

# **Research Outcomes**

## **CHAPTER – VII**

### **OTHER IMPORTANT OUTCOMES OF THE RESEARCH**

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### **7.1 Emerging Role of Distributors in Key Account Management:**

Distributors play a vital role in keeping the lines between manufacturers and users operating smoothly. They can expedite response times, enhance a company's reach and even create value-added packages. "Distribution is the single most viable alternative to complement and supplement a direct sales organization," says Phillip L. Peck, director of sales for Eagle Burgmann, US. Even the most efficient companies will find it virtually impossible to do all things to all people at all times. A strong distributor network can help make that scenario viable.

Due to a complete change in the outlook towards distributors after understanding their importance in today's business scenario full of complexities, these companies have started recognizing and treating these distributors as an integral part of their teams very specific while implementing KAM practices. Interestingly in KAM, they play a unique role in that they are important customers as well as business partners.

In many organizations Sales representative works on commission basis but the industrial distributors are different. They take possession of the products and sales it further and assume role of partners with the manufacturers. Marketing the products through distributors was once considered complicated and risky and even today many organizations think in the same line, there has been a transformative change in modus operandi. Distributors have now become not just a vital link between the manufacturers and key customers but also earned status of business partners. They have a prominent place in the KAM business plan in today's professional ways of making business.

It is imperative for the companies to make a study of their products and find out most suitable products for distribution sale. It is also important to select proper distributors before rolling these products in the market. Miss-Judgement on these sections could prove to be very expensive even from the point of losing time and not just money. Small quantity sales, Presence of key and large customers, urgency of deliveries,

stackable items, and geographical locations of key customers, distributor's contacts and competence are few of the important considerations that are addressed before moving forward in defining role of distributors by these companies

Also, customers prefer to deal with distributors who know their industry's language. Examples of few well-known companies, Deere employs different distributors to serve the agriculture and construction equipment market segments. Caterpillar uses different distributors to serve the construction equipment, lift truck, and diesel truck engine markets in the same geographic territories.

Many companies in the research shared that they are trying that their distributor acquire these skills by offering training them on product and sales protocols and then actual participation and involvement in their sales activities with key accounts.

Technical approval is an important process in selling in Industrial sectors. Large companies and especially those who are well known as "Brands" are very focused on these approvals before they buy anything. The distributor in today's market have built good technical competence. This is required when the technical products need to receive the 'Specifications approval' from technical departments before offering it for actual sales. These approvals are very crucial, complicated and compulsory. Since the technologies are improving every day, this competence of distributors is emerging out as something utmost important.

The present distributors are found very competent and keep moving ahead the products in the 'specification approval' process themselves and more importantly involve the company's technical expertise at appropriate time and stage. Other than just the technical competence, the coordination, using relationships, collecting competitors information, convincing the customers to accept their preference etc. are very technical moves expected from a 'Street smart' distributor. Their continuing participation assists the KAM process sailing smoothly in the premises of important customers.

The researcher found in the Resrech that these companies not only support but actually participate with in the process of getting technical approvals for their products in key account's premises, when distributors are actively involved in the business.

When a distributor has developed a large OEM or end-user account as a key account, a clear policy is needed to determine whether the account remains with the distributor or is handled directly by the producer. In most of the cases companies leave the distributor-developed OEM account with the distributors as long as the account is living up to its potential. The flowering relationship and the reach of the distributors across all the verticals with such key accounts is leveraged by the companies to spread the foot print.

Many of the interviewees shared an important opinion. Very often companies are reluctant to appoint smaller or newer organizations as their distributors because of their weak or inadequate financial capabilities. In key account management, his existing relations and competence to build it further also needs to be given due hearing. A large distributor may impress on the credit ratings but it is equally and more important to move forward quickly in the key customers business than your competitors, which may or may not be a deliverable by large distributors because of their other priorities.

What it means is that appointing a small but enthusiastic and energetic distributor can make a better sense many times, than appointing a large distributor giving weightage only to its size. Obviously this will depend on case to case and cannot be generalized but still worth considering in many cases since technical product usually has to be demonstrated to customers; distributors with few product lines are often best able to provide that concentrated technical assistance

Given the size and scope of the Indian economy, distributors have long been relied on to serve as a bridge between manufacturers and customers. In today's increasingly globalized marketplace, this link becomes even more important when it the business with key accounts.

**Exhibit Approach to evaluating existing distributors**

		Market-share or market-penetration rate	
		High	Low
Territory product or market potential	High	1 Satisfactory	3 Unsatisfactory Needs major distributor improvement program(s)
	Low	2 Satisfactory	4 Unsatisfactory Needs some improvement

- Chart 7.1 : Approach of distributor evaluation Source : Harvard business Review an article by James D. Hlavacek  
Tommy J. McCuiston FROM THE MARCH 1983 ISSUE. INDUSTRIAL DISTRIBUTORS WHEN WHO AND HOW.

One of the most powerful line of reasoning in favor of robust distributor is the pace and acceleration with which key customers can be responded. It is crucial today to be able to respond to customers quickly and in real time. Because they are more localized, agile, and key customer focused, distributors can make responses right away and in real time. "To truly be customer-driven, manufacturers need to adjust their businesses to meet the needs of the customer, which in today's marketplace means local service, local inventory and technical sales people," says Skip Giessing, a division vice president for DXP Enterprises, an industrial distributor.

These days the distributors with enthusiasm and zeal go beyond simply selling the product. They go all out in offering services in inventory, maintenance etc. which are essential part of technical businesses. These companies provide all necessary training to these distributors or their technicians. This helps them to go beyond price in developing relationship with key accounts. There is also networking potential. Because they often represent several companies, distributors can have access to new accounts for the manufacturer's sales force. These companies are not just handling off third level customers to distributors, they are now encouraging their participation in the businesses with valued customers as a well-planned strategy. They are treated as their own small organization and spare lot of time, share knowledge and information, provide guidance and last but not the least, participate in their activities

Specialized distributors are good fit in the technical sales for key customers. Their role is much beyond stock and sell. They even provide technical support and solutions with their knowledge of products and experiences on applications. If the customers technical team members are unable to reach urgently due to some reasons, in case of critical problems, these distributors are fully competent to correctly identify the problem and take inputs from the company officials to resolve it at the earliest. This is the need of an hour for business with key customers.

In KAM, distributors are not so called middlemen. This description overlooks their standing and contribution. They not only facilitate sales transactions but also build the framework of relationships which in turn lay track for higher sales. They can expedite response times, enhance a company's reach, and even create value-added packages that complement a company's product offering or scope. Without distributors, either the buyer or seller would have to perform these functions, adversely affecting the bottom line

Given the fact that many manufacturers have cut their technical staff and an experienced, knowledgeable distributor goes from an asset to a necessity. It's human nature that distributors tend to focus on companies which support them well. So to make KAM more penetrative there is a need supply them with engineering and marketing tools, training, and strategies to ensure they are competitive and take more interest in the company's business. In the past, most of the companies had enough sales and technical staff to support distributors, but that has changed. Distributors are appointing their own team members as a long term investment. Since the distributor is closer to the key accounts than the manufacturer, distribution companies collect more business information in the course of their business. Feedback on trends, customer satisfaction and competitors' positioning is vital in KAM that change rapidly and that require responses to these market events from the companies side. Because collecting and sharing data is costly, your distributor can make a great support by providing the data required. Businesses can use market information from distributors to develop new product features that your key customers want and phase out obsolete products.

At present, the rapidly changing customers' expectations, ever increasing margins pressure, aggressive competition, complex logical problems, and modifications in information technologies are posing hardships to most of the companies while

implementing KAM. The distributors provide a framework that can address all these and other issues to move upward in relationship curve with key accounts. In the business with key accounts, the Distributors can downsize selling and administrative costs from the system and implement controls on distribution expenses by establishing strong relationships with local carriers, innovative consolidation, and the use of third-party logistics providers, but they also need to find new ways to bring real value to customers. Fortunately for distributors, most of them do not have the cost structures that manufacturers have. This is largely due to the size and scope of their operations - they are quick to act and more willing to take entrepreneurial risks that manufacturers cannot.

Importantly due to their geographic proximity, distributors can maintain close relationships with customers to gain an in-depth understanding of their processes, formulations and competitive advantages. Most distributors visit customers more often than manufacturers can. This is prevalent in today's economy, where the cost of business travel has skyrocketed. Customers don't have to wait weeks to see someone in case of emergency; distributors can be in a plant by the end of a shift. In addition, this relationship allows distributors to provide innovative end products that can generate new revenue and profitability; because of their range of market knowledge, distributors can often help companies in different areas of business. There are significant financial advantages to working with a distributor. Manufacturers are able to optimize production capacity, rather than trying to sell a couple of bags or single pallets to 100 different customers who speak different languages, who want custom labeling and who need immediate delivery. Furthermore, when it's time to get paid, contacting one distributor is more cost effective than trying to collect from multiple customers. In the initial stage of KAM this similar situation invariably occurs

## **7.2 Ongoing Diagnosis and Prescriptions in KAM procedures:**

In the Resrech of effectiveness of Key account Management practices, it is important to major it first and then compare it with pre-determined standards. Thus measuring effectiveness in an ongoing process and at every stage of development, the companies need to know where and how they are moving in terms of expected results. The researcher found out the following opinion of the interviewees diagnosing the problems and taking corrective actions i.e. providing prescription.

Diagnosis as commonly used in medicine, is identifying the root cause of an ailment. You cannot cure if you do not know what is really causing the ailment in the first place. The logic is same in business with key accounts. To determine the source or origin of problem is required and many organizations focus on symptoms. The problem then keep turning worse. When things in business start going bad, the deterioration usually accelerates until there is active and focused intervention. Due to newer and ever growing complexities of business, the diagnosis is not easy and does not come with a ready-reckoner

Many times the key accounts do not provide encouraging responses to the offerings or initiatives from the suppliers. This is a matter of concern since it is difficult to move ahead to complete the selling cycle. Key Customer possibly losing the confidence about the products and services. There is a need to diagnosis to know what has happened to customer's perception about the products or services from a particular supplier.

Following are some of the important reasons for having problems in the businesses with key accounts shared in the study

1. Failure to meet promises in recent past and not meeting commitments
2. There is a change in need and wants of the customers and supplier is unable to respond.
3. Key customer has located better alternative in terms of replacement or substitute.
4. The KAM team members unable to deliver what is expected to customers.
5. Not encouraging feedback from key customer's customer about the quality of product.
6. Poor response time for the issues raised in deals and transactions.
7. Technical competence of the organization and the individuals
8. Feedback from overseas offices of the supplier also has global presence
9. Unable to meet commercial expectations , price being at the center
10. Changes in regulations, laws do not support company's product.

The researcher found out that there is a common opinion about the importance of keenness with customer especially when there are difficulties. Warm, respectful relationships with people will also help you find out what you need to know. Those

who know what you need to know are unlikely to help you if they don't feel good about you. It is the accountability of everyone involved with key accounts and also the senior management to constantly improve the overall quality of business with key accounts. This will undoubtedly help penetrating the products and services in key customer's premises deeply and also controlling related costs

Taking immediate actions is the key to move forward in KAM. It is advisable to keep the key customers informed about important actions which are being taken for improving support. Very often the diagnosis in KAM is knowing more about the gap between what is expected and desired by key customer and what is delivered. In the diagnosis it is fundamental to find out if similar problems were reported in past and what actions were taken to end with success or failure whatever the case it may be. This will assist in identifying the factors and forces behind these occurrences.

The interviews shared that most of the time companies opt for a quick scan of problems and its surroundings than going for diagnosis because of urgency, time constrains and also sometimes because of undermining importance of diagnosis.

The KAM diagnosis can help you in following ways.

1. Monitoring the effectiveness of ongoing KAM actions plans.
2. Understating weakness of drives with reference to expectations of Key customers.
3. Knowing the competitors movements and actions
4. It will also help to locate new opportunities during its process.
5. It will help to recognize the competence and capabilities of KAM team members
6. It is early detection of problems which is always desirable
7. Helps in crafting solutions
8. It helps to understand ever changing complexities in the key customers business.
9. Importantly it can be shared with the overseas offices or head quarter for expert's advice.

### **7.3: Importance of keeping Promises in Key Account Management:**

The researcher found that all the senior officials of the companies interviewed were very keen to discuss this aspect of business in Key Accounts. It was found that very

reason that KAM is based on relationships, then the 'keeping promises' is foundation of 'deals and transactions'. The interviewees were very open in telling that it is the 'deals and transactions' which gives growth and revenue to the organization and their importance cannot be undermined

Keeping promises and commitments is important in all the business and also in our day to day life. Many individuals and organizations are pretty casual about making promises. They make directionless and blind promises even in the businesses with their valued customers and are seldom kept. Such behavior can have very serious and multi-dimensional consequences.

In the businesses and particular the in the business with the Key accounts, Over-Promised and Less-Delivered situations can have a catastrophic effect on business relationships, trust and respect of the company. This is a nightmare occurrence since for these companies few Key Accounts contribute to majority in their total business. Repeatedly happening of such cases will place this business at a sky-high risk.

The Key customer wants to believe that they are the most important one to, the supplier. Customers want to have a relationship, to feel valued and respected. Customers want your full attention and concentration, and don't want to be interrupted or compete for your affections and attention. All the companies who move ahead in the relationship curve, thrive very hard by implementing various KAM processes. It takes long time to get the results in terms of business and increased revenue. Key customer's repeatedly experienced Over-Promised and Less-Delivered situations can, within no time, roll the supplier down in the ladder of trust and confidence, knocking off all the efforts and investments of last many years. Giving proper attention and deliver to or more for your promises towards key customers yield far better results often offsetting additional costs of manpower in KAM team or of providing extended services

The researcher found out that according to the companies interviewed, keeping promises is not just in terms of delivering what is expected and giving customer attention, it is all about doing everything with honesty. Since key customers as well treat their selected suppliers differently, they will always feel betrayed when they smell dishonesty in delivering promises, even if in the supplier's point of view promises are well-delivered. These key customers will more appreciate to know the

‘realities’ and ‘straight stories’ down the line. . Suppliers must train themselves to be totally honest when committing to delivery times, pricing, technical details, performance commitments and all other details of their product or service, or risk losing the entire relationship with important customers.

All the MNC’s and JVC’s in this research are from technical and engineering industries. The products supplied by them are either used for critical applications direct or form a component of the other product having critical use. Here the ‘Technical Promises’ are the once which matter the most. Promises to meet the design, technical specifications, quality assurances and performance standards are few of the examples of requirements and Technical promises. These promises have very little deviations allowed or no deviations allowed to be more specific in KAM drives. Very often the cost of implications of non-performance of the products are higher in multiples of the cost of the products, all due to the criticality of use and application. The officials interviewed stressed the importance of involvement of design, engineering and other technical team members and their constructive and uninterrupted inter-actions with their counter parts from the key customer’s organization. Such interactions and team work brings clarity, transparency and precision in finalizing the high-technical contents of the products along with promises of quality and performances. The earlier such finalization takes place, the better for incorporating these specifications at initial design stage, rather than making judgments and lose promises on performances later. According to the experience of the company officials most of the Key accounts they deal with, give not only a good response for such interactions, they in fact appreciate such initiatives and practices. According to them these practices provide a solid back up to their commitments and Technical promises on quality, performance and constancy. The promises to Key accounts are extended to taking full responsivity if things go wrong in usage of products and take necessary and corrective actions and support the key customers.

As an important outcome of the research there is a genuine need to enlightened suppliers to rigorously train all personnel who interact with key customers. They represent the organization in KAM and not the individual. It is true in a sense that the building robust relationship largely depend on their competence and enthusiasm, they should never over commit. This is a serious matter of concern for companies who are selling high-tech products. Over promises about the quality, performance or life can

lead to difficult situations in case of products falling short on these parameters. It is important to be careful when promise to Key customers. On one side these companies use 'Differentiation' as a mechanism in KAM to get the required edge-over in close competition, the other side they can completely lose this in case of offering promises which do not perform. Meeting or over-delivering promises creates feeling of belongings amongst the key customers.

One important piece of suggestion shared in the interviews was that, a good company and its KAM team members should separate themselves from that the bunch of suppliers who are in rat racing of offering promises to stay ahead in the competition. It is extremely paramount to be honest and upfront about the range of delivery of commitments and promises. These companies may find themselves behind in the race in the beginning but honest promises will surpass all others from this bunch, in long run deals. It is important not to pretend something which the company is not in terms of deliverables. The companies should more focus on understanding the need and desire of the customers and made genuine connections with foundation of trust and confidence. The key customers who reciprocate this trust and confidence will come back over and over again for their needs. This exercise is required to build authentic, sincere, genuine and credible brand. Decorative promises will not help to do so. When it comes to dealing with those few critical customers who build majority of companies business, it is important to note that nothing builds customers loyalty, trustworthiness and authenticity, than the past well-fulfilled promises. Not living up to your promises in business with key accounts will demolish company's hard earned reputation much faster than anything else

Some important tips shared by the experienced professionals who are part of the KAM action plans in their organizations, in the interview are as below

1. Never over commute. Study our strengths, capabilities and importantly the weaknesses.
2. Keep an eye on past and recent commitments which put you in difficulties.
3. Involve all the support groups and entire organization while making high-end promises.
4. It is not the number of commitments, the quality and deliverability is more important.

5. In case of finding difficulties, be prompt and honest to bring it to notice of key customers
6. Avid overcommitting under pressure of targets and deadlines which is very common.
7. Please remember half-truth is often whole lie. Do not commit because others are doing.

#### **7.4: Guidance and Training in KAM form overseas offices and parent company:**

It was observed in the research that The MNC's and JVC's have an advantage of being a known player in that industry or product range because of their parent company who has existence for last many years. This already established image offers lot of benefits in terms of initial movement of business and then during the expansion. The parent companies usually provides guidance in various business matters through the team of knowledgeable professionals.

The Indian companies get guidance, directions and instructions form their parent company, overseas offices or from the KAM champion, time to time. Because of advancements in communications technology, today it is much easier to establish contact even with a group of offices together and discuss important matters. Training using internet modules, webinars, teleconferences etc. are very common ways of receiving inputs and directions. Since all the parent companies of the organizations under this research follow KAM very particularly, such new platforms for exchanging information and knowledge are of great help to get unfolding exposure to KAM procedures.

New Generation of communication technologies are given highest importance by most of the parent companies and it percolates down to their subsidiaries. These modern methods of communication are addressing the new work that is permeating workplace worldwide. We live in a global workplace without time zones or office hours. Those companies who are keen to learn faster and more about the KAM practices, take more advantage of these new available resources.

The important platform for exchanging information is common webinars or teleconferences. At any point of time many offices and individual can dial in to get into these meetings. All the offices share their successes and even failures giving details of their action plans, competition and end results. The business with Key

Accounts are primarily discussed. This is very crucial if the global organization has key accounts spread in multi locations i.e. in various countries. An attempt is made to maintain uniformity in KAM offerings and plan of action as far as possible. Obviously some changes are required looking at the local ways of making business.

Most of the parent companies now a days, more prominently, treat training in KAM as an essential mode of operation to broadcast the standardized practices to improve the productivity and quality of activities. They also treat providing guidance and training as a way of monitoring the effectiveness of KAM drives. For those who are part of businesses with key accounts, it is a good opportunity to improve the competence and skills which will make them better equipped to handle few and valuable accounts.

All the top managers interviewed in this study informed that, during the visits of overseas officials, it is very common to have sessions for training, guidance and directions for effectively handling the key accounts. Success stories are shared and discussed which gives insight of global business environment. The overseas officials do visit the local key accounts to impress about supporting them even from top management.

Few of the large MNC's, have different Global Key Account Managers who act as champions for one or more global key accounts. They are based at various international offices and report to the Global business development or strategic account head. This is a very common pyramid to handle key accounts at international level. The Indian companies in such case, make business reporting to the concerned KAM champion for the specific key accounts. The local KAM team members will keep receiving inputs and guidance time to time from these KAM champions, which also helps them to learn more. Sharing information about local or international key accounts is a very protected and confidential practice and hence selected team members and seniors only are part of the internal broadcasting.

All the top managers agreed that due to the well-structured international Tele meetings, conference meetings and teleconferencing, they are gaining precise knowledge and understanding of the recent KAM practices followed globally. They also agreed completely to the fact most of the actions plans need changes and modifications because of uniqueness of way of working in India due to various

reasons. Very few large MNC's also shared that they have a key account business meeting at some international location once in a year and all the KAM team senior members meet and exchange their experiences, successes and the failures. This is a big learning to all of them. To conclude, one this is for sure. KAM is now recognized as a very crucial and powerful tool not only to make relationship but also to improve businesses. It will see more and more professionalization in the days to come.

#### **7.5: Importance of Joint Management Meetings:**

This is a worthwhile outcome of the research about growing importance of organized Joint business meetings with key accounts with regular time outs. These meetings are called as Joint Management meetings, Joint business meetings, simply join meeting or sometimes follow up meetings. The major objectives are similar. This helps in strengthening the closeness between the two sides. Various on-going business matters, good or bad experiences from the earlier deals, changes or modifications required in products and services to keep to the new requirements and future needs and wants of the key customers are frankly and openly discussed. Most of the organized suppliers often make attempts to initiate such meetings. Very commonly senior management officials also make their presence as per their availability and this assists enormously to move ahead in the ladder of relationship.

All the top managers interviewed shared an important information that their principle companies are also encouraging these activities

If we study the organizations of these companies, we come across many internal teams doing their part of the job. Every such team is either a customer or supplier of another and it is paramount that they work together collaboratively to provide a first class service to their external key customer. There are often week links and internal conflicts or disagreements about who and how much to participate in business with key customers. These joint meetings with teams of key customers make sure that the suppliers teams do not experience conflicts or disagreements because the meetings facilitate sessions and discussions that help to focus on the right requirements of business. These could be working towards common goals, increasing communications, seeking out improvement and build strong relationships in the process; all part of an energized and forward thinking culture. It is often motivating for the support teams to get direct participation in important business activities of the

organization. This improves 'sense of involvement' which goes much beyond in self-motivation to team members. The role of KAM team members is important to find two teams who are linked by work processes and systems and then help them work together to realize expectations and needs of each party

With respect to KAM, the major advantage shared by the top managers in the study was that, these meetings will provide narrow focus on each member's contribution, both sides can develop new stages of efficiencies by avoiding duplicate work and wastage in work, removing conflicts and misunderstandings, and at the end more importantly keep building close association with is the foundation in KAM. From the supplier's point of views they will acquire many opportunities of refinement, enhancement and upgrading themselves to remain better focused. Other advantages of these type of meetings collected from the survey are as under

- Developing an explicit understanding of what each team is trying to achieve.
- Define parameters of operations and monitoring the offerings
- Improve quality and clarity of communication
- Building operations without follow ups
- Improve sales cycles parameters
- Meetings also help in getting vital competitors information.
- Suppliers get good picture of Key customers future products and business plans
- A well-run review often results in performance elevation.

#### **7.6: Ever increasing expectations form key accounts:**

All the top managers interviewed shared this as a very potent challenge at present and also for future of KAM. The Kay accounts keep expecting more and looking at their importance in business the companies are under tremendous pressure to face these business situations. Key customer demands have evolved over time, but never as rapidly as they have in the past few years. The amount of information that's available at the speed of light and in the palm of hands makes nearly every key customer to look forward to something more. In addition to this key customers are gaining higher buying power and getting more organized and professional in their buying protocols.

In reality, even the key customers operate in a business environment which is overflowing with competitions. Even there, new players keep entering with better innovation and affordable offerings. These key customers, to stand out in the

competition, need to be different in terms of many product, services and business parameters. When we study the reverse path of manufacturing process of these products, the contribution of suppliers is often of prime importance. Unless they make more and special contributions, the key customer will not be able to build its competitiveness in the market place. But these situations end up adding more pressures on suppliers in terms of better quality, better features, and better performance deliverables of their products and services, and often with lowest possible money terms. Other than the above business conditions, by and large there are also other grounds which make the key customer demand more.

- Growing buying power of customers for various reasons
- Availability of options of new products, substitutes and new technologies.
- Global access to suppliers due to increased communication technologies.
- More than ever availability of information.
- Their size and importance of their business to suppliers.
- New regulations and quality standards at the market place.
- Changes in social and political environments
- Consolidation and globalization of businesses.
- Improved long relations with few and selected suppliers.

### **7.7 Limitations of Research:**

The limitations of the Research are those aspects of methodology or design that have effect or influence on the understandings of the findings from your research. They are the sort of restrictions on generalizability, applications to practice, and/or utility of findings that are the result of the ways in which you initially chose to design the study and/or the method used to establish internal and external validity

It is always good to acknowledge to the limitations of the research. It is far better for you to identify and acknowledge these limitations than be graded down the research because the researcher appear to have ignored them. It is important to note that acknowledgement of a study's limitations is an opportunity to make suggestions for further research

Limitations of a Research are potential weaknesses in your study that are mostly out of your control, given limited funding, choice of research design, statistical model

constraints, or other factors. In addition, a limitation is a restriction on your study that cannot be reasonably dismissed and can affect your design and results

Limitations are influences that the researcher cannot control. They are the shortcomings, conditions or influences that cannot be controlled by the researcher that place restrictions on your methodology and conclusions. Any limitations that might influence the results should be mentioned for better understanding of the research

**Acknowledgement of the research limitation also provides researchers with an opportunity** to demonstrate that they have thought critically about the research problem, understood the relevant literature published about it, and correctly assessed the methods chosen for studying the problem. A key objective of the research process is not only discovering new knowledge but to also confront assumptions and explore what we don't know.

In this research we have taken into consideration MNC's and JVC's only from Pune and around. This is because our pre decided geographical spread out was Pune and industrial areas around Pune city.

The selected companies are from engineering industry and are into components or machinery manufacturers and most of them are into business with automobile or engineering companies as their key customers. One of the main objective for this selection was that companies from this industry with above mentioned key customers operate in very keen and close competition. They are very much engaged in product upgradation, betterment of services and more importantly follow KAM for maintaining and growing their business with key accounts. These KAM practices are monitored by their Principle Company or overseas offices.

The research assumes that the MNC and JVC officials have shared correct information during their interviews. These officials had given appointment only after they were convinced that the information shared by them will be kept strictly confidential and it is only for academic and research purpose In fact this was the very sincere and genuine request from their side and they confirmed to meet the interviewer only after they were convinced that the information it will not be shared anywhere including even the name of the company and interviewer as well.

The other limitation of this research is that we have taken into consideration companies that are international in their operations. Indian companies are not part of the research. These companies operating at International level usually have KAM as their routine practice since very often they have key accounts located in various countries. These companies therefore encourage KAM even in the local operations of their companies based in India.

In this research the researcher did not have any discussions with the key accounts of the companies under study. This research was completed only from the point of view from the companies who implement KAM. The data /information collection from the end customers to get a better insight about ongoing KAM initiatives was not part of the research design. This research was focused on engineering product selling companies who operate in highly technical and competitive industry only. Other companies in different sectors like service providing companies, consumer products companies were not part of the research. Some changes are required to use the outcomes for companies in other industries. This subject is relatively new in India when it comes to professional and large scale implementation. Though many management scientists have done research of KAM with reference to Indian companies, still the amount of Indian literature and case studies are not much available for reference and literature review

### **7.8 Rewarding Performances in KAM:**

This is another important outcome of the Resrech from a very Practical angle. The neatly crafted Perfromce Appraisal and Reward system is much more than cash incentives, bonus or stock options, though these are also well important considerations. Often the rewards like Promotion, Reassignments, and Recognitions also motivate the KAM team members to perform better and aligning their efforts towards the goals of the organizations. A Good Reward system makes a great contribution in Recognizing and Motivating the high Performers in KAM team but on top of it, the system will also cultivates performance Driven Culture in the organization The Chart below gives a good performance Appraisal model to decide on Rewards to KAM officials since they are handling the most important businesses of the organization.



Chart 7.2 Performance Model in KAM Source: PWC website 2015-2016

A good Performance systems will help the organization's KAM team to get motivated, perform on higher level, build their confidence and values, reduce demotivation, helps to have targeted KAM members development. It is important to decide and communicate intervals of appraisals to the KAM officials and encourage to make them interactions without any fear or reservations.

The Resrech has shown that 'Pay for Performance', when executed properly, can lead to motivate individuals to perform better and this is very much applicable to the KAM team members. From the organization point of view to have motivated KAM team members is very crucial since they handle the most valuable customers of the organization. The Present and future growth largely depend on these Few but Valuable Customers. To make the KAM successful and effective in the long term, it is important to perfomnce appraisal and rewarding systems well aligned to each other and in the line of Companies objectives.

Some of the important issues discussed by the interviewees are as follows

- ✓ Very often there is over emphasis only on the Financial Results generated by team members. In KAM these has to few other angles to this
- ✓ Identifying the task and accountability in KAM is very challenging. Every Key Account is different in terms of competition, potential and other hardships

- ✓ In case of the Performance not meeting the benchmarks for specific or unexpected reasons{ which are very much possible in business with KA}, the appraisal system should have correction mode
- ✓ It is not easy to define Business Models in KAM. The geographical considerations, level of competitions, history of business, competence of the organization, etc. vary with each key customers
- ✓ KAM business situations are intrinsically complex. Many times the organizations do not recognize and fail to take these into account while drafting the schemes. Such poorly drafted schemes will show unexpected and unfortunate side effects
- ✓ The Local, Regional and International {In case of global key accounts} need to be taken into consideration which is a challenge all together.
- ✓ Very often in handling the high technology technical product, the success of KAM initiatives largely depend on the involvement of ‘Support Teams’.
- ✓ Most of the company officials discussed the ‘Parameters of Performance’ in detail. Since KAM is a challenging business development and Customer Relationship initiatives it should have BOTH i.e. qualitative as well as quantitative parameters.
- ✓ Along with Results and outcomes, it is very important to recognize parameters like Competence, attitude , sincerely , behavior , motivation and Values while Rewarding the KAM team members

Other important observation and outcome of the research is that the Performance of the KA team member or Manager will largely depend on at what stage the relationship lies with the Kay accounts. In the beginning or early stage of Relationship, the KAM team members need to do lot of efforts to move ahead of the curve. The actual results in terms of numbers may be encouraging or not. But even then they need to continue their efforts since KAM is not an Overnight initiative. It takes a long time to have matured relationships with key accounts.

**Performance Elements Controlled by Key Account Managers** {Source: Article by Dina Woodburn in KAM performance and Rewards syndicate Cranfield school of management in 2008}

- Client relationships
- Selling
- Industry knowledge/understanding

- Manage risk
- developing strategy/planning
- Opportunity
- Understanding company capability
- Manage resource/deal alignment
- Promoting brand
- implementing deals
- Training and education
- Problem-solving
- Reporting Information
- Team management

### **7.90 Applications of the outcomes from this research:**

This research will highlight the importance of narrow focusing and targeting company's product and services towards key and valuable customers using Relationship as the platform and move forward in their business development plans.

Though the researcher has taken into considerations only MNC's and JVC's in the geographical area of Pune and around, the outcomes of the research can very well be used for MNC's and JVC's in other regions and even other locations in India with certain modifications, since the modus operandi of the relationship building and business development plans will have similar backdrop from their principle companies.

The outcomes and observations can also be used by local companies as well. Most of the Indian companies also operate in highly competitive business environment and have common engineering customers which these MNC's and JVC's also have. This calls for professional approach towards Relationship building for business expansions towards the large and important customers.

Those MNC's /JVC's or Local companies who are in the initial stage of introducing KAM practices, will get a better idea about various challenges and hardships to remain a step ahead in implementation of KAM . The outcomes will provide valuable inputs for selection of 'Priority Areas' and then moving further in enhancing relationships with valuable customers.

Focused strategies are of vital importance in growing kinship with customer of importance, since most the companies are operating in presence strong competitions in their key accounts premises. The various outcomes form the research will be helpful to study the options available and for selection of appropriate strategical options to focus various key customers depending the business conditions and competition.

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