

The Value of KAM for Agencies

Key Account Management as an efficient framework to develop and grow an Agency

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Introduction: a growing need for KAM

The concept of Key Account Management is by far not new. The core idea of true KAM is to identify the few Customers with whom it is worth developing a closer relationship, often based on a specific Value Proposition, leading to a larger and more sustainable business and to an accelerated implementation of the company's strategy. Modern KAM, where "Key" means "truly strategic", also implies joint innovation with the Key Accounts. Driven by the evolution of the business world, across all sectors, an increasing number of companies realise that in order to remain competitive they need to develop a strong KAM practice.

This business need and opportunity also exist in the world of Agencies. Despite this, most Agency leaders and owners do not associate the concept of KAM to the efforts they are driving to keep their organisation on the leading edge. This paper is intended for them and presents KAM as an efficient framework to help manage the best Clients while developing the organisation.

Agency Leaders tend to ignore KAM as a powerful framework to help tackle their business challenges

In this white paper, by Agencies we mean all companies from a few tenths to a few thousands employees offering services in one or several of the following areas: Marketing, Digital Marketing, Web design, E-commerce, Public Relations, Public Affairs, Market Research, Advertising and Event Management. The ideas developed in this article are also valid for the very large Advertising Groups.

An interesting specific characteristic of Agencies is that compared to industrial firms or to most other service companies, they tend to have a small number of active customers, typically a few tenths. This makes the concept of KAM even more relevant to them.

Agencies have a built-in culture of Account Management

As service companies and also because of the nature of their activities, Agencies tend, on average, to have a fairly good practice of Account Management. In many of them, the person in charge of a client is called Account Director and in most Agencies some well-established routines and rituals cadence the design, preparation, execution and review of campaigns and of recurring or ad-hoc activities.

Despite this strong starting point in terms of understanding that each Client relationship must be managed, Agencies can do themselves a lot of good by developing a stronger KAM practice.

Key reasons why Agencies need to dive deeper into KAM

There are many reasons why Agencies need to take a closer look at modern KAM. This white paper focuses on what we believe are the 7 key ones.

- Complex web of Stakeholders and Business issues
- Manage the Customer Experience and generate Loyalty and Advocacy
- Less retained business, more projects
- Challenge of Profitability
- Innovation and Co-Creation
- Culture of Collaboration
- Talent Management

Complex web of Stakeholders and Business Issues

The operations of a Client with their Agency are usually managed by a key contact person on the Client side. A few specialists are also involved in the daily work: often they are direct reports of the key contact person. The personal style, level of seniority, breadth of skills and experience, and the political astuteness of the key contact person and of other staff involved on the Client side are crucial in the quality of the relationship with the Agency. Do these people partner with the Agency or do they keep its staff at arm's length? In case of issues, do they adopt a problem-solving or a finger pointing attitude? Do they open doors for the Agency to have discussions with other Stakeholders?

In order to be successful and win additional business, Agencies must be excellent at networking with their Clients

In addition, because of the nature of the activities (for example market positioning, brand building, issue management, product introduction, and demand generation) a lot of other Stakeholders have a say, officially or less officially, the definition, implementation and evaluation of campaigns.

In order to have the right inputs to do their job, to generate value that is visible to non-specialists and to win additional budgets, Agencies need to develop a deep understanding of their Client's business and of the key people within the company. This requires a sustained and systematic effort to network with the Client's organisation and develop a good knowledge of various business issues. Analysing Stakeholders at a Client, engaging into conversations with them in order to develop

the internal Network and building awareness and influence is a crucial part of true (Key) Account Management.

Manage the Customer Experience, Loyalty and Advocacy

The business relationship between an Agency and a Client is rarely for ever. A never-ending collaboration is the exception, not the norm. Despite this, the quality of the Customer Experience has an impact on the duration of the relationship, on the Loyalty of Clients and on their willingness to recommend the Agency to others. A habit of regularly monitoring the Customer Experience, taking feedback, discussing areas for improvement and uncovered needs, all things that are landmarks of a modern KAM practice, help the Agency increase the stability of their Client base as well as the acquisition of new Clients through recommendations.

Less retained business, more projects

In Communications, Marketing and Advertising, since over a decade, Clients tend to reduce the budget allocated to retainers and work more in a project mode. Agencies who are faster and better at adapting to this reality get a competitive advantage. Incumbent Agencies, usually large ones, who don't adapt fast and well enough suffer.

Projects are more easily won when the Agency is recognized for the quality of its work, is good at developing its internal network, and knows which Business issues are on the mind of which Stakeholders. A strong KAM practice orchestrates harmoniously the networking effort with the Client as well as the identification and acquisition of projects.

Agencies must discuss relevant business issues with Stakeholders, identify and even create project opportunities

Manage Profitability

Networking with the Client's organisation, ensuring a good Customer Experience, staying on top of things in order to sell projects, monitoring and tackling competitive threats (other Agencies are not sleeping), takes time and resources. If all of this is not managed properly, the profitability of the Agency's operations takes a dip: many Agencies suffer from this chronic disease.

Managing for profit is not really popular among Agency Staff. Peter Chadlington, the British PR legend, founder of Webber Shandwick and of the Hunstworth Group, once explained during a conference that finding talented people for Communications was an easy task compared to finding people talented and motivated for Business

Management in Communications Agencies. However, somebody must take charge of that part and good processes and practice common in KAM can be of invaluable help.

Innovation and Co-creation

Clients expect from Agencies capabilities – and, more and more, specific tools – that they don't have in-house. The (relatively) bad news in areas such as Digital Marketing, Influencers Marketing, Online and Offline Communications, Analytics (and probably many others) is that the average level of in-house knowledge is increasing and the knowledge gap with Agencies is closing. This means that the expectations of Clients on Agencies are shifting towards more Innovation in terms of creative ideas, tools and techniques, and lean execution to maximise return.

Clients increasingly expect from their Agency a high capacity of Innovation

To remain compelling to their Clients, Agencies must to help them innovate. Developing leading-edge tools or working as key partners of the providers of these tools and elaborating a strong service-offering around them, are very good ways to create this Innovation-driven value.

Agencies can also team-up with selected strategic Clients, not necessarily the largest ones, to co-create new tools and practice. This co-creation process is another key marker of modern KAM.

Culture of Collaboration

Modern Marketing & Communication and advanced Key Account Management have a strong common foundation: Collaboration.

Networking with the Client's organisation, designing campaigns that address complex business issues, driving innovation in a highly competitive landscape, co-creating with Clients, all of this requires a very strong culture of collaboration within the Agency. All Agencies describe themselves as a collaborative environment, but it does not take a long time to realise that they are not equal on that matter, especially international Agencies. A modern KAM practice is also of great help to Agencies in this aspect because it includes the development of collaborative habits in an intercultural environment through training, coaching, experience sharing and the use of specific tools.

In order to manage complex campaigns, Clients sometime decide to federate a group of Agencies who, instead of operating in parallel, are expected to work as a unified team. This requires openness but also a form of self-confidence and a realism that don't come naturally to most people and organisations. Here again, a modern KAM practice is of tremendous help.

Talent Management

In the world of Agencies, the War for Talent is a daily reality: not only it is difficult to attract talents but it is equally difficult to retain them. In this field, each battle needs to be fought but there is nothing like a final victory. Being able to offer positions of (true) Key Account Managers, however the Agency decides to call them, with the associated broad skills development this implies, can be a joker to retain highly talented individuals.

KAM applied to Agencies works!

As a conclusion, as long as the methodology and tools are adapted to the specifics of Agencies, the concept of Key (or Global) Account Management is a powerful and very efficient framework to organize many of the initiatives required to manage and grow a modern Agency.

A few years ago, a small global PR Agency (about 600 people worldwide) had managed to acquire as its largest customer one of the most prestigious brands of the Information Technology sector. The PR budget across more than 20 countries and 3 continents was split between this Agency and a competitor, one of the most prestigious Agencies in this space and about 7 to 8 times bigger. This Client was cutting into their PR budget year after year. In Europe, across 10 countries, by applying the KAM concepts exposed in this white paper, the smaller Agency grew their business by 65%, while simultaneously improving the measured Client satisfaction, the profitability and the quality of internal collaboration. In the same period of time, their competitor, the bigger Agency, lost 50% of their business with this Client.

A bit less than two years ago, a 400-people Swiss Web & Branding Agency, has started its KAM initiative in order to better manage the increasing variety and complexity of its business. In the past, each team of specialists (like E-Commerce, Web Presence, and Brand Building) was interacting with each Client. There were multiple contact persons. This way to operate made it very difficult to have a business-driven view of the value offered to Clients. In addition, ensuring synergies between the teams was not simple. The Agency has changed its organisation and introduced a KAM concept for its most strategic Customers. The interface with the Clients is ensured by Key Account Managers and the resources and skills required to fulfil the Client needs are coordinated internally between the various teams of experts. Specific KAM processes help manage the operations for good results and profitability. While still in the process of ramping-up its KAM practice, this Agency is very confident that this is making its business much stronger.

How to get started?

Getting started on Key Account Management in an Agency is not so difficult but it requires a careful planning and engineering which must take a variety of parameters into account.

- What are the overall goals and strategy of the Agency? How an enhanced and improved way to manage customers, and especially the truly strategic ones, will serve the overall purpose?
- Who are our truly Strategic Customers? How do we combine the local, regional and global views?
- How do we define the role of the people chartered to drive the relationship with the Key Accounts? Is it a full time job or an additional task given to selected senior people?
- How do we train and coach these people – but also the rest of the teams involved in execution – and how do we support their personal development?
- How do we incentivize them?
- How do we ensure that they will have enough authority within the organisation? How do we escalate and solve conflictual situations?
- What is the impact on the organisation and what needs to be adapted?
- How do we manage resources carefully and monitor results? (Remember, you want to improve your profitability or at least not degrade it!)?

It is also highly recommended to explore the following:

- How will our KAM approach fit with and contribute to enhancing how we deliver Customer Experience, how we measure satisfaction and how we strive to generate customer loyalty?
- How will our KAM approach accelerate the development of our leading edge offering?

Of course, designing and implementing such an initiative requires an adequate culture which gives a lot of room to collaboration and to continuous improvement and, to be realistic, not all companies (and Agencies) have such a culture or are able to develop it. However, with the appropriate culture, the process of confronting the whole company with the challenges of KAM, finding the answers and driving a proper execution, tremendously helps the Agency mature and develop. External help from seasoned practitioners focused on developing the internal skills and know-how increases the chances of success.

So, Agency leaders and owners, are you willing to give KAM a serious try?

About the author

Dr. Olivier Riviere is a Consultant and Interim manager with over 25 years international experience in diverse sectors such as Information Technology, Semiconductors, Entreprise Software, and Marketing & Communications Agencies. His career path working with clients across numerous industries has given him a rich and highly diverse experience. In assignments with various global companies (Dassault Systems (3DS), Intel, IXOS/OpenText, Text 100, Grayling) he has worked with a variety of Agency types: market research, analysts, web design, digital marketing, advertising, event management. As Global Client Service Director at Text 100, a global PR Agency focused on technology companies, he applied the principles exposed in this article.

Since 2009, he has been working as independent consultant and Interim Manager. Along more traditional larger organisations, his customers include Agencies and vendors of Digital Marketing tools. Since 2013, he has developed an association with INVALIDIO, an international consulting company focused on Sales Performance and he runs their KAM and Solutions Sales practice. Creator of the KAM Reloaded™ methodology, he is a recognized expert of Key/Global Account Management, Prescriptive Selling, Influencer Marketing, Sales Efficiency, Cultural Change and Business Transformation.

Trilingual (French, English, German), he lives in Munich (Germany) and Paris (France) and operates across Europe and worldwide. He teaches at HEC Executive Education, speaks in Conferences and regularly publishes articles and blog posts.

Mail : olivier@olivierriviere-consulting.com

Mobile Germany: +49 173 5731 586

Mobile France : +33 6 37 04 98 40

www.olivierriviere-consulting.com

www.invalidio.com

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