Six Classic Mistakes in KAM

by Professor Malcolm McDonald

Why most companies get KAM hopelessly wrong

1. Ask any director of any company what their biggest challenges is and the answer is always how to deal profitably with big, powerful customers. There are only 10 car companies in the world; in the UK most fmcg go through five mega supermarket groups and so on. Power is being increasingly concentrated in a few large customers. Yet, in spite of this, KAM is rarely taught at Business Schools in the UK. Exceptions are Cranfield and Portsmouth, (where an ex Cranfield lecturer is in charge). The result? MBA and MSc students in the main leave their advanced, expensive programmes ill-equipped to deal with the realities of the modern world.
2. The majority of Professors, senior lecturers and lecturers in our Business Schools have very little real world experience. Consequently, one of the most important topics of the modern world, how to deal profitably with big, powerful customers, is grossly neglected on their curricula. Furthermore, little real research on the topic takes place in Business Schools, whereas at Cranfield, working with many of the world's biggest and best multinational companies, we have been researching global best practice in KAM for 18 years.
3. Most companies think that KAM is "selling with knobs on". Consequently, most have completely the wrong kind of people dealing with big companies. Yet our research at Cranfield proves clearly that important customers literally HATE being sold to. They demand senior, totally business- trained 'general manager' type executives who thoroughly understand finance, their processes, their organisation and their culture, who can offer solutions that create advantage for them rather than solutions that merely help them to avoid disadvantage.
4. KAM requires a deep understanding of the business of major customers. This requires KAM managers who are fully trained to MBA level. Instead, mot companies have sales people who are paid to sell. But unless they're paid to analyse in detail the business of their customers in order to prepare solutions that crate advantage for them, they will continue to just sell, must to the annoyance of their would-be customers.
5. Our research with the European Institute of Purchasing proves beyond doubt that companies detest gangs of sales people dressed up as KAMgrs descending on them to sell their stuff. We really need to grow up and listen to these people. Nothing less than a root and branch reorganisation of KAM in most companies is called for.
6. One of the quickest ways to go bankrupt is to 'delight' your customers! Most companies fail to classify their major customer according to the potential of each to grow the supplier's profits over a three year period and according to the supplier's competitive strengths with each major customer. Such a classification would lead to the correct setting of objectives and allocation of scarce resources.

   Unless this is done, you frequently come across companies with ridiculous and self-destroying policies based on maximising profit from every customer, even though some should be managed for net free cash flows, some for net present value and others should be invested in to build future competitive positions.