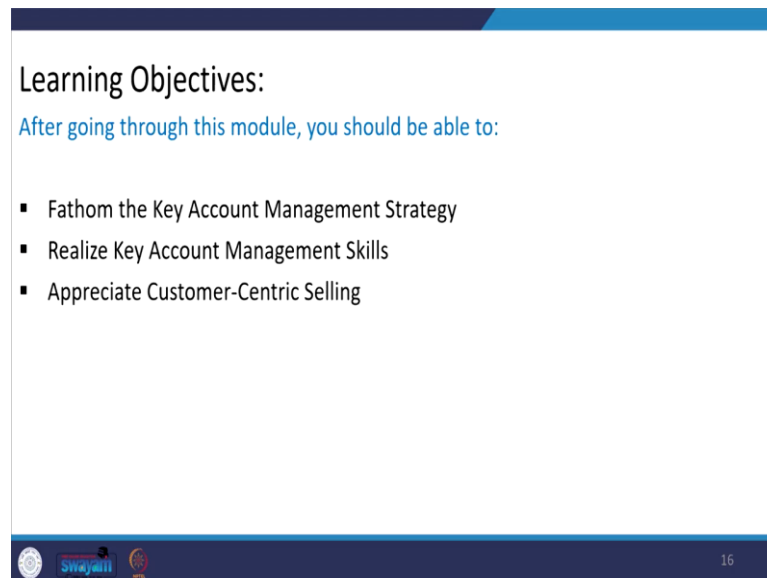


**Strategic Sales Management**  
**Prof. Sourabh Arora**  
**Department of Management Studies**  
**Indian Institute of Technology, Roorkee**

**Lecture - 21**  
**Key Account Management and Consumer Centric Selling (Continued...)**  
**Selling and Consumer Behaviour**

Welcome back everyone, today we will be going ahead with the session 5 of the week 4, in this module also we will be continuing with the Key Account Management and Customer Centric Selling facets. So, as far as last session is concerned, I really hope that you enjoyed learning about the basics of key account management. And as far as this module is concerned, we will be talking about the key account management strategy, key account management skills.

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**Learning Objectives:**

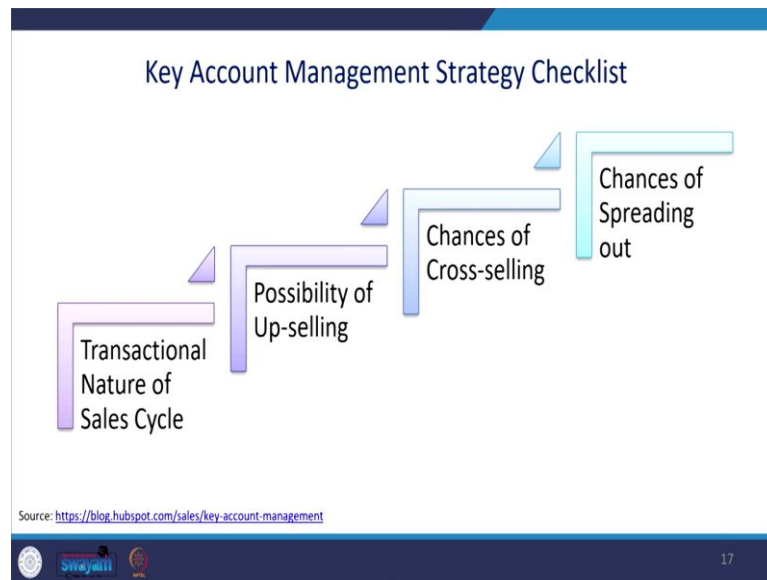
After going through this module, you should be able to:

- Fathom the Key Account Management Strategy
- Realize Key Account Management Skills
- Appreciate Customer-Centric Selling

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And I am very sure once we are done with this module you will also be able to appreciate the concept of customer centric selling. Now, when you talk about key account management strategy this is the checklist that you must follow before you proceed with respect to devising any strategy for your key accounts.

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So, the first is transactional nature of your sales cycle; see, if the nature of your sales cycle or the sales business that you are into is of very transactional nature which means the transactions can only happen once you know for once. Or a while or they do not have any repetitive value, then things are not going to work with respect to key account management.

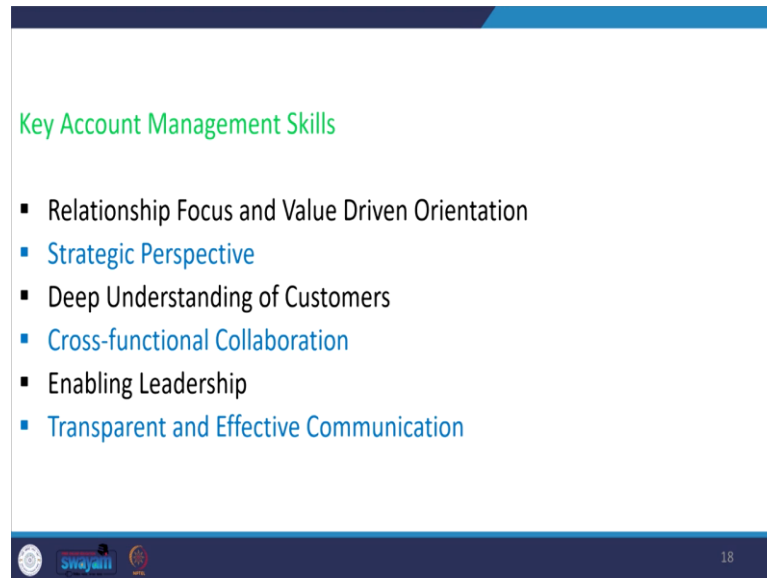
Because you are always focusing on a relationship which is going to work for a longer time and that is why you think about creating a win, win situation and for making those collaborative investment of resources. Apart from that you also need to see if there is any possibility of upselling; which means, whether you are in a position to sell more of what you are manufacturing to the organization. If that is not the case then also things are not going to work.

The third strategy checklist which you need to check is if there are chances of cross selling; which means, if you can sell more of your products which you are manufacturing now to the same organization. And finally, you should see whether you can land and expand or whether there are chances of spreading out; which means, if there are any chances that you can do more of business with that particular organization.

If not with respect to the products that you are selling them now, may with respect to their allied organizations or if your allied organizations can have business with them. Then also you can say there is definitely going to be a lot of scope with respect to key

account management. Apart from that these are the skills which a key account manager should have.

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So, the first test they should always have a relationship focus or value driven orientation. Again, as I just said even if your sales cycle is very transactional and your approach is going to be transactional then things are not going to work, you should always focus on nurturing a relationship. If you remember we had talked about the concept of farmers and hunters right; so, this definitely requires you to be a farmer.

The other thing is you should always have a value driven orientation; which means, that either you should try improving the functions of that particular organization or providing them something which helps them reduce their cost. But maintaining equal quality with respect to what competitors are offering to the customers in that particular market.

So, either you take this route or either you have to work on something which is definitely going to reduce a lot of their cost. Apart from that you need to have a strategic perspective which simply indicates that you have to be very systematic and organized about your key accounts. You cannot treat them like other accounts you need to set and plan properly with them, understand their functions, understand their businesses, and then you can have a fruitful discussion or a plan for them.

It is definitely one of the key facets with respect to skills that you need to have a very deep understanding of your customers, only then you will be able to bring in that element of intimacy otherwise things may not work for a longer time. Apart from that it can also have a cross functional collaboration. See because, when you are talking about a long-term orientation it is not that the transactions are only going to be related to the products that you are selling them now, or in case of services whatever you could be selling them in the present moment.

You can always look at the chances of creating a cross functional collaboration. Your top management should also imbibe the idea of key account management which means there should be enabling leadership. Because, there are very high chances that initially when you get into a relationship there is going to be an investment of resources from your side which means there is going to be a cost. And profit profitability is definitely going to be a futuristic thing when we talk about key account management.

So, until unless your talk management understands that things may not work. Apart from that there should always be transparent and effective communication with respect to your key accounts as far as key account managers are concerned, there should not be any false promises otherwise things may not work.

Again, the whole idea or facets which are related to key account management are about focus on creating a win, win situation for a longer term if not in short term. And just be transparent with respect to what you can offer and how you can help the organization grow and do better as far as their competitors are concerned. So, now we are done with the concept of key account management and I am really hopeful that you gain something out of it.

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Extra Fodder for Thought: Firing Customers

Have you ever heard of companies firing customers?

We are not talking about employees

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So, now, we are moving to one of the exciting part of this module, please tell me have you ever heard of companies firing customers which means companies will say we are not going to serve you anymore. You must have heard this about employees, definitely in covid times we heard a lot of news how a lot of companies were kind of relieving employees from their jobs, but about customers have you ever come across this.

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Have a look at this letter sent to customers by Sprint Nextel:

Sprint

Date: June 29, 2007

Re: Account: [REDACTED]

Dear [REDACTED],

Our records indicate that over the past year, we have received frequent calls from you regarding your billing or other general account information. While we have worked to resolve your issues and questions to the best of our ability, the number of inquiries you have made to us during this time has led us to determine that we are unable to meet your current wireless needs.

Therefore, after careful consideration, the decision has been made to terminate your wireless service agreement effective July 30, 2007. This will allow you to pursue and engage with another wireless carrier.

We understand that having to switch to another wireless carrier may be an inconvenience, and we want to do everything possible to help you during this transition. So, a credit has been applied to your account to bring your current balance to zero. In addition, we will not require you to pay an Early Termination Fee and you are free to transfer (or "port") your number to another non-Sprint Nextel carrier. You will, however, need to initiate the transfer of your number with the carrier of your choice before July 30, 2007 as the number will no longer be available as of that date.

Should you have any questions regarding the transfer of your number to another wireless carrier or about the final adjustments to your account, please call our customer care department at (877) 527-8465.

Sincerely,

Sprint Nextel Corporation

Source: <https://nextup.wordpress.com/2007/07/06/sprint-fires-its-customers/>

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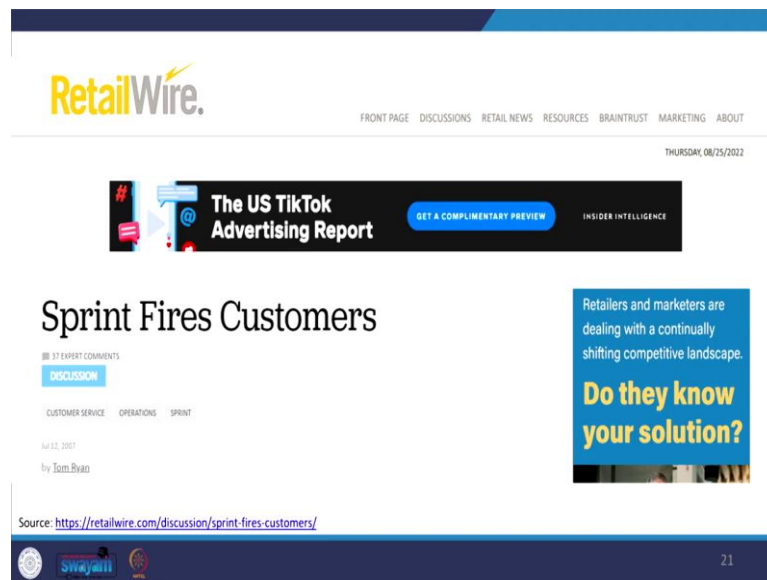
So, just have a look at this, this is a letter which was sent by Sprint Nextel to its customers. Our records indicate that over the past year we have received frequent calls

from you regarding your billing or other general account information. While we have worked to resolve your issues and questions to the best of our ability. The number of inquiries you have made to us during this time, has led us to determine that we are unable to meet your current wireless needs. Therefore, after careful consideration a decision has been made to terminate your wireless service agreement effective from this state.

You can definitely read the letter in full, but the whole idea is Sprint Nextel decided that they are not going to serve the non profitable customers or those customers who are rather squeezing out a lot of resources, but were not leading to a heightened level of profitability.

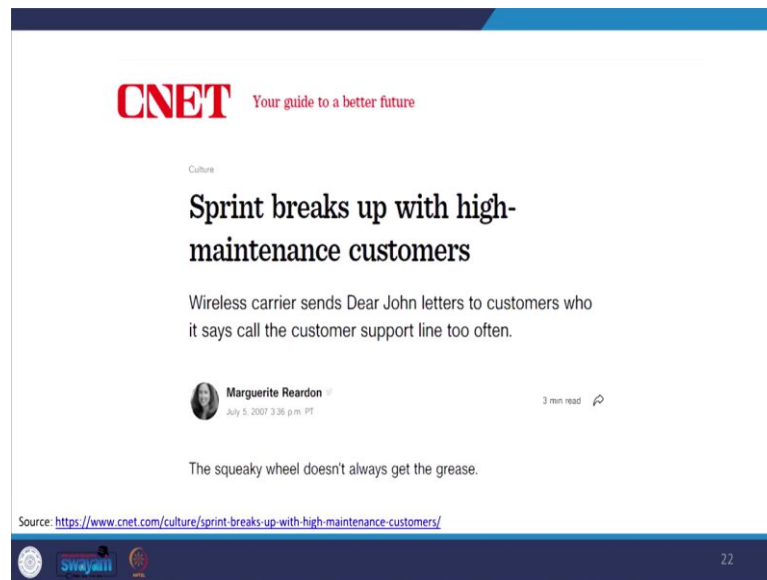
So, this might come across as an absurd idea, but it also makes a lot of sense; what is the point of serving to those customers, who are not going to be profitable for you if not in short run even not in long run. So, customer divestment is something which is usually adopted by companies. Even if we look at this strategy by Sprint Nextel it was all over news.

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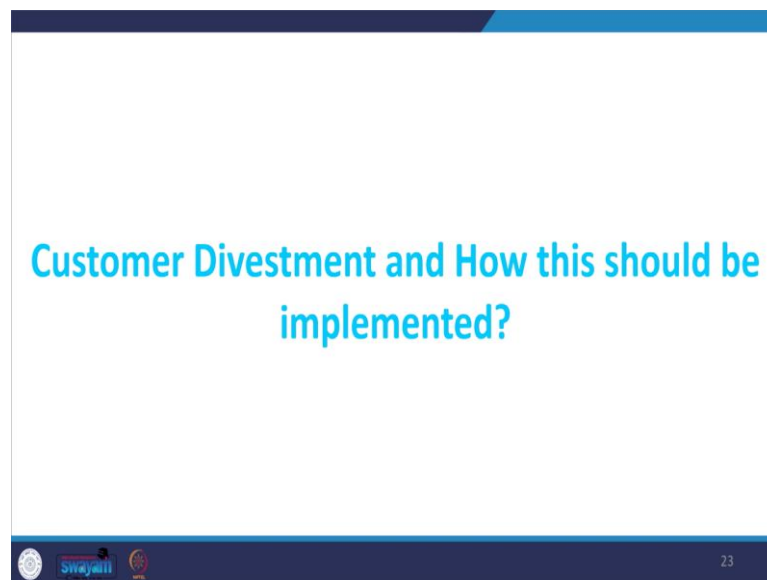
Sprint Fires Customers this was a news by retail wire.

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Then there was again by CNET sprint breaks up with high maintenance customers; so, this technically is called as customer divestment.

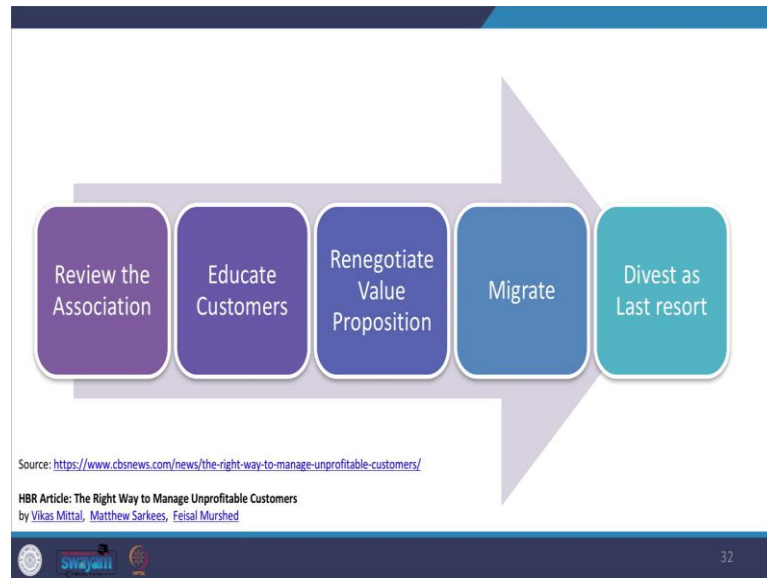
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So, customer divestment happens when some companies will clearly adopt this idea that we are no longer going to serve customers who are not profitable for us. But the bigger question is how this should be implemented, it is not like you know the strategic team or the top management decides. We are not going to serve the customers and they just break

the relationship with them or break the associations with them, this should definitely be done by following a process.

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So, first thing which you need to consider is, you need to reassess the relationship which means you really need to see if there is a problem for our site; so, that the customer is not being profitable. There could be a gap related to communication, or customer might not have a clarity about something which could be a reason for this. Apart from that the other thing which you need to consider is about educating the customer.

There could be a way where you can kind of educate the customer about other processor or other means in which their queries could be resolved which could be profitable. Like in case of sprint the company could have decided to educate customers about not calling them on their help lines. But could have used a website or educated the customers how their websites can be used for resolving a lot of complaints.

Now, the third stage which is related to customer divestment is about seeing whether in any case this relationship could be made profitable. Now, that can be done by charging more of prices or by looking at another effective strategy which could change the way or could be a turnaround as far as this particular situation is concerned. Another way could be you think of migrating these customers which you are not able to serve profitability to any of your right partners or even other partners who do you think could serve them profitability.

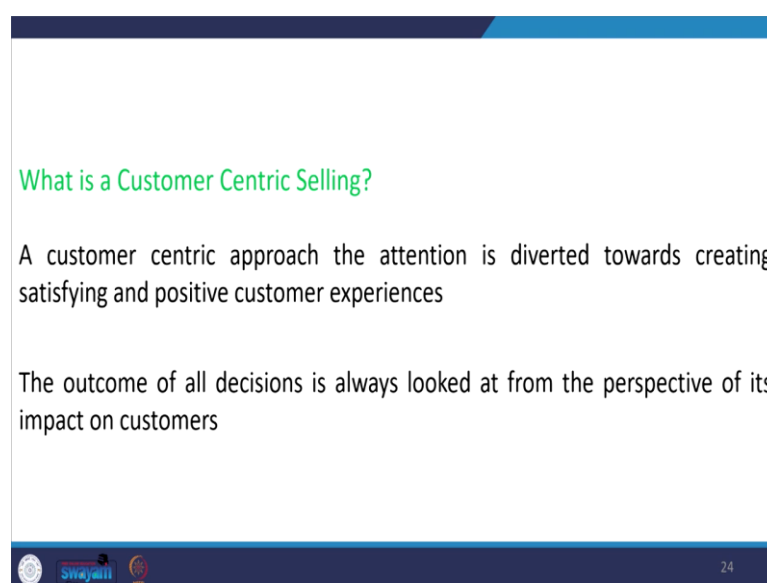


See this only makes sense when you have worked out all the strategies and you finally, arrived at the decision that these are not going to be profitable for you. So, when you break that relationship, you need to give them a way out or you cannot afford to have a very very extremely negative word of mouth as far as customer divestment is concerned; so, you need to offer them a substitute. Then the last thing is going to be about terminating the relationship, but that too should be done in a very smooth way as I just said substitute should be offered to the customers.

So, that they are not hampered and it does not leads to very extreme negative word of mouth. See even if you talk about India there have been companies like Myntra at one time decided if you return or refuse to take cash on delivery orders. Then you might not get cash on delivery and you might be required to pay in advance, because with respect to returns there is a very high cost attached right.

So, these companies in order to be profitable were thinking of executing or adopting these strategies whether it is Myntra or Zuby both kind of executed that at a point of time. This article was published in business line you can definitely go and google more about it and you will be able to kind of validate the information which I just shared. So, I am very sure that the concept of customer divestment was very fascinating for you as well.

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**What is a Customer Centric Selling?**

- A customer centric approach the attention is diverted towards creating satisfying and positive customer experiences
- The outcome of all decisions is always looked at from the perspective of its impact on customers

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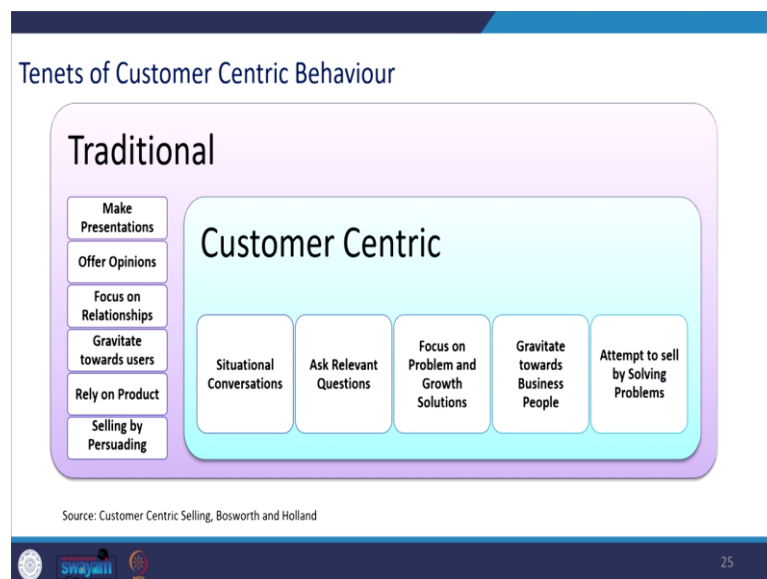
Now as far as this week is concerned, we are now getting to the concept of customer centric selling see we have talked about strategic selling. We have been talking about the fact the customer has to be at the fulcrum you cannot afford to not serve the customers well. But we also spoke about a lot of facets which are related to win situation and it is checking out if not in short run the customer should be profitable for you in long run.

Then what is this all idea about customer centric selling as we all know that customers today can interact with you in different ways. They can interact with you through internet through face to face meetings, they can also interact with you on phone which means there are a lot of touch points that exist for customers which eventually create a customer experience or a customer journey.

So, the whole idea of customer centric selling is the fact that you focus on creating a satisfying and positive customer experiences. Which means, with respect to the fact that when the customer starts interacting with you inquiring about the products until he finally, buys you will always focus on creating positive experiences.

So, that you do not lose out the customers in the middle and eventually the purchase loop is closed. And another thing which lies at the core of customer centric selling is you will always wonder and check out what is going to be the outcome of thirty seasons that you take as far as the customers are concerned. Which means how that outcome is going to influence or have an impact on your customers.

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So, this is what the ideology of customer centric selling is about and these are the tenets which can be associated with traditional selling as far as customer centric selling. See when you talk about traditional selling it is just about making presentations. You will have the sales person going meeting the prospect, customers or the clients and they will be just giving presentations.

Whereas, when you talk about customer centric selling or approach it is going to be about situational conversations. Which means the salesperson is definitely going to try hard to understand the present situation of the prospect customer or the client and the solutions will be devised. Around them which means you are trying to be relevant for the prospect customer in the moment, it is not like you are offering them something which is not useful for them in the moment or could be in future.

Apart from that traditional approach is all about offering opinions; which means, you are just telling them how this will work, how other facets will work, or how this is going to be beneficial for you. Whereas, in customer centric selling you ask relevant questions and through these questions you try to understand whether the solution is going to make sense for the prospect or customer or not. Again, the whole ideology is about thinking of the long term orientation, you should never be in a space where you make a one day steal and the customer does not want to interact with you at all.

Now, another facet which can be associated with traditional selling is that they focus on relationships. Which means let us say, if they have worked out a relationship with the customer or a client, they will get back to them to sell. Whereas, customer centric selling is more about focusing on problems and growth solutions it is not like you get into the facet of somehow selling by working on relationships. See relationships are going to be important in customer centric selling also.

But along with that relationships you have this focus on solving their problems and offering solutions that will foster the growth of your organizations which was not the case with traditional selling approach. Another tenet of traditional selling is that you gravitate towards users; which means, you only focus on users and you somehow try to sell them. Whereas, in customer centric the whole ideology is about gravitating towards business people.

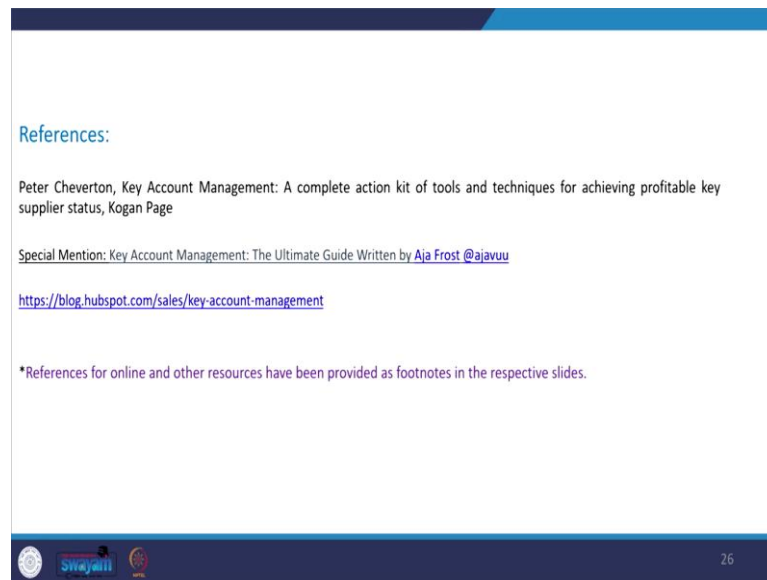
Now, business people here simply indicates that you are having interactions with the strategic team, top management, where you are trying to make them understand, how offering whether it is a product or a service is going to benefit them. We will solve their problems or we will lead to their growth. Again, the whole idea is you are not focusing on closing that days deal you are looking at a futuristic orientation; you are focusing on a collaboration, you are trying to work out the value driven solutions.

So, that a long term associations a long term profitable association can happen right. In case of traditional approach you only rely on product which means you will tell them the facets of a product. Whereas, in customer centric selling you focus more on product usage and how that is going to be beneficial for the organization that you want to cater to.

Apart from that in traditional approach selling always happens by persuading or convincing the other party right. Whereas, in customer centric approach attempts to sell are always made by solving problems or having an orientation of how you want to help the organization grow to a higher level; so, this is what customer centric selling is all about.

So, as far as this approach is concerned, I would be very happy if you have any of your views on this and you can post us to them on forum. So, we will have a look at them and then if any we will have any of our live sessions, we can definitely talk about them also. So, as far as this particular module was concerned, I am very sure that you enjoyed learning about the facets of customer centric selling, what are its standards and you also enjoyed learning about the tactics or I would say the checklist of key account management strategy.

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References:

Peter Cheverton, Key Account Management: A complete action kit of tools and techniques for achieving profitable key supplier status, Kogan Page

Special Mention: Key Account Management: The Ultimate Guide Written by Aja Frost @ajavuu

<https://blog.hubspot.com/sales/key-account-management>

\*References for online and other resources have been provided as footnotes in the respective slides.

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So, as we move further we will be definitely learning about the facets of selling in a multi channel and omni channel retailing world.

Thanking you for now.