The problem with most account management programmes is that they suffer from rigid internally focused measurement that doesn't build long term loyalty, growth and revenue streams.

Key account management (KAM) typically happens when companies reach a scale that individual account management really matters and the measurement the programme inherits is from a business based on structure not market.

Measuring profit, service and performance by key customer is a challenge that delivers new insights into your revenue streams and tells you where you gain refine your business for further growth.

**Work the current state**

If you are starting a programme, here’s our point of view on the process in a few simple steps;

- Map out the metrics the business uses and ask yourself against each one which really gives you an insight about how you are performing with the individual key accounts and the portfolio?
- Identify which customers’ really matter to the business; do you have evidence based measurement about how you perform from their perspective?
- If you already have customer satisfaction and advocacy metrics in place ask yourself about coverage by key account, is this at top level, by project, relationship, and are you able to integrate the data to give practical meaningful insights to account managers?

A simple method of creating mutual understanding and alignment is to map out the current metrics you use to assess customer relationships and how you measure success. This creates a common understanding of how people see metrics used and raises the debate to a strategic level.

Don’t accept that what you have works for a key customer portfolio, the measures have to assess how you achieve the vision and get the right mix of balanced predictive and result based measures.
Balance and outside in

To create the right set of measures you can use various tools to assess where you are now and what will drive portfolio profitability and success. Take the simple grid below and tick here you are now to stimulate the strategic thinking about what measures to develop.

<table>
<thead>
<tr>
<th>Client view</th>
<th>Status or supplier</th>
<th>Strategic key account</th>
<th>Satisfaction measurement</th>
<th>Intent towards your business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>Strike rate driver</td>
<td>Share of wallet</td>
<td>Value of pipeline</td>
<td></td>
</tr>
<tr>
<td>Growth</td>
<td>History by value 3 years</td>
<td>Cross sell of</td>
<td>Potential growth 1-5 year</td>
<td></td>
</tr>
<tr>
<td>Account spend</td>
<td>Per annum spend known?</td>
<td>Computer dominance</td>
<td>Preferred competitiors</td>
<td></td>
</tr>
<tr>
<td>Relationship</td>
<td>Potential New client</td>
<td>Basic/Cooperative</td>
<td>Interdependent/integrated</td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td>Days payment record</td>
<td>Probability</td>
<td>Incidence</td>
<td></td>
</tr>
</tbody>
</table>

A set of key questions to rate your key accounts against on a 1-10 scale could include:

- How confident is your business about having this data to hand?
- How well do you know the profitability of your top ten key accounts or most important customers?
- Is your portfolio outperforming other parts of the business?
- How well do you understand the cost to acquire within each account in the portfolio?
- What is the win rate by account by volume and cost, is it higher than the rest of the business?
- Is cross selling growing by each key account?
- How strong is the business to business relationship between your business and the key customers in your portfolio?
- Does externally based measurement like Net Promoter score or regular surveys show continued improvement as judged by customers?
- To what extent do your key accounts excel on service factors that matter to your customers?
- What share of their business do you have and is it growing in the right areas?
- How well does your business buy into the key account management process, is it affecting employee survey results on customer focus for example?

- What is the difference in key account capability since last year?

Challenges in getting metrics that work

Measurement of a key account portfolio requires a real effort as it works across organisational boundaries. Those boundaries are often the basis of internally focused measurement that have naturally been established to help manage complex multi division businesses. Yet key customers are seeking seamless service. Measurement faces challenges that delay getting towards measuring real value:

- Individual customer profitability is often not measured, work with finance to help define profitability measures for the portfolio as a pilot approach;
- Sales wins are often only reported by divisional level, doing the data analysis to link up customer centric reporting requires detailed customer mapping, analytics and IT support;
- Measure outside in and report customer satisfaction and relative strength results on that basis, this needs some investment but truly brings the customer into the business; and
- Customer identification when the customer is a major corporate can be a challenge, ensure you understand the ownership structure and combine the revenue from multiple divisions to bring together the big picture.

Our advice is to start early and keep measurement focused externally as while internal structure and boundaries change data that’s driven by structure and not customer will fail to deliver in the long term.

Contact us

The key to selecting the right key customer portfolio metrics is to ensure that measures are balanced and focused on driving business success.

You can always contact us on +44(0)203 651 0206 or email info@naviga.uk.com

We help companies reinvent their business relationships to drive growth and profitability.

Reinventing business relationships

Naviga Consulting LTD