

How to make KAM work for the pharma sales force

Craig Dixon - Feb 21, 2011

- [Tweet this article](#)
- [Comment on article](#)
- [Find similar articles](#)



Craig Dixon
Director and Principal
Consultant
Marketing and Sales
Solutions Ltd

MORE OPTIONS

- [Contact me](#)
- [View my full bio](#)
- [See more of my posts](#)

Craig Dixon explores how, with the right interpersonal, networking, and team-building skills, Key Account Management can deliver value to customers

I was a young pharmaceutical sales representative, out on the road, when I first heard the term Key Account Management (KAM).

I sat in a GPs waiting room, hoping the doctor was going to see me, when I walked a rep from another company whom I had not seen on territory for a while.

It turned out that he had been off the road, on a training course, as the company he worked for was adopting a KAM model of working.

This was new terminology to me and as a young, keen rep I was eager to find out more about this new terminology.

So I asked what the difference was between being a Key Account Manager and a sales representative.

The answer was simple: "Nothing really. I have a new business card, but everything else is the same."

So here we are, many years after that conversation. Has much really changed in our industry?

Is KAM still seen as something just for the sales team?

Do some companies, and people, really view it just as a change of business card?

Understanding the customer environment

The healthcare market has changed significantly since I was on the road.

Years ago, clinicians were still very much the decision makers, with the autonomy to prescribe whatever they wanted.

Now, decision making within healthcare involves a wide range of stakeholders, with pharmacy, commissioners, medicines management, finance, and prescribing leads, to name but a few.

Area Prescribing Committees wield authority through local formularies, and the individual clinician has less and less say in what he or she can actually prescribe and treat patients.

When there was just a single decision maker, a single contact within the company (the rep) was acceptable.

During this time, the industry typically adopted a noise approach, putting more and more reps on the road with the sole purpose of delivering messages repeatedly and ensuring their brand had the loudest voice.

However, now our customers have adopted a multidisciplinary approach to decision making, and therefore there are multiple stakeholders with whom the industry needs to interact.

The logical response from the industry is to mirror the customer's environment and have multiple contact points within the organization, each with the skills and knowledge to deliver a valuable interaction to their counterpart.

This type of approach is not just about delivering messages to a range of stakeholders.

This requires a co-ordinated approach based around a deep understanding of the customer's environment, what they are looking to achieve both clinically and environmentally, and how your brand and/or offering can meet or (ideally) exceed their expectations.

This is about delivering real value to the customer and the whole account.

The Key Account Management (KAM) approach therefore seems a logical fit. But what do we really mean by KAM?

The real meaning of KAM

The term KAM gets used an awful lot, and most people have different understandings of what KAM really means.

To some, it's a business plan; to others, something for sales departments only; and to some, merely a change of business card!

Despite the fact that KAM has become something of a buzzword in the last few years, it is not a new concept.

First proposed in the 1980s, KAM has been used in other industries for some time.

In many ways, pharma is a late adopter of KAM. This does mean, however, that pharma can benefit from experience with KAM already gained in other sectors.

At its most basic, KAM is about customer-orientated co-ordination, or putting the customer at the heart of the organization, determining what value you can bring to the customer and, ultimately, being seen a genuine partner.

KAM is not a tactic. KAM is not something just for the sales team. KAM is not something that can be done overnight, and KAM is certainly not about generating noise in the marketplace.

KAM is an organizational approach and, as such, needs to go right through the organization and be embedded in the company culture at all levels to be successful.

Themes of KAM
The formation of KAM is influenced by the market environment and the customer and buyers characteristics
KAM is multifunctional, including R&D, Medical, Finance, Supply Chain and market access in addition to marketing and sales functions

KAM programs result in special activities for key accounts that are not offered to average accounts

Dedicated staff are required to manage key accounts, they require strong interpersonal skills and usually report high in the organisation

Adapted from Homburg et al

The next step along the road to KAM involves addressing a few key questions.

How will your organization define an account? Which accounts are key or strategically important? Who will manage your key accounts and in what fashion (including internal stakeholders)?

The definition of accounts and determination of key accounts is largely dependent upon your market, product portfolio, and strategy.

Addressing these two questions requires a robust process that ultimately defines and selects accounts in alignment with your commercial opportunities and your long-term strategies.

This is not just a case of selecting your current big customers and throwing in a couple of big teaching hospitals for good measure.

The answer to these two pivotal questions will be unique to each organization, and the answer to this question in particular is crucial: Who will manage the key accounts and (most importantly) in what fashion?

Managing key accounts

The first part of this question is not about title of the people, but what knowledge, skill set, and processes they will need.

The Key Account Manager is not a sales person in the traditional sense, but co-ordinates the cross-functional activities relating to the key account.

This person will set up and run a cross-functional team, making sure all internal functions and stakeholders buy into the KAM process.

This requires strong interpersonal, networking, and team-building skills.

They will need to be able run internal meetings and will need to understand the roles and functions of all internal stakeholders to enable them to seek out internal knowledge and information that will aid the key account.

Strong strategic planning skills will be required as well as the ability to interact with people at all levels of the organization and exert influence over people over whom they have no line authority.

This role requires a very different skill and knowledge base to the traditional rep, who was there just to deliver messages and create noise in the marketplace.

The latter part of this question concentrates on the fashion of account management and is probably the single biggest challenge on the road to KAM.

This is largely an organizational challenge.

Different forms of KAM

Researchers examined 375 organizations in Germany and the US from the chemical and pharmaceutical, machinery, electronics, banking, and food industries.

The researchers identified seven different approaches to KAM, which varied in their degree of formalization and level of senior management involvement. The eighth model is, of course, 'no KAM'.

Elements of identified KAM approaches

KAM Approach	Activity intensity	Pro-activeness	Approach formalisation	Top Management Involvement	Use of Teams
Top management KAM	Medium - High	Medium	Very High	Very High	Much
Middle management KAM	Medium	Medium	High	Medium	Little
Operating level KAM	Medium - High	Low - Medium	Rather High	Low	Much – Very Much
Cross functional KAM	High	High	Very High	High	Very Much
Unstructured KAM	Medium	Low - Medium	Low	Very Low	Little
Isolated KAM	Medium	Medium	Rather Low	Medium - High	Medium
Country club KAM	Low	Low	Very Low	High	Very Little
No KAM	Low	Low	Very Low	Low	Very little

The authors went on to examine the performance outcomes associated with each KAM approach.

Cross-functional KAM performed the best on three of the four performance indicators: KAM effectiveness, performance in the market, and adaptiveness.

Interestingly, with the fourth performance metric, profitability, the top management KAM approach achieved the highest score, followed by cross-functional KAM.

The authors note that this approach is associated with higher costs and higher revenues.

Both models, however, have high senior management involvement, a highly formalized approach, and utilize a team approach.

The 'no KAM' approach recorded the lowest score on three of the four performance indicators.

So what can we take away from this research?

The top management KAM approach may have some relevance in smaller companies or niche therapeutic areas.

However, given the physical size of most pharma companies, the top management approach to KAM may not be practical.

The cross-functional model of KAM therefore may be the most relevant KAM model for the pharmaceutical industry to examine.

This will require internal alignment around the customer and the accounts.

New marketing processes are required to determine how the organization can add real value to the customer.

Different sales processes will also need to be adopted to ensure a move away from the industry's traditional noise generation approach.

Cross-functional KAM

Cross-functional KAM means that internal stakeholders who may not have been customer-facing previously will now need to be part of the account team.

The shift from sales being seen as the sales teams' job to the job of everyone in the organization will not happen overnight and will often require learning new skills.

The team-based selling approach that cross-functional KAM utilizes is commonplace outside the pharmaceutical industry, with as many as 75% of companies selling in teams.

The competencies of internal stakeholders therefore will also need to be considered alongside the change management process and changes to the traditional marketing and selling processes.

It takes time to drive change within an organization and even longer to embed that change within the company culture.

If you are currently looking at KAM, you can be sure that the road to KAM is going to be long with lots of bends and bumps.

But with a clear vision, the right change management, senior management buy in, and people with the right knowledge, skills, and processes, you can minimize your chances of breaking down en route and ensure the journey results in success.

Craig Dixon is director and principal consultant at [Marketing and Sales Solutions Ltd](#). This article was inspired by a presentation delivered by Jo-Anna Allen at a recent eyeforpharma meeting.

For more on KAM, see '[Pharma sales: Clearing up KAM confusion](#)', '[Getting to grips with KAM](#)', and '[What's next for SFE 2011](#)'.

For more KAM insights, join the industry's key players at [SFE Europe](#) from March 29 – 31 in Dusseldorf and at [Sales Force Effectiveness USA](#) on May 17 and 18 in New Brunswick, NJ.

[Login](#) or [register](#) to post comments

1 person liked this.

Add New Comment

Type your comment here.

Post as ...

Showing 0 comments

Sort by Popular now   [Subscribe by email](#)  [Subscribe by RSS](#)

[blog comments powered by DISQUS](#)

[Return to normal view](#)

© EYEFORPHARMA 2011 | LEGAL NOTICE | +44 (0) 207 375 7500 | register@eyeforpharma.com | ADVERTISING |
PHARMACEUTICAL JOBS

eyeforpharma is part of FC Business Intelligence Limited. FC Business Intelligence Limited, Registered in England and Wales -
company registered number 04 388 971. 7-9 Fashion Street, London, E1 6PX, UK