effective KAM performance.
6. Part F focussed on the fifth factor studied – “Relationship with Client organization” to understand whether this factor is a critical success factor in the performance of KAMs. This came across as a very strong critical success factor having a positive impact on the effectiveness of the performance of the manager.
- a. Three of the four sub-factors studied – “Relationship with senior management at client side”, “Relationship with other key stakeholders” and “Understanding of key decision makers” came across as very important for the success of the KAM with high number of respondents stating that these help in effective KAM performance.
7. Part G focussed on the sixth critical factor studied – “Individual skills of Key Account Manager” to understand whether this factor is a critical success factor in the performance of KAMs. This came across as a not so strong critical

success factor and thus does not have an impact on effectiveness of the performance of the manager.

5.3 Conclusions

1. Part A : Personal and Company Profile

It has been observed from this section that Key Account Management focus resulted in these focus accounts growing much more than the other non-key accounts in the company. Key Account Management has helped companies to a very large extent in helping customers meet their strategic goals. The way KAM programs are run varies greatly across companies. Companies understand it is important to keep number of accounts in the Key Account Management program to a manageable level since the cost related for running these accounts is higher. Focussing on customer satisfaction results in sustained growth in key accounts and helps in building a long term relationship.

2. Part B : Understanding Customer strategy

Understanding customer strategy was found to be extremely important for success of a KAM. Also, an understanding of the success metrics of customers which are different at different levels helps in better customer servicing and helps build a relationship which can withstand tough times as the customer would look at the vendor organization more as an integral partner rather than a vendor. It can be concluded that the KAM needs to be actively involved in driving strategy for his key accounts and collaborate continuously with customers to understand and resolve their business

challenges. Companies where KAMs are not actively involved in strategy do not deliver desired results.

3. Part C : Customer Understanding and understanding ecosystem

Understanding of customer priorities and KRAs, understanding of the market and the global landscape he works in is very important for a KAM. This enables the KAM to ensure that his team is a seamless extension of the customer team and both teams are completely in alignment on what is important. Understanding the Customer buying cycle and planning helps in internal planning and helps the KAM make the right pitch at the right time. This ensures a win-win relationship – more business and revenue for the vendor and a partner for the customer he can depend on.

4. Part D : Team Dynamics and relationship with team members

It can be concluded from the responses that this factor overall is not a critical success factor as compared to other factors and comes across as a threshold requirement. There was a mixed response in this section where having processes for Escalation Management and Crisis Management were seen to be important. Having a team with the right skill sets, proper internal reward mechanisms and minimising change and attrition control came across as factors with a low rating. In the long run, what helps individuals is job satisfaction, team culture and sense of belonging, work life balance etc. and these factors are more important than just having reward mechanisms.

5. Part E : Relationship with top management(support)

It can be concluded that senior management support for the key account management program is crucial for success. It is important to designate the

Key Account Management program as a strategic program across the organization. This helps a KAM navigate across the organization seamlessly so as to ensure effective service to the customer and ensure quick turnaround. It is important for the senior management to review and support any investments required by a key account for long term growth and help resolve any bottlenecks faced by the KAM in this relationship.

6. Part F : Relationship with Client organization

This came across as one of the most important factor which helps a KAM service his customers effectively. Having a good relationship across all levels of the customer organization – CXO level and mid-level management and technical staff, and making regular visits to showcase value was found to be important for KAM performance. It is also important to understand who within the client organization is responsible for key decision-making so as to maximize connect with this set of people.

7. Part G : Individual Skills

Sales/Marketing skills came across as the most important individual skill for a KAM – this involves consultative selling within the customer organization and the ability to understand customer pain points. This was followed by the importance of having strong people skills like leadership qualities and communication skills. Leadership skills including strategic thinking ability, initiative, looking at both macro and micro are important for playing the KAM role. However, individual skills related to administrative skills and personal qualities like perseverance and patience came across as less important indicating that these are qualities which every person at that management level needs to possess and that these are

must have qualities rather than special qualities which would help a KAM play his role more effectively.

8. Out of the six hypotheses proposed by the researcher, five were proved and one was disproved as follows:
 - a. Understanding strategy is a critical success factor for effective performance of the Key Account Manager. **ACCEPTED**
 - b. Customer Understanding is a critical success factor for effective performance of the Key Account Manager. **ACCEPTED**
 - c. Ability to handle team dynamics is a critical success factor for effective performance of the Key Account Manager. **REJECTED**
 - d. Positive relationship with top management is a critical success factor for effective performance of the Key Account Manager. **ACCEPTED**
 - e. Collaborative relationship with client organization is a critical success factor for effective performance of the Key Account Manager.
ACCEPTED
 - f. Individual skills are a critical success factor for effective performance of the Key Account Manager. **ACCEPTED**

5.4 Proposed Model of critical success factors

Below is the proposed model of critical success factors which the researcher has developed based on the research findings in this thesis. The model reflects the priority of critical success factors as shown by the downward arrow in the figure below.

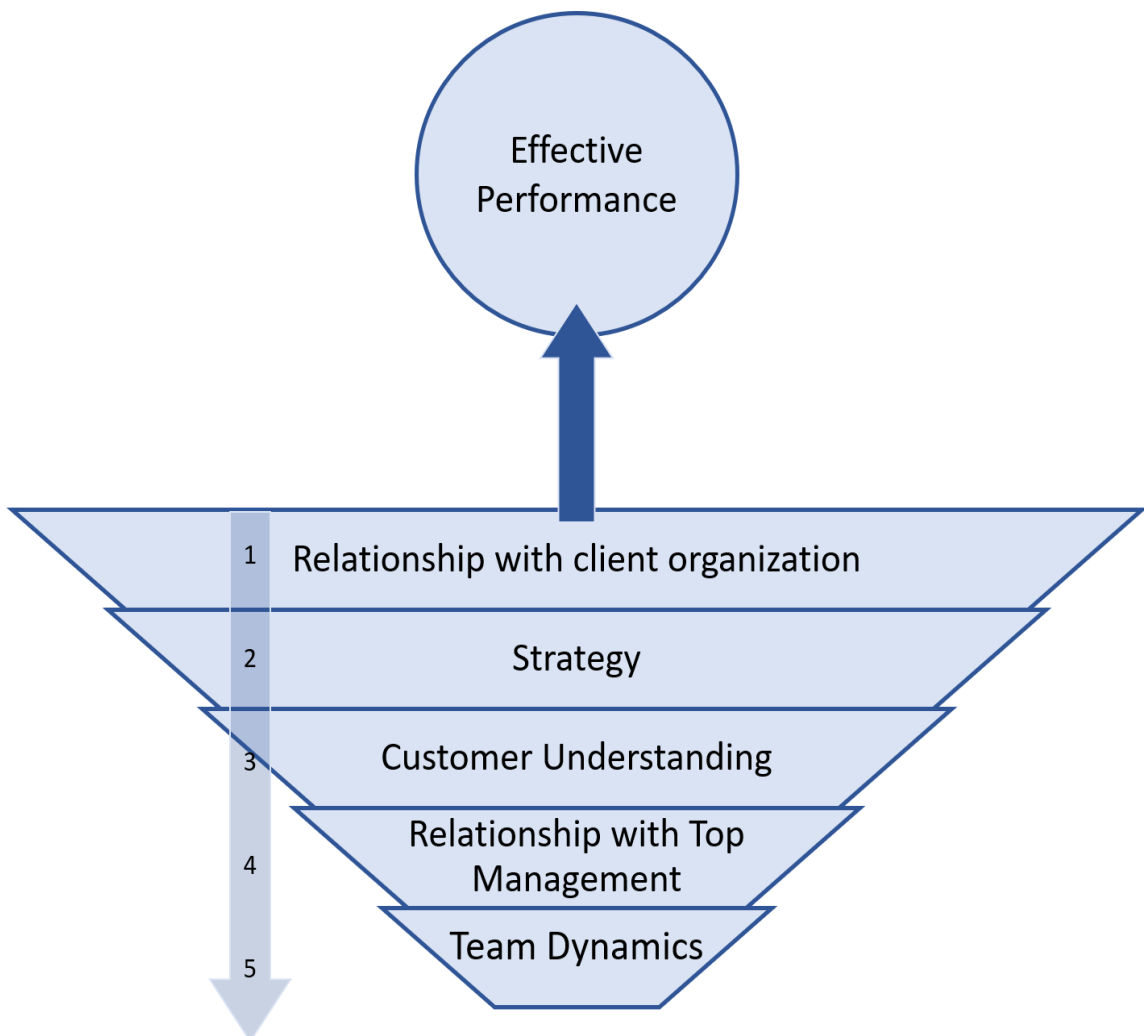


Figure 5.1: Proposed model for critical success factors for effective KAM performance

5.5 Uses of the Model for Companies and Practitioners

This model shows that there are 5 critical success factors which are important for effective KAM performance and one support hygiene factor which supports KAM performance. Each one of these factors has a few sub-factors which help the KAM perform his role effectively.

The following are the critical success factors:

- Relationship with Client Organization
- Understanding customer strategy
- Customer understanding and understanding ecosystem
- Relationship with top management
- Individual Skills of KAM

The support factor – “Team dynamics and relationship with team management” is a must have basic hygiene factor which is important for any leadership position in the IT industry.

Knowing these factors and sub-factors helps in the following manner:

- Used by companies to understand what attributes in a KAM make the program successful
- Can be used by companies to hire people for these key positions
- For existing KAMs, it can be used to do a detailed gap analysis to help train and personal coaching of KAMs for that role for performance improvement
- It will also help top management to develop business strategy.

5.6 New insights from this research

The following insights were derived through data collected in this research.

1. It was observed that method used to segment accounts was different across different companies
2. In many companies, it was seen that Key Account Managers for accounts were decided based on characteristics of that individual account
3. It was seen that different companies use different Key Account Management models.
4. It was observed that relationship with customer CXO and key decision makers on customer side is a defining factor for long term partnership.
5. Understanding the customer buying cycle is an important contributor to effectiveness
6. The Key Account Manager for all practical purposes is playing the role of a VP/Director on the customer side. He is often seen to be the customer's representative.

5.7 Recommendations

The following recommendations have been given by the researcher in context of this research.

1. Companies should utilize the understanding of critical success factors in developing key account management programs and recruitment of key account managers.
2. The senior management should ensure that the Key Account Management program gets priority across the organization that key customers deserve.
3. The criteria used for identifying key accounts are different for different companies and companies should spend time in deciding what criteria to use for selecting key accounts. Selecting the right set of accounts as key is important for a good Key Account Management program.

4. It is important for companies to have a Key Account Manager training program to share best practices and ensure continuous development of Key Account Managers.
5. KAMs should be encouraged to drive their own account strategy with senior management acting as a mentor to help the KAMs wherever necessary.

5.8 Scope for further research

Key Account Management and factors which relate to effective performance of a KAM is a vast field and there are multiple areas in which future research can be conducted.

1. Whether particular Key Account Management models are better for companies having a certain size or characteristic.
2. Are there different criteria which need to be used for account classification as key accounts? Does the criterion to be used differ as per size of the company, or its revenue mix, or health of an account, or other factors? Is this different for mid-sized companies and large companies?
3. Since companies have different key accounts with different characteristics, are some criteria used for assigning key accounts to account managers better than other criteria under a specific set of conditions? How does this relate to the overall cost on an account over a three or five year time period?
4. Are there formal training or mentoring programs which KAMs can go through before being selected as KAMs?
5. Is there a series of factors which can constitute a formal mentoring program by senior management for potential KAMs?

6. How do the six factors that have been researched differ in terms of impact for medium size and large companies?

5.9 Limitations of the study

The research has the following limitations:

1. Since the respondents were very senior level managers, it was difficult to get time from them for collection of qualitative data.
2. The sample chosen was 96, however, even after sending multiple messages and following up, some of them did not send a reply to the questionnaire. Some questionnaires were incomplete and had to be discarded.
3. In some cases, due to confidentiality purposes, the respondents were not ready to furnish data. Also, most respondents asked for complete confidentiality of names and data.
4. The researcher conducted 10 in-depth interviews; however, it would have been a better study if more in-depth interviews of long duration had been conducted.
5. Qualitative observations of practicing managers in their natural work settings would have given more insights into their behaviours.
6. Other situational factors which are not considered in my hypothesis like compensation, salary and incentives, company culture etc. which may be responsible for effective performance.
7. Not much formal study has been done about this subject in the Indian IT context and very limited amount of research papers, secondary data is available.

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3. Key Account Management by PETER CHEVERTON
4. Key Account Management and Planning – Noel Kapon
5. Implementing Key Account Management by Sue Holt
6. Successful Global Account Management by Kevin Wilson

ANNEXURE 1 : Questionnaire for Key Account Managers of select IT companies in Pune region

Dear Respondent,

Please fill in the questionnaire to the best of your ability. This information will be used only for research and academic purposes. I request your cooperation and appreciate you taking out the time to give your valuable inputs.

Part A: Personal and Company profile

Name of the Key Account Manager :

Name of the company :

Total turnover of company(USD) :

Turnover of accounts (USD):

Total work experience (years):

Experience in the present company (years):

Current Designation:

a) Percentage growth in your overall accounts revenues per annum over the last three years:

b) Overall % increase in customer satisfaction index(CSI) over past three years:

c) To what extent has efforts of Account Management helped customers meet their strategic goals?

1) Completely 2) Moderately 3) Minimally

d) How many Key Accounts does your company have? Also specify KA as a percentage of total accounts.

No of Key Accounts:

Percentage:

e) How much of the company revenue comes from Key Accounts?

1) Upto 30%

2) 31% to 50%

3) 51% to 80%

4) Above 80%

f) What is the criteria used in your company to classify the customer/client as a key account? Select the appropriate option(mention the number) :

1. Contribution to your company's revenue
2. Size/reputation of customer
3. Based on compatible strategic growth
4. Potential future prospects
5. Any other(please specify here) :

g) Please specify the current structure of Key Account Management in the company. Select the appropriate option (mention the number)

1. Independent key account manager (one manager per account)
2. Two in a box model (one client site and one in the company itself)
3. Multiple key accounts handled by one manager
4. Combination of key accounts and smaller accounts
5. Any other(please specify here) :

h) What is the criteria of assigning customers/accounts to Key Account Managers? Select the appropriate answer/s.

- a) Capability
- b) Leadership qualities
- c) Previous relationship with customer(rapport)
- d) Experience
- e) Domain knowledge about customers business
- f) Managing crisis

PART B: Strategy

Please rate the following questions on a rating scale of 4 to 1

4 =Always

3=Sometimes

2=Rarely

1=Never

Based on your experience of handling key accounts, select the appropriate option (mention the number) :

- a) Understanding customer strategy is an important area for the KAM (Key account Manager).

4.....3.....2.....1

Always Sometimes Rarely Never

- b) A strategic fit between the supplier and buyer enhances the performance of the KAM.

4.....3.....2.....1

Always Sometimes Rarely Never

- c) Active involvement in driving strategy helps the KAM to play his role successfully.

4.....3.....2.....1

Always Sometimes Rarely Never

- d) Understanding the success metrics of customers is important for the KAM's success.

4.....3.....2.....1

Always Sometimes Rarely Never

- e) Understanding customers' industry and strategy is a crucial factor for the KAMs success.

4.....3.....2.....1

Always Sometimes Rarely Never

- f) Collaboration with the customers to help identify different business challenges contributes to effectively playing the role of KAM.

4.....3.....2.....1

Always Sometimes Rarely Never

g) KAM's ability to align offerings with the strategic goals of the customer contributes to success.

4.....3.....2.....1

Always Sometimes Rarely Never

PART C: Customer Understanding and understanding ecosystem

Please rate the following questions on a rating scale of 4 to 1

4 =Extremely Important

3=Important

2=Moderately Important

1=Not important

Based on your experience of handling key accounts, select the appropriate option(mention the no in the space provided) :

a) In your experience how important is customer understanding for KAM's success?

4.....3.....2.....1

Extremely Important Moderately Not important

Important Important

b) Understanding the global economic landscape is a critical success factor for the KAM.

4.....3.....2.....1

Extremely Important Moderately Not important

Important Important

c) Rank the importance of the following areas for playing the role of Key account manager. (7 =most important ,1=least important)

1. Domain knowledge of customers business

2. Customers business (understanding of strategy, focus areas)

3. Customers key result areas (KRA's) /Key success factors

4. Building pipeline based on understanding customer needs

5. Understanding customers competitors

6. Understanding customer buying cycle

7. Understanding CXO level priorities

PART D : Team Dynamics and relationship with team members

Please rate the following questions on a rating scale of 4 to 1

4 =Extremely Important

3=Important

2=Moderately Important

1=Not important

Based on your experience of handling key accounts, select the appropriate option(mention the no in the space provided) :

a) Understanding of internal team dynamics to maximize output and drive strategy.

4.....3.....2.....1

Extremely important Important Moderately important Not important

b) Building a team with the right combination of people .

4.....3.....2.....1

Extremely important Important Moderately important Not important

c) Coaching the team with required skill sets results into delivering better results and enhances relationship with client.

4.....3..... 2.....1

Extremely important Important Moderately important Not important

d) Having a correct mechanism for escalation management contributes to effective team management that helps deliver better results.

4.....3.....2.....1

Extremely important Important Moderately important Not important

e) Setting up proper processes for crisis management contributes to effectively managing a team and helps the deliver better results.

4.....3.....2.....1

Extremely important Important Moderately important Not important

f) A prime responsibility of the key account manager is to ensure that different stakeholders inside the organization (delivery, finance, legal, sales , marketing etc.) work with a common goal in sync with customers KRAs .

4.....3.....2.....1

Extremely important Important Moderately important Not important

g) To what extent does Minimising change within the team and attrition control impact team management?

4.....3.....2.....1

Extremely important Important Moderately important Not important

h) Ensuring proper reward mechanisms results in effective team management

4.....3.....2.....1

Extremely important Important Moderately important Not important

PART E : Relationship with top management (support)

Please rate the following questions on a rating scale of 4 to 1

4 =Always

3=Sometimes

2=Rarely

1=Never

Based on your experience of handling key accounts, select the appropriate option(mention the no in the space provided) :

- a) It is necessary for top management to act as a champion for individual key accounts.

4.....3.....2.....1

Always Sometimes Rarely Never

- b) Mentoring the Key account manager by top management improves his performance.

4.....3.....2.....1

Always Sometimes Rarely Never

- c) Top management should recognise Key account management as a function that involves driving criticality across organization.

4.....3.....2.....1

Always Sometimes Rarely Never

- d) Readiness to drive changes required in the organization will result in improving the effectiveness or performance of Key account manager.

4.....3.....2.....1

Always Sometimes Rarely Never

- e) Helping resolve bottlenecks by the top management which are outside the reach of the account manager will result in improving the performance of Key account manager.

4.....3.....2.....1

Always Sometimes Rarely Never

f) An important role of top management is supporting investments required in the KAM program, empowering KAMs and being part of the entire KAM process.

4.....3.....2.....1

Always Sometimes Rarely Never

g) Top Management should be actively involved in driving KAM strategy.

4.....3.....2.....1

Always Sometimes Rarely Never

PART F: Relationship with Client Organization

Please rate the following questions on a rating scale of 4 to 1

4 =Always

3=Sometimes

2=Rarely

1=Never

Based on your experience of handling key accounts, select the appropriate option(mention the no in the space provided) :

a) Relationship with senior management – CxO level in the client organization is critical for succeeding in the role of Key account Manager.

4.....3.....2.....1

Always Sometimes Rarely Never

b) Relationship with other key stakeholders – (delivery, product management, services) across multiple levels is an important factor resulting in success of the key account manager.

4.....3.....2.....1

Always Sometimes Rarely Never

c) It is important to understand who are the key decision-makers and key influencers within the client organization.

4.....3.....2.....1

Always Sometimes Rarely Never

d) Driving proposals and growth which will help the customers achieve their Key Result Areas while keeping an eye on internal KRA's results in success for KAM.

4.....3.....2.....1

Always Sometimes Rarely Never

PART G : Individual Skills

Please rate the following questions on a rating scale of 4 to 1

4 =Extremely Important

3=Important

2=Moderately Important

1=Not important

Based on your experience of handling key accounts, select the appropriate option (mention the no in the space provided) :

a) Sales/Marketing skills are important to play the role of KAM successfully

4.....3.....2.....1

Extremely important Important Moderately important Not important

b) Having people skills like leadership and communication are important to play the role of KAM successfully.

4.....3.....2.....1

Extremely important Important Moderately important Not important

c) Having organizational skills like managing volatility and building next level command are important to play the role of KAM successfully.

4.....3.....2.....1

Extremely important Important Moderately important Not important

d) How would you rate administrative skills in playing the role of KAM effectively.

4.....3.....2.....1

Extremely important Important Moderately important Not important

e) How important are personal qualities like perseverance, patience or risk taking ability in playing the role of KAM effectively.

4.....3.....2.....1

Extremely important Important Moderately important Not important

f) Rank the following skills in terms of importance to KAM : (1 to 5) 5=most important

a) Sales/Marketing skills

b) People skills

c) Organizational skills

d) Administration/People management skills

e) Personal qualities

PART H: Ranking of Critical Success Factors

Rank the following critical success factors in terms of importance to KAM : (1 to 6) 6=most important

a) Strategy

b) Customer Understanding and understanding Ecosystem

c) Team Dynamics and Relationship with team members

d) Relationship with top management

e) Relationship with Client Organization

f) Individual Skills

Thank-you!

ANNEXURE 2 : LIST OF COMPANIES

No	Name of Company	Size
1	Zensar Technologies	M
2	Persistent Systems	M
3	Cybage Software Pvt. Ltd.	M
4	Calsoft Pvt. Ltd.	M
5	Sasken Technologies	M
6	Mastek	M
7	Nihilent Technologies	M
8	Global Logic	M
9	3i Infotech	M
10	KPIT Technologies	M
11	Clarion Technologies	M
12	L&T Technologies	M
13	Nitor Infotech	M
14	Sonata Software	M
15	Syntel	M
16	United Phosphorus	M
17	Tata Elxsi	M
18	Tata Technologies	M
19	Mphasis	M
20	Tieto Software Technologies Pvt. Ltd.	M
21	Vertex	M
22	TIBCO Software	M
23	Saama Technologies	M
24	ZS Associates	M

25	Mindtree	M
26	EClerx	M
27	Majesco	M
28	AxisCades	M
29	Nucleus Software	M
30	R Systems	M
31	Accelya Kale	M
32	AurionPro	M
33	Zen Tech	M
34	Cigniti Solutions	M
35	Hexaware Technologies	M
36	Sungard	M
37	Fujitsu Software	M
38	Geometric	M
39	Cyient	M
40	NIIT Tech	M
41	Wipro Ltd.	L
42	Cognizant Technology Solutions	L
43	Tech Mahindra	L
44	Infosys	L
45	Accenture	L
46	Cap Gemini	L
47	HCL Tech	L
48	IBM	L
49	TCS	L