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1. Purpose of this Paper



JSA has been active in consulting and training in consumer goods key account development since the 1980's. In Australia, our "home market", we see one of the world's tightest concentrations of buying power, which leaves suppliers struggling when it comes to initiatives in consumer market development or relationship management.

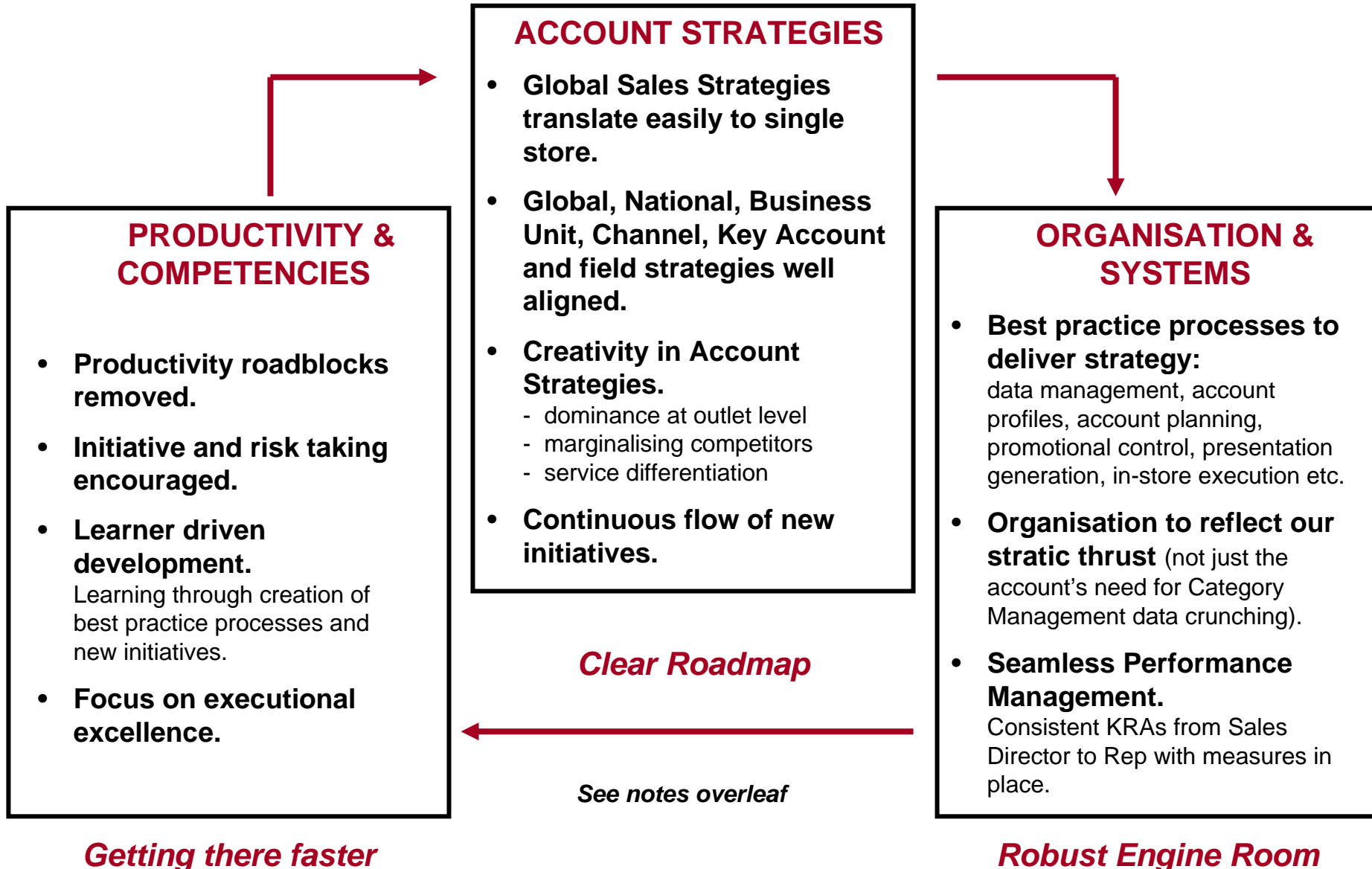
There is no opportunity (yet!) to leverage global relationships, and the cost of doing business rises inexorably. This demands high levels of efficiency (best practices). Account Managers must create the time to finesse every opportunity to influence the way the game is played.

In **emerging markets** (we have extensive current experience in Asia) the global players such as Tesco, Wal-Mart, Carrefour and Makro have telescoped a 20 year change process into just 2 – 3 years. Suppliers need exceptional clarity of strategy, state of the art processes and the experience and resolve to hold firm against the precedents that have diluted supplier profitability in mature markets.

This paper selectively illustrates JSA's views on Customer Development Best Practices – from a broad view of Account Management Effectiveness, through strategies, planning, processes, executional excellence to Account Manager development.

It is complemented by an Account Management Best Practices **audit questionnaire** on our website at

2. Macro View of Account Management Effectiveness



Account Management Effectiveness: Notes

Account Management effectiveness is a combination of clarity of direction (strategy), a robust engine room (people, organisation, processes) and the ability to get anywhere faster (productivity and competencies).

Most of the top 5 suppliers in any market do many things well, all think they are the best, and most could improve significantly!

Roadmap: Account strategies developed in the context of a well articulated and understood sales strategy – ideally so simple that strategies translate easily to a single store.

Engine Room: The right people, in the right accounts, doing the right things to produce the right results ... supported by best practice processes for planning, execution and performance management.

Getting there faster: Productivity road blocks removed; Account Managers willing to innovate, take risks and learn and able to change direction quickly.

3. Robust Foundation of Sales Strategies

Examples of “Sales Mission”

- ***“To dominate in distributive outlets in support of marketing’s mission to dominate the consumer mind.”***
- ***“To meet and exceed consumer needs on every buying occasion in every account, store, aisle, shelf and display.”***

In mature markets like Australia and New Zealand, Key Accounts are the “main game”.

We need a simple ***sales mission statement*** and sales ***strategies*** so that the army is marching in step ... individual account strategies aligned, field team clear on implementation priorities etc. Without these, the risk is that we follow the strategies of powerful retailers.

The ideal is for Global, National, Business Unit, Channel and Account strategies to be so ***simple*** and ***well aligned*** that they translate easily into action at individual store level.

See Strategy examples overleaf.

Sales Strategies give context to KAM Strategies

- Widespread Distribution and high impact Display
- Generate efficient new sources of Growth

- Local dashboards to maintain focus
- Self-measurement, self-management, self-reliance

- Maximise Sales impact on Profit
- Invest in activities that create incremental sales and profit
- Reward customer performance



- Build Brand Loyalty at POP
- Be the everyday Category Captain

- Create customised solutions
- Present inspiring visions of the way forward
- Drive execution to maximise mutual sales and profit

- The right people in the right customers, doing the right things to produce the right results
- Improve engagement, competencies and talent pool

4. Key Account Strategies



Supplier Goals

(a) *Internal*

- Align with and execute Sales Strategies.
- Minimise inter account conflict.
- Drive our investment dollar further.

(b) *External*

- *Manage account perceptions*: “the most efficient, professional, innovative supplier” etc.
- Be *rewarded* for our efforts: share of activity, minimal relationship conflict (e.g. terms!).

A menu of Key Account Strategies



In an environment where strategy options are increasingly constrained by account policies, we need multiple pathways to the consumer, some of which will be unproductive.

CLOSE TO THE CUSTOMER

- Profiles, research, reviews.
- Multiple level contact.
- Joint projects.

CATEGORY CAPTAIN

- First input on all major category issues:
 - Range, Section size, Planogram, Multi Location, Promotion Strategy, Pricing.
- Open access to data.

DOMINATE DISPLAY

- Corporate vertical blocking.
- Facings to share.
- Best Sellers above share.

DOMINATE RANGE

- All SKUs listed.
- Best Seller focus in small store grading.

WORKING FUNDS

- Pay for performance.
- All investment into activity.

A menu of Account Strategies (continued)



MULTIPLE POINTS OF INTERRUPTION

- Permanent Gondola Ends/Pallet Displays.
- Checkouts/Front end Merchandisers.
- Miscellaneous racks/bins.

IMPULSE PROMOTIONS

- Clear consumer/ impulse buy orientation.
- Multiple location/high visibility displays.
- Rigorous “aim high” objectives at store level.

MICRO MARKETING

- Tailor to key stores:
 - range, visibility, weighting, store promotions, pricing, etc.
- “Target Store” planning.

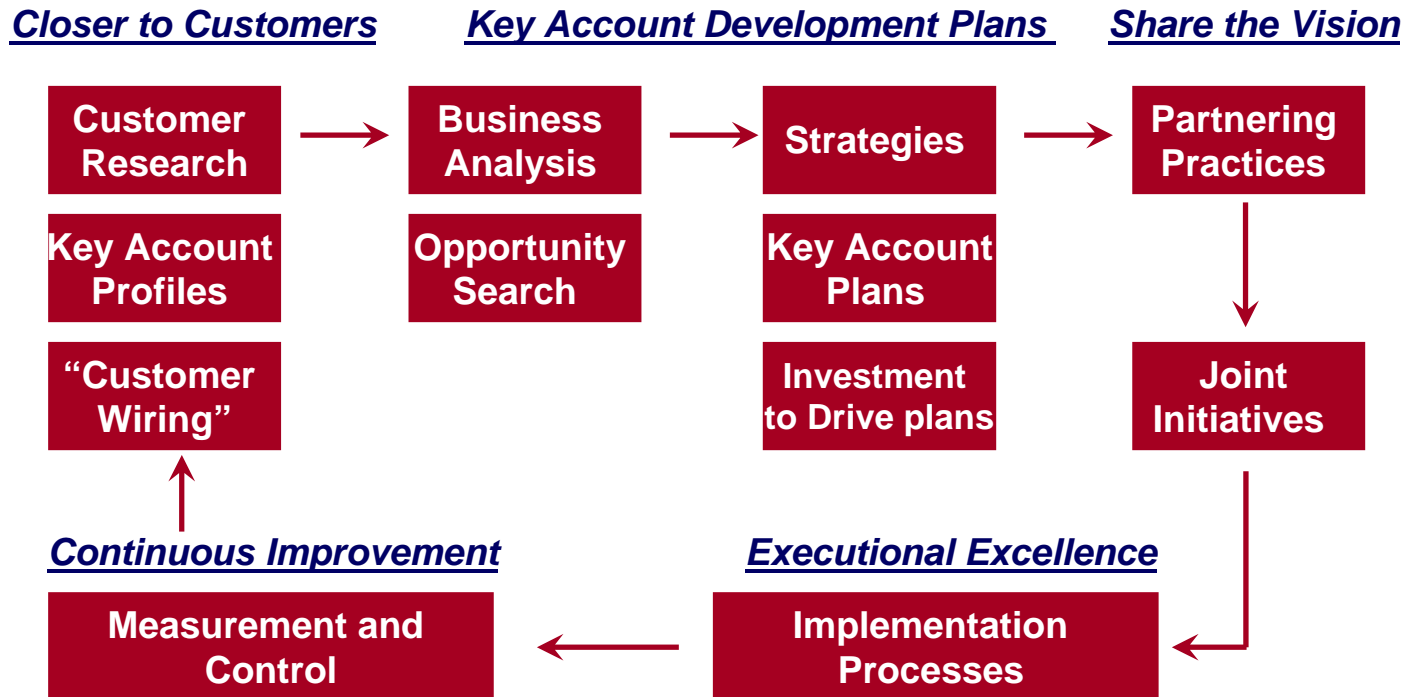
SERVICE INTENSITY

- Rep/Merchandiser frequency/intensity.
- Sales Driver Tracking: Store self-sufficiency.

5. Best Practice Processes



Sound processes are the *foundation* for efficient key account communication, planning, execution and control from which you can *aim higher*. exercise creativity, do things differently and delight your customers.



Keep KAM processes simple!



Account Managers only have two main tasks:

- 1. Bring in the numbers month by month.**
- 2. Develop their Accounts.**

The essence has to be **simplicity**, otherwise task 1 (lower left) becomes a monthly “pump priming” imperative at the expense of any strategic account development initiatives.

Account Managers have some chance of success if they have the right “toolkit”:

- Performance data at the touch of a button.
- Account profiles which contribute to effective “customer wiring”.
- Comprehensive checklists of ideas.
- Account Plans which can be expressed on just 4 – 5 pages.
- A Toolkit of promotional options that have worked.
- Ability to model promotional options and financial outcomes quickly.
- Powerful proformas for all presentations.

6. Driving KRAs at Store Level

Q. If you can't measure sales by individual store, and your information system is too inflexible to measure activity, how do you drive field sales force performance?

A. Focus on the "sales drivers" and build an independent performance management system around these.

Every Store, Every Call:

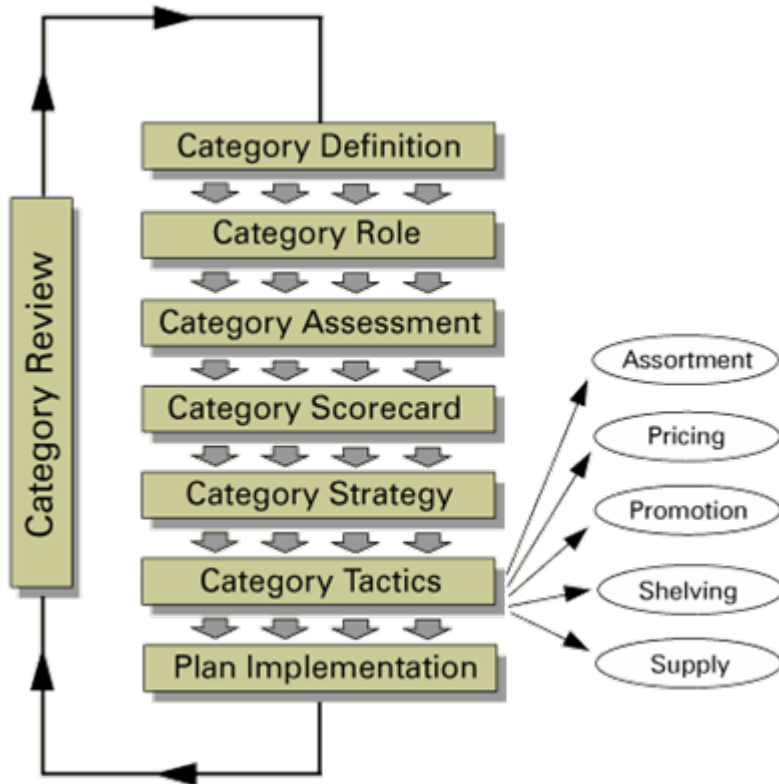
- **Maximise Availability & Visibility**
- **Leverage Paid Activity**
- **Maximise Unpaid Activity**

STORE SALES DRIVERS

(a simple Yes/No scoring on exit)

1. **Core range carried.**
2. **New lines stocked and in the "window" (waist to eye level shelf position).**
3. **Compliance to planogram (chains) or our layout in place (independents).**
4. **% Shelf space = market share.**
5. **No out of stocks.**
6. **All shelf tickets in place/accurate.**
7. **Major promotion compliance (chains) or participation (independents).**
8. **Major promotion commitments increased at store level.**
9. **Unpaid secondary display(s).**
10. **Monthly/cycle priorities implemented.**

7. “Category Management”: Friend or Foe?



The “Scorecard” for Category Management is less encouraging in Australasia than in, for example, Europe where buying power was less concentrated.

Retailer problems have included:

- **Attempting to do too much too soon** – over complexity; data overload.
- **Internal cost efficiency focus** – supply chain costs (inventory in particular).
- **Low consumer focus** – no real “micro marketing”. They are just discovering “Shopper Behaviour”.
- **Little progress on some key drivers:** - efficient assortment; efficient promotions.
- **Lack of retailer/supplier trust** – not surprising: we compete for consumer “mind space” and the “survivors” are quite powerful (typically duopolies on both supply and retail sides)

Catman Opportunities for Suppliers



“Mindspace”

- Continue to build/support brands ... simplify assortment/brand decisions for consumers.
- Be the consumer experts.

Efficient Assortment

- Reduce consumer choices ... provided the retailer supports the move.

Efficient Promotions

- Tight financial control on traditional trade promotions, whilst switching emphasis to consumer activity.

Micro Marketing

- As category expert, drive the testing of “Store cluster” micro marketing.

Category Management is the filter through which we must communicate ... whilst protecting our own interests and delivering our strategies.

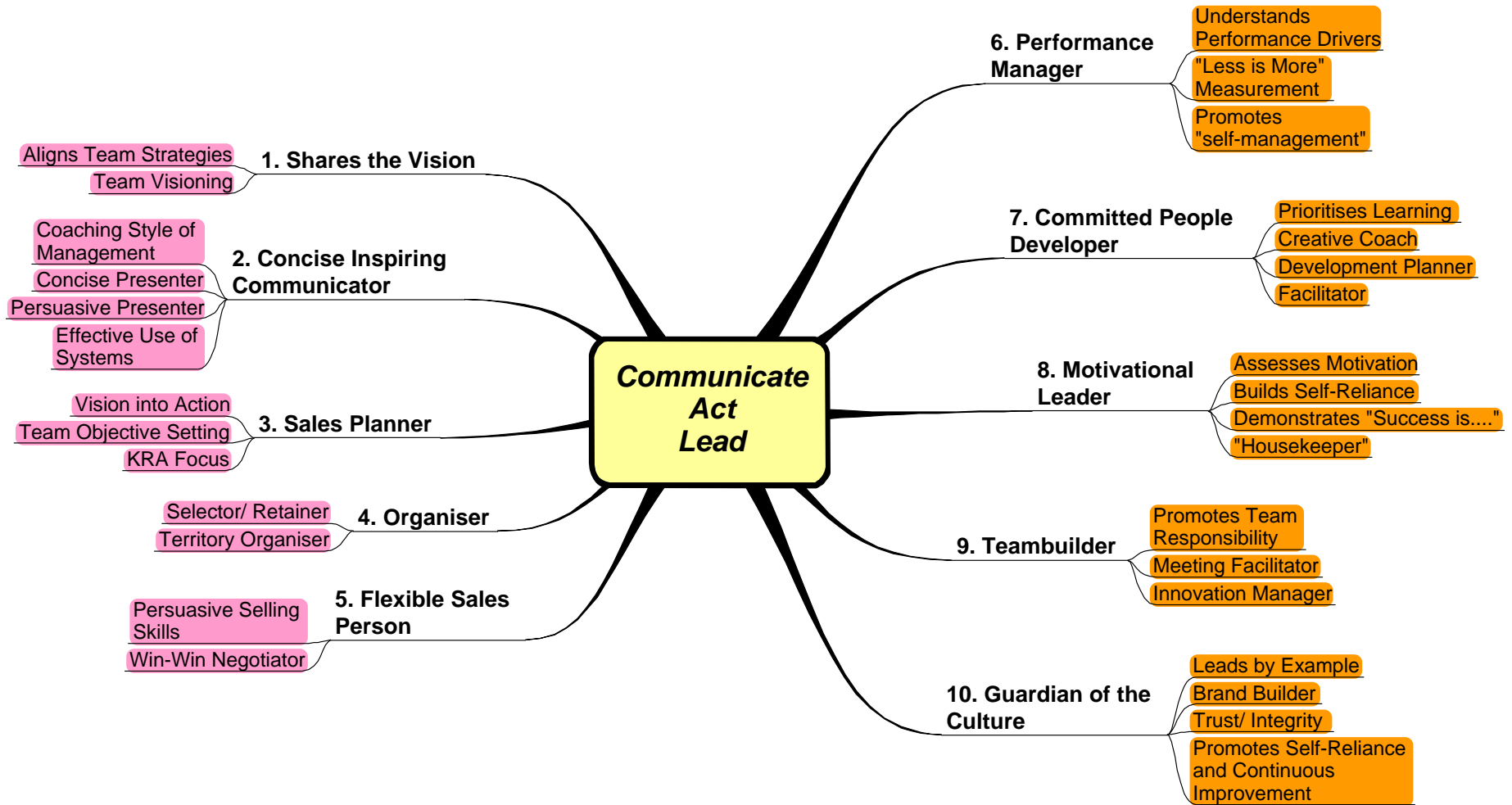
8. The Account Manager, Today and Tomorrow

This is a typical knowledge/ skill/ attitude profile for an Account Manager....

Knowledge	Skills	Attitudes
<p>Roles</p> <ul style="list-style-type: none"> • KRAs/KPIs Market • Segmentation • Competition <p>Customers</p> <ul style="list-style-type: none"> • Account Profiles <p>Processes</p> <ul style="list-style-type: none"> • Information Management • Planning & Control • Reporting • Communication <p>Service Package</p> <ul style="list-style-type: none"> • Deliverables 	<p>Planner</p> <ul style="list-style-type: none"> • Research • Analysis • Planning <p>Manager</p> <ul style="list-style-type: none"> • Team Leadership • Performance control • Investment management <p>Salesman</p> <ul style="list-style-type: none"> • Presentation • Negotiation • “Customer Wiring” <p>Relationship Manager</p> <ul style="list-style-type: none"> • Execution • Business Reviews • Communication 	<p><i>Many and varied, including:</i></p> <p><i>A continuous flow of new ideas lifts us up the value chain</i></p> <p><i>Service excellence must be real and promoted</i></p> <p><i>Every joint project changes perceptions, opens new doors and creates new information sources.</i></p> <p><i>Great strategies won't work unless we drive them at the sharp end.</i></p>

It is traditional and sound....but is it adequate for today's environment?

Contemporary KAM Competencies



This contemporary view de-emphasises the traditional competencies of basic supply chain management, selling and negotiating, whilst acknowledging that they are still important. It places much more emphasis on “business management” and “value adding.”

9. KAM Team Development Big Issues



1. Teambuilding

KAMs who are isolated, managing too many accounts and doing it all themselves will take their talents elsewhere. “Support”, including great processes and full team training is critical.

2. Accelerated Learning

Accelerated learning takes place when **the team** creates the strategies, processes, plans and new initiatives.

3. Minimal theory, maximum “live” applications

The most successful account management skills development is intensely **customer focused** – involving customers throughout the development process.

4. Focus on executional excellence

The best strategies can fail through poor execution. The skills of presentation, negotiation, communication, point of sale reinforcement (retail) and project management remain essential.

A Typical KAM Team Development Process

Development Objectives

As a result of this process, Key Account management teams will develop, own and be able to implement best practices in customer development.

Desired Outcomes

- Strategic clarity
- Professional image
- Preferred supplier
- Concise processes
- Executional excellence
- Services “rewarded”
- Profitable accounts!



Phase 1: Best Practice Processes

Consultant Familiarisation

- Fieldwork
- Process Review
- Customer Research Pilot
- Plans review

Team Workshop 1

**Best Practices
in Customer
Development**

Process Projects (Examples)

- Account classification
- Business and Service Needs Research
- Account Profitability Analysis
- Selected Account Plans
- Service package/Standards

A Typical KAM Team Development Process (continued)

Phase 2: Key Account Plans

Team Workshop 2

**Account
Strategies
and Plans**

Customer Commitment

- Refine Plans
- Joint Business Development Presentations
- Present and negotiate plans

Team Reviews

- Account specific reviews:
 - with teams
 - with customers
- Identify implementation priorities

Phase 3: Execution

Team Workshop 3

**Executorial
Excellence**

Implementation Projects

- Monitor and report back on high priority initiatives

Team Reviews

- Account specific reviews:
 - with teams
 - with customers
- Identify implementation Priorities

10. Examples of JSA Major Customer Development Projects

KAM Clients 1982 – 2007

Bayer (Philippines/ Australia)
 Bristol Myers Squibb (Thailand)
 Cerebos Greggs (NZ)
 Cadbury Confectionery (Australia/NZ)
 CUB/ Fosters
 Frito Lay Asia (Thailand, China, Singapore)
 Gillette Asia (Hong Kong, Malaysia)
 Guinness-UDV
 HJ Heinz
 Johnson & Johnson SPC
 J Wattie Foods (NZ) Sterling Pharmaceuticals
 KR Darling Downs (Hong Kong)
 Mars Confectionery Taylors Wines
 Masterfoods Tegel Poultry (NZ)
 Nestle Uncle Bens
 Pepsi Cola International Uncle Tobys
 Philip Morris Unilever
 Philips Electronics Wella (NZ)
 Pioneer Electronics
 Rover Mowers
 Sanitarium (NZ)
 Schweppes

- Nestle was our very first FMCG key account management client in 1982.
- Strong focus on **emerging Asia markets** with clients such as Bristol Myers, Pepsi Cola International and Frito Lay Asia.
“accelerating a change process that took 20 years in Australia into 18 months”
- Continuing interest in the **New Zealand** market due to its higher potential for innovation and speed of change.
- Surprisingly, even apparently sophisticated clients in Australia have a strong need to *“get back to basics”*.