

Strategic Marketing Case Studies: Key Accounts Management

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Each of these mini-cases is based on real cases, but the names and some of the circumstances have been changed. Any name similarity with existing companies or people is entirely accidental and unintended.

The following mini-cases are offered to readers as a way of considering just some of the complex issues which face all organisations who are serious in their intentions to build profitable and lasting relationships with customers.

This selection of mini-cases has presented just a small part of the myriad of problems that result from an organisation's efforts to become more customer focused. We hope that you will enjoy thinking about these problems, and will be better prepared as a result for dealing with the challenges inherent in your key account relationships.

We have also included some case studies from the customer's point of view, which may be used as training scenarios for "boundary spanning".

Please "role-play" the characters in the mini-cases, but also consider what would happen in your company if it were faced with the situation described, and how you think your customer would react.

We have included a brief discussion at the end of each mini-case. We stress that these are not answers, as there is never a perfect answer to any problem in life. Please compare our thoughts with your own, and please discuss them with colleagues, as this is the best way to learn.

Continued on next page >

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Case Study: Surviving market testing

Components GmbH has won a contract to supply newly developed sealants to a European manufacturing consortium, KFG.

They are the only supplier of these parts to KFG. The entry costs were high, due to the unique customer requirements, but it is now unlikely that any competitor could follow. The sealants are performing very well, and Components GmbH has the opportunity to demonstrate more of its products. More importantly, the customer is very interested in the company's keenness to set problem solving targets, to be jointly addressed and met.

In the course of reviewing how the sealants are working, the Components GmbH account manager has uncovered one of KFG's operational problems - an expensive, inefficient and dangerous cleaning method has to be changed. Components GmbH have recently acquired a services company which has just the right expertise to solve the problem. He recommends their high technology cleaning system, which fulfils all the customer's needs.

KFG insist that they must search the Internet for alternative suppliers and conduct an on-line reverse auction.

How can both parties proceed?

Case Study: Surviving market testing (continued)

Discussion: It is not clear why KFG need to run an on-line auction, but if it is company policy then they must do it, and they must be very specific about their requirements. They can of course encourage Components GmbH to respond.

Components GmbH need to proceed as follows:

- ✓ use their special expertise to influence the specification;
- ✓ use their existing knowledge of KFG to ensure they meet all the common requirements;
- ✓ provide extra, convincing information and analysis, which should establish edge over any other tenders submitted; and
- ✓ establish a price floor and stick to it – doing the job unprofitably is not an option.

Many selling companies with a partnership approach are averse to customers going out to tender in this way. Nevertheless, they must remember that the customer will be required to market test their performance from time to time, and, if they truly are offering the best solution, an objective tendering process should recognise it.

Case Studies

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Professor McDonald and his team of consultants work with the Boards and internal teams of executives from a number of the world's leading multi-nationals on all continents.

Malcolm McDonald is Emeritus Professor of Marketing at Cranfield University, and Visiting Professor at Henley, Warwick, Aston and Bradford Business Schools. He authored over 40 books on marketing and key account management.

Coming from a background in business which included a number of years as Marketing Director of Canada Dry, Malcolm has successfully maintained a close link between academic rigour and commercial application. He has consulted to major companies from the UK, Europe, USA, Far East, South-East Asia, and Africa, in the areas of strategic marketing and marketing planning, market segmentation, key account management, international marketing and marketing accountability.

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