HELLENIC OPEN UNIVERSITY

School of Social Sciences

Master in Business Administration (MBA)

Postgraduate Dissertation

The Importance of Account Management. The Case of the Service department of a Technological and Manufacturing Business.

Georgios Charisis

Supervisor: Prof. Panagiotis Artikis

Co-Supervisor: Prof. Michail Bekiaris

Patras, Greece, March 2025

HELLENIC
OPEN
UNIVERSITY

The Importance of Account Management. The Case of the Service department of a Technological and Manufacturing Business.

Georgios Charisis

Supervising Committee

Supervisor*:*   Co-Supervisor:

Prof. Panagiotis Artikis   "Prof. Michail Bekiaris"

Patras, Greece, March 2025

Abstract

Account management is a critical function in today's business, enhancing customer retention, growth of revenues and long-term strategic partnership. Effective account management can help businesses to develop healthy relationships with customers, in order to achieve long-term loyalty and consistent profitability. By developing trust and gaining insight into customers' needs and behavior, firms can customize their service to gain the greatest possible satisfaction for customers.

This study examines the importance of account management to a case company's service department that is operating in various industries in Europe and Greece, by examining common customer categorization theories and key account management (KAM). Customer categorization is relevant when segmenting customers based on their needs, behavior and financial matters, which helps companies efficiently use resources. But KAM intends to address high-value customer by providing customized services and strategic collaboration for mutual growth of both parties.

In addition to the theoretical framework, the research also includes an empirical study by way of a mixed-method with qualitative and quantitative data collected by a structured questionnaire given by the case company employees. The research method helps to explain and study actual practices in both areas and provides valuable information for the operational strategy of the company.

The data collection focuses on how the case company categorizes its customers and implements KAM practices, while highlighting their importance. Findings indicate that successful customer categorization improves resource efficiency, while well-defined KAM practices strengthen customer relationships and increase profitability. The analysis also highlights key metrics influencing account management effectiveness, such as communication and long-term value creation.

Keywords: Key Account Management, Customer Categorization/Segmentation

HELLENIC
OPEN
UNIVERSITY

Η Σημασία της Διαχείρισης Λογαριασμών. Η Περίπτωση του Τμήματος Εξυπηρέτησης μιας Τεχνολογικής και Κατασκευαστικής Επιχείρησης

Γεώργιος Χαρίσης

Επιβλέπων καθηγητής: Συν-επιβλέπων καθηγητής:
Αρτίκης Παναγιώτης   Μπεκιάρης Μιχαήλ

Πάτρα, Ελλάδα, Μάρτιος 2025

Περίληψη

Η διαχείριση λογαριασμών είναι μια κρίσιμη λειτουργία στην σημερινή επιχείρηση, που στοχεύει στην ενίσχυση της διατήρησης πελατών, την ανάπτυξη εσόδων και τις στρατηγικές μακροπρόθεσμες συνεργασίες. Η αποτελεσματική διαχείριση λογαριασμών επιτρέπει στις εταιρείες να δημιουργούν ισχυρές σχέσεις με τους πελάτες τους, διασφαλίζοντας την μακροπρόθεσμη αφοσίωση και τη βιώσιμη κερδοφορία. Καλλιεργώντας εμπιστοσύνη και κατανοώντας τις ανάγκες και τις συμπεριφορές των πελατών, οι εταιρείες προσαρμόζουν τις υπηρεσίες τους ώστε να βελτιώσουν την ικανοποίηση των πελατών.

Αυτή η μελέτη εξετάζει τη σημασία της διαχείρισης λογαριασμών για το τμήμα εξυπηρέτησης μιας εταιρείας περιπτώσεων που δραστηριοποιείται σε διάφορους κλάδους στην Ευρώπη και την Ελλάδα, εξετάζοντας κοινές θεωρίες κατηγοριοποίησης πελατών και διαχείριση βασικών λογαριασμών (KAM). Η κατηγοριοποίηση των πελατών είναι σημαντική κατά την τμηματοποίηση των πελατών με βάση τις ανάγκες, τη συμπεριφορά και τα οικονομικά τους θέματα, κάτι που βοηθά τις εταιρείες να χρησιμοποιούν αποτελεσματικά τους πόρους. Αλλά η ΚΑΜ σκοπεύει να απευθυνθεί σε πελάτες υψηλής αξίας παρέχοντας εξατομικευμένες υπηρεσίες και στρατηγική συνεργασία για την αμοιβαία ανάπτυξη και των δύο μερών.

Εκτός από το θεωρητικό πλαίσιο, η έρευνα περιλαμβάνει και μια εμπειρική μελέτη με μεικτή μέθοδο με ποιοτικά και ποσοτικά δεδομένα που συλλέγονται από δομημένο ερωτηματολόγιο που δίνεται από υπαλλήλους της εταιρείας περίπτωσης. Η ερευνητική μέθοδος βοηθά στην επεξήγηση και μελέτη των πραγματικών πρακτικών και στους δύο τομείς και παρέχει πολύτιμες πληροφορίες για τη επιχειρησιακή στρατηγική της εταιρείας.

Η συλλογή δεδομένων επικεντρώνεται στον τρόπο με τον οποίο η εταιρεία περιπτώσεων κατηγοριοποιεί τους πελάτες της και εφαρμόζει πρακτικές ΚΑΜ, ενώ αναδεικνύει τη σημασία τους. Τα ευρήματα δείχνουν ότι η επιτυχημένη κατηγοριοποίηση πελατών βελτιώνει την αποδοτικότητα των πόρων, ενώ οι καλά καθορισμένες πρακτικές ΚΑΜ ενισχύουν τις σχέσεις με τους πελάτες και αυξάνουν την κερδοφορία. Η ανάλυση

υπογραμμίζει επίσης βασικές μετρήσεις που επηρεάζουν την αποτελεσματικότητα της διαχείρισης λογαριασμού, όπως η επικοινωνία και η μακροπρόθεσμη δημιουργία αξίας.

Λέξεις – Κλειδιά: Διαχείριση λογαριασμών, Κατηγοριοποίηση Πελατών

Table of Contents

List of Figures

List of Tables

List of Abbreviations & Acronyms

KAM	Key Account Management
CRM	Customer Relationship Management
ERP	Enterprise Resource Planning
KPI	Key Performance Indicator
MMR	Mixed Methods Research
B2B	Business-to-Business
MVCs	Most Valuable Customers
MGCs	Most Growable Customers
BZs	Below-Zeros
KAISM	Key Account Identification and Selection Matrix
BI	Business Intelligence
DCS	Distributed control systems
PLC	Programmable Logic Controllers
SCADA	Supervisory Control and Data Acquisition
VFD	Variable Frequency Drives
A/C	Air Condition

1. Introduction

In the present business world, most companies have shifted towards a marketing strategy which aims to build long term relationships with customers. Managing these relationships successfully is important for companies, since it can lead to a competitive advantage. Companies use various tools to improve customer relationships such as key account management (KAM), customer categorization and customer relationship management (CRM), all parts of account management processes.

Customer categorization is the process of ranking and grouping customers based of various attributes, created by quantifiable and quantitative data. It is used to determine the attributes that are used and what are the different categories. Typically one model comes with multiple ranking categories, enabling a business to allocate its resources more effectively by focusing on specific customer relationships.

Some customers are considered key account because of their higher value, and therefore more attention is required. KAM is a resource demanding process, so businesses focus on limited number of key accounts. Employees in sales and service units of a business maintain these accounts. These persons are usually from an organization's service of sales force, overseeing mane account and are expected to have a specific set of skills to coordinate and guide customer relationships. The depth of customer relationships can also be viewed as a lifecycle, where every stage indicates the interactions between two companies and the role of KAM.

Case company is keen on finding the best practices for its operations, and account management is one of them. The competition in the technological sector, and especially in the heavy industries, is intense, forcing companies to develop their account management and its processes.

1.1   Purpose and Objectives

A research can be classified into three ways. Exploratory research seeks to explain new or less understood events or to provide a fresh perspective on targeted events. Descriptive

research which aim to offer an accurate description of a particular event, person or situation, making it more a research compartment that an independent study. Finally, Explanatory research focuses on understanding the cause or outcome of relationship between variables in an existing event. (Mark Saunders, 2007)

This thesis is explanatory since the case company has already implemented account management practices and customer categorization. Thus, it is the purpose of the research to highlight the importance of a successful account management. By adopting a more proactive approach with its most valuable customers, embracing a customer-centric strategy, and assigning account managers, case company has effectively strengthen its customer relationships and created value for itself.

Objective of the thesis is to increase expertise and knowledge for the researcher and newly come account managers. This will be achieved by analyzing customer segmentation models, identifying key principles of KAM and demonstrating how case company has implemented them.

Categorization process allowed case company to target its recourses better, by separating customer with less potential than those with greater. With this process, the case company has the ability to view the current state of customer but also compare their past and future performance. Using qualitative and quantitative data, the view of each customer is more complete than using one type of data.

KAM principles provide valuable knowledge to the case company, covering key aspects such as personnel requirements, the impact of different staged in the relationship lifecycle, and the role of digital system support. By determining the required type of personnel needed, the company can use this knowledge to better train its current staff and enhance its recruitment efforts for individuals with the desired skills. Lifecycle analysis help assess the company's current KAM position, offering critical insights for developing deeper customer relationships. While digital systems play a small part in the process of account management, they are essential for managing customer relationships. Therefore, it is important to identify whether employees interacting with customers feel adequately supported by digital systems and indicate improvements.

1.2   Structure of Thesis

To provide proper answers to the research questions, a literature review is necessary and this will done be in chapter 2 & 4, after chapter 1 which is dedicated to introduction, purpose and structure of thesis. In Chapter 2, a brief overview of background and previous studies of account management will be presented, and in chapter 4, different models and tools of account management will be analyzed, with main references to CRM and customer categorization. This will be necessary to build the ground of knowledge to dig deeper into the main topic of interest. The third part of the thesis will focus on the account managers' opinion on the management approach through a qualitative method. The data collection method, the research questions and the detailed interview guide will then be presented. For the actual analysis, surveys will be conducted with key account managers operating in case company in order to explore the direction of analysis of the research questions. Additional information will be gathered from case company through ERP system. In chapter 5, an introduction of the case company's and its account management practices will follow. In chapter 6, the main finding resulting from the surveys and ERP data will be presented and discussed, with reference to the CRM, customer categorization and KAM theories discussed in chapter 4. Following the analysis and the discussion of the results, there will be some concluding remarks recapitulating on the research questions and trying to give an exhaustive answer in chapter 6.
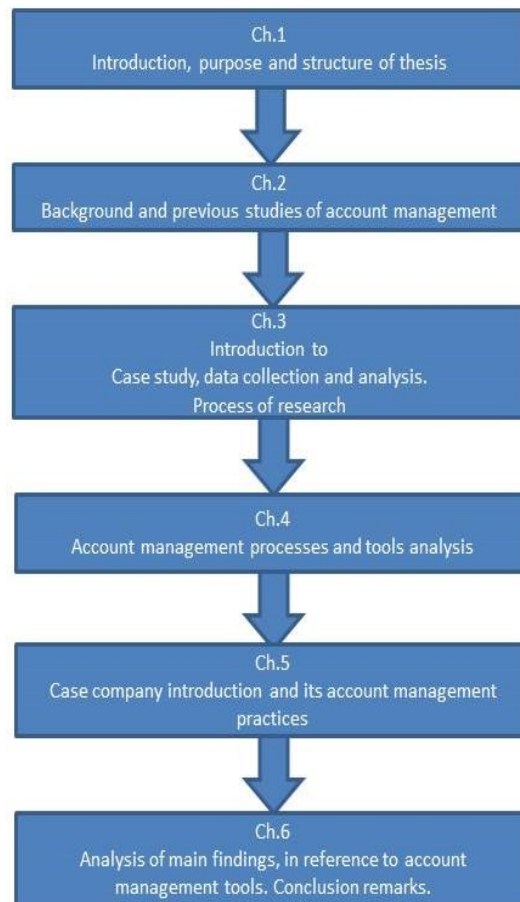
Figure 1: Structure of Thesis

2. Literature Review

2.1 Background

The origins of account management can be traced back to the rise of client-facing roles in sales, where businesses realized the importance of not only acquiring customers but also maintaining ongoing relationships with them to secure repeat business and ensure their needs were consistently met.

Even though the term account management was unknown, it was present during the pre-industrial revolution period, where businesses often focused on limited customers but relationships were handle exclusively by the owners. Later, in the early 20th century, with

the growth of industrialization, the market introduced many new customers, and their management became more complicated. Around 1920's-1930, the concept of representatives and customer managers emerged.

After World War II, businesses' competition increased, introducing the need of differentiation in customer relationships. It led to the beginning of forming account management functions, mainly in industries like banking, advertising and professional services. In these segments, account managers were hired as communication links between business and customer.

Between 1980s and 1990s, businesses saw the rise of CRM tools, which then defined and structure the role of account management as we know today. The role of KAM was also introduced, allowing businesses to develop and maintain relationships with high value customers, making a shift towards a strategic management of customer relationships.

With the technological evolution, introduction of social media and online customer service platforms, discovered during 21st, account management has become data-driven and sophisticated. Companies use digital tools to record customer preferences, purchasing history and making forecasts for the future, allowing account managers understand customers and satisfy their need. The role of account managers has evolved to a strategic function, identifying growth opportunities and not focusing only on customer relationships as we knew in the past.

2.2 Previous Studies of Account Management

Previous studies on account management have explored various aspects of the role, its importance on business performance and customer relationships. These studies cover multiple areas, such as customer retention, key account management, CRM systems, strategic account management, and the evolving skill sets required for successful account management.

Below there is an overview of the most important studies performed in the past years, where the importance of key account management and strategic account management is highlighted.

One of the most influential studies that focused on the impact of customer retention on profitability was (Frederick F. Reichheld, 1990). A research dedicated to customer retention, which concluded that increasing customer retention rate by 5%, can lead to profitability increase up to 85%, proving the importance of successfully manage key accounts.

(Christian Homburg, 2009) and (Boulding, 2005) studies, focused entirely on the role of account management in customer retention and satisfaction. Both studies concluded that managers who engage in active relationship-building practices, such as personalized services and communication are more likely to retain customers' loyalty. They stated that account managers should act as problem solvers and trustful advisors, leading to increased customer lifetime value.

(Homburg Christian, 1999) with their research, distinguished traditional sales from KAM, and concluded that KAM strategies focus on strategic relationships, rather than simply managing transactions.

Research (al., 2004) resulted that businesses with formalized account management structure, achieve higher customer satisfaction and growth in revenues.
(Michael B. Beverland, 2007), studied the differences in KAM strategies across various industries, concluding that manufacturing sectors and technological service offering industries had more advanced KAM practices, where account managers engaged in continuous strategic discussions with customer, to ensure their evolving needs were met.

There are several tools available for account management, depending on industries specific needs. (Francis Buttle, 2009) and (Adrian Payne, 2005) focused on CRM systems and processes, highlighting the importance of CRM tools in streamlining customer data, improving communication and client interactions. CRM tools such as salesforce and Microsoft Dynamics, allow account managers to create more targeted strategies and identify new opportunities for sales.

2.3 Key Terminology

Account management:

Account management is a structured approach to managing a customer's relationship with your business to maximize value. It involves nurturing the relationship between clients and your business by learning more about customers' needs and creating solutions and services that match. This generally encompasses providing customers with service, support, and improvement or expansion opportunities that increase their consumption of a product or service and maximize retention. (Schneider, 2024)

Key account management:

(Beth Rogers, 1998, p. 1) defined the role as an approach adopted by selling companies aimed at building a portfolio of loyal key accounts by offering them, on a continuing basis, a product or service package tailored to their individual needs. (Wengler, 2006), further study the concept of key account management, and defined it as a supplier's relationship marketing program which aims at establishing, developing and maintaining a successful and mutually beneficial business relationship with the company's most important customers. Key account management includes all internal and external marketing activities which help to sustain the relational exchange process. The key account management program is institutionalized at the supplier-customer interface and provided with adequate competencies and resources within the supplier's internal organization.

Customer/Market Categorization/Segmentation:

Definitions of market segmentation have given through the years. As stated in (Sara Dolnicar, 2018, p. 6) study Market segmentation is a decision-making tool for the marketing manager in the crucial task of selecting a target market for a given product and designing an appropriate marketing mix (Jennifer Drayton, 1987, p. 301). Market segmentation is one of the key building blocks of strategic marketing. Market

segmentation is essential for marketing success: the most successful firms drive their businesses based on segmentation (Gary L. Lilien, 2003, p. 61)

Customer Relationship Management:

CRM stands for customer relationship management and refers to the principles, practices, and guidelines that an organization follows when interacting with its customers. From the organization's point of view, this entire relationship encompasses direct interactions with customers, such as sales and service-related processes, forecasting, and the analysis of customer trends and behaviors. Ultimately, CRM serves to enhance the customer's overall experience. (Rodgers, 2024)

3. Research Methods

As stated by (John W. Creswell, 2018, pp. 50,51), there are three research approaches. Qualitative, Quantitative and Mixed Methods. Qualitative and quantitative approaches represent different ends on a continuum while mixed methods research resides in the middle of this continuum because it incorporates elements of both qualitative and quantitative approaches.

Qualitative research is an approach for exploring and understanding the meaning individuals or groups ascribe to a social or human problem. The process of research involves emerging questions and procedures, data typically collected in the participant's setting, data analysis inductively building from particulars to general themes, and the researcher making interpretations of the meaning of the data.

Quantitative research is an approach for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures.

Mixed methods research (MMR) is an approach to inquiry involving collecting both quantitative and qualitative data, integrating the two forms of data, and using distinct designs that may involve philosophical assumptions and theoretical frameworks. The core assumption of this form of inquiry is that the integration of qualitative and quantitative data yields additional insight beyond the information provided by either the quantitative or qualitative data alone.

This research is conducted with the use mixed method approach, using qualitative and quantitative research techniques. Quantitative method is used to obtain numerical data from the case company's ERP system and employee survey with related functions within the company. The ERP system provides valuable customer data and information such as sales order, invoice values, material costs and both direct and indirect labor costs.. Collected data will be processed separately but analyzed together. The goal of quantitative data is to demonstrate customer performance across various segmentation models. Qualitative data is also gathered from the same respondents, using the same questionnaire, but this information is analyzed separately. Purpose of the qualitative data is to get an understanding on how respondents think about key account management and its aspects within the case company. Furthermore, the qualitative data help in the evaluation of importance of metrics such as customer attractiveness, strategic value and potential are seen when measured against numerical indicators like profitability.

3.1 Case Study

According to (Diana Woodburn, 2014), case study is more a strategy or methodology rather than a strict research method because it is considered multiform. It's a versatile, multi-sided approach used in a variety of fields, like business, social sciences, education, health care and law, among several others. It allows researchers to explore complex issues in real-world settings. Beginnings, objectives, purpose, research approach as well as many other parameters of a case study may vary depending on the topic of research, and its location is influenced by many activities which take place outside the case boundaries. Case and different layers of context and the processes within the context are in mutual interaction, which means that actions in context affect the case and vice versa. Case is

affected more from layers that are close to it, and less by the layers which are further away.

The case study can be identified as belonging to the case company sales strategy that is the layer enclosing the case. The sales strategy comprises strategic initiatives and key performance indicators (KPI) that contribute to the case. Furthermore, this layer includes employees with sales and account management responsibilities, who work in the customer interface and are therefore considered in the same layer. The second layer is made up of the case company, other support processes and other employees with supporting roles. Though relationships with case functions are complex and dynamic, it should be noted that presentation of context layers is a useful method to present factors influencing interaction with the case.

According to (Yin, 2015, p. 50), there are four approaches to case studies, each involving one or more contexts and one or more embedded units of analysis. Those are single-case holistic designs, single-case embedded designs, multiple-case holistic designs and multiple-case embedded designs, each one marked with type 1 to 4, on the following figure 2.
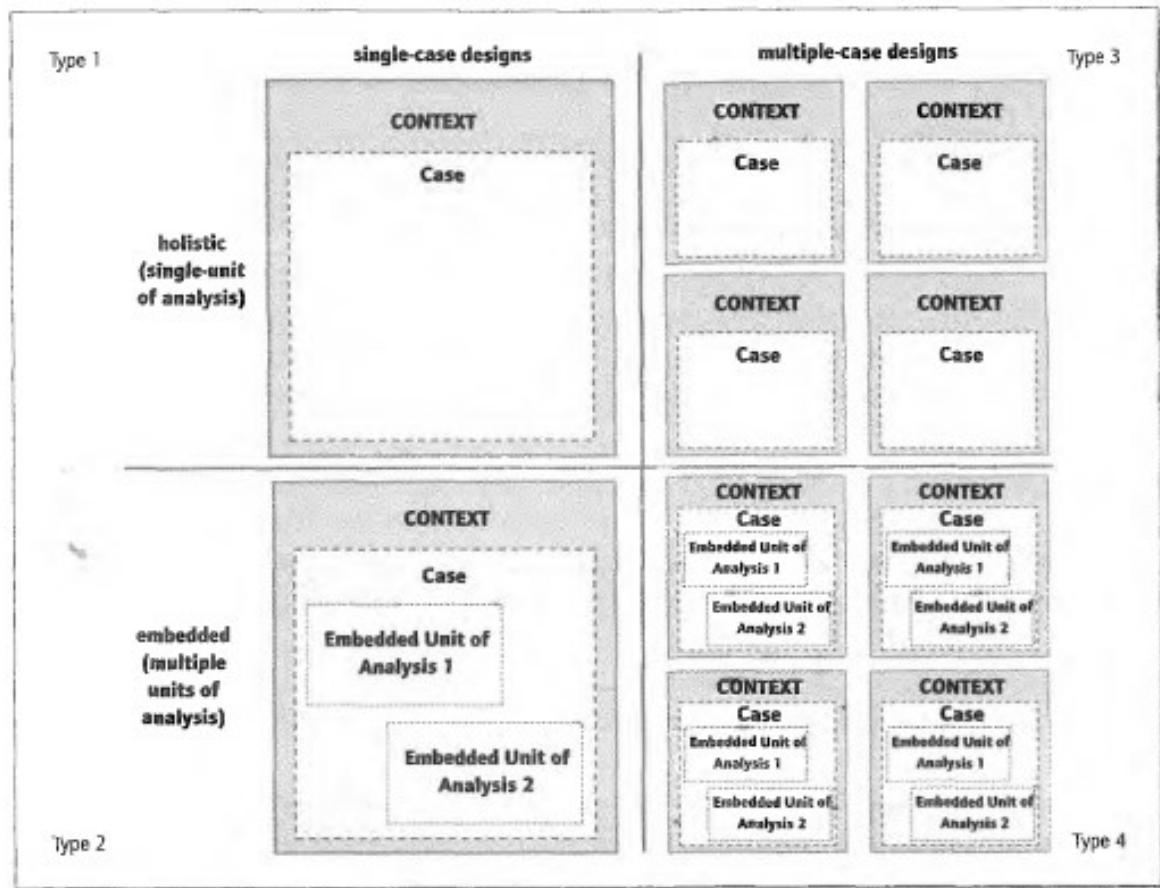
Figure 2: Basic type of designs for case studies (Yin, 2015)

This study is identified as embedded single-unit of analysis, featuring one context and multiple units of analysis. The context is composed of two layers: the internal layer, which includes the company's core personnel and sales strategy, and the external layer which encompasses the case company's other processes and additional personnel. The context surrounds the research case, which contains the embedded units of analysis is the account management model and practices, specifically key account management and customer categorization.

CRM is a broad topic, and therefore the analysis is focused specifically on how it defines categorization and KAM. The research is performed within the case company's sales process which creates boundary to the case and distinguishes it from the broader context. Additional boundaries are defined by implementation of categorization and KAM processes.

HELLENIC
OPEN
UNIVERSITY

Georgios Charisis, The importance of account management. The case of the service department of a technological and manufacturing business.

Research case: Units of Analysis
- Key Account Management
- Customer Categorizations

Internal Context
- Sales Strategy
- Core personnel (Sales and Account Management)

External Context
- Case Company
- Other processes
- Other personnel

Figure 3: Case context layers

3.2 Data Collection

Required type of data is defined from the research's requirements. Primary data do not exist and will be gathered manually by the researcher, while secondary data is available and it is considered more reliable and easier to use in comparison with the primary. However, there is a risk that data do not match the research's requirements, in case of outdated data, poor coverage or lack coherency (John Adams, 2007, pp. 107,117,118). As already mentioned in previous chapters, using only one type of data could leave part of the questionnaire unanswered, hence, both data types will be gathered. Quantitative secondary data, and both qualitative and quantitative primary data.

Questionnaire is a way of primary data collection and its design differs, according to the way it is administered. **Self-administered**, predetermined questions are filled out by respondents or **interviewer administered** where the answeres are filled out by the interviewer, while in contact with the respondents. A brief overview of both designs and their sub-categories is shown in the figure 4, accompanied by a short description for each one. The type of questionnaire influence the nature of responses, the rate of response, the type of questions used, the percentage of answer distortion and the likelihood of receiving answers from individuals of interest. Questionnaires are used to obtain variable data which

HELLENIC OPEN UNIVERSITY

Georgios Charisis, The importance of account management. The case of the service department of a technological and manufacturing business.

can be categorized to opinions, behavioral data. or attributes of individuals. (Mark Saunders, 2007, pp. 356-360)
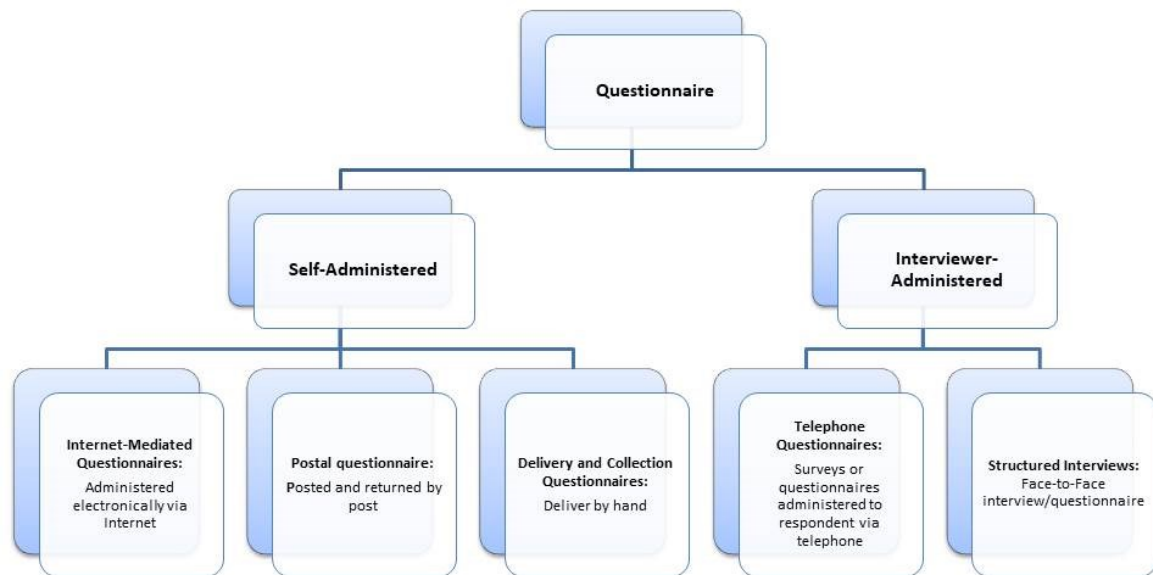
Figure 4: Type of questionnaires

Questionnaires are meant to be short and questions should be expressed clearly so it is easy to be answered from respondents. However, surveys which include qualitative questions may increase complexity of the model. Survey questions are divided into open and closed. Open questions allow respondents to describe issues or state their views by giving them the opportunity to respond in textual form. Closed questions on the other hand, are stricter and provide only a set of predefined set of answers to respondents with main purpose to collect quantifiable data. (Mark Saunders, 2007, pp. 368,369), (John Adams, 2007, pp. 130-134)

In the current case study, secondary data was available and collected through the ERP system which contains customer register, details and transactional data. Additional data was available from various documents, such as excel files which contain part of the cost

---

data. All data has been inserted to the system through the years from the case company's sales and sales support employees based on events that happen in the customer interface and was exported and divided into separate datasets by the researcher. Even though the activities differ across the business unit, sales and operations –both parts of service department of case company- share the same customer base; hence the transaction data was combined. Financial data that collected from various documents were processes into a single data set before the final analysis.

The quantitative part of the research includes a questionnaire also, for the sales force and account management of the case company, where respondents were asked to rank customers based on the below characteristics.

- The importance of strategic value of customer
- How attractive is customer in the market and to case company
- The level of difficulty case company faces in handling the customer
- Customer's strength in the market and to influence difference situations
- the unrealized potential of customer, where he is now and where he should be in the future

Respondents evaluated 8 most valuable case company's customers based on ERP data generated for the period 2020-2023 based on the previous mentioned metrics. In addition, respondents were asked to provide their opinion about key account management in total 8 questions. Purpose of KAM question is to find out how does respondent's answers differ from one another and compare with the theoretical framework of KAM.

Questionnaire was sent to respondents during February 2025 via e-mail, in English language highlighting the anonymity in order to increase response rate.

3.3 Data Analysis

Purpose of quantitative data analysis is to convert raw data into meaningful information which is then presented in various methods like tables and charts. It is important to understand the type of data which is collected and the differences among data types. For example, as shown in figure 5, continuous data might can represent a number with a

meaningful relative difference in values, whereas interval data lacks a true zero point, implying that the differences between values are consistent and do not have a meaningful relative ratio (Mark Saunders, 2007, pp. 406,408-411). Numbers for example can be displayed in a simple data layout where variables are listed in separate columns and cases are represented in rows as shown in Table 1.
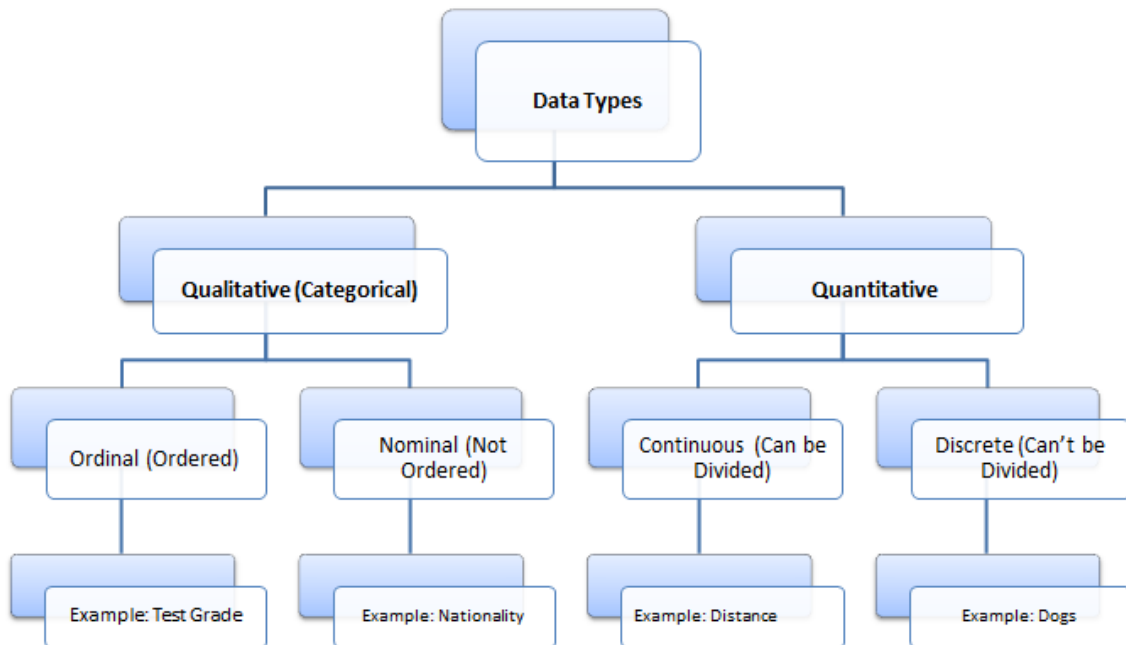
Figure 5: Overview of Data Types

	A/A	Variable 1	Variable 2	Variable 3	Variable N
Case 1	1	x	y	y	x
Case 2	2	y	x	y	y

 Table 1: Example of simple data matrix, where x and y random values

ERP's quantitative data is considered continuous. Customer identification number in the table is regarded as a case, which was used to create data relationships with the fact tables. Data relationships were utilized to aggregate data of sales values, purchase costs, material costs from stock events and work hour costs. Profit calculation was done by deducting costs from sales, and it is necessary to mention that some specific service jobs of case company might not have been completed due to long time of completion, which might be

longer than the period of analysis that was limited to four years. Hence, the figures might present some slight deviations but without affecting the overall analysis. Specific business data is considered confidential, such as sales numbers and customer names, and therefore are not shown in the research.

Results from customer categorization questionnaires were imported to tables and processed to charts, and considered interval data. For every customer the average value from given responses was used. Different identification tags were given to customers and respondents. Customers are cases in the categorization model and were marked with the word "Customer" following a running number, for example "Customer 01". Similarly, respondents which are considered variables in the table , starts with the word "Respondent" and ends with a number, for example "Respondents 01".

Each customer was ranked according to its score in every selected segmentation matrix according to the definition of horizontal and vertical axis. Therefore, two values were mandatory in ranking customers.

In all models except only Fiocca's second step matrix, position of the tag was defined by an average value of a categorization question or a value calculated from customer's profit figure. Profit value was fit to the model so that the score of 5,00 refers to the maximum level of profitability.

In second step Fiocca's matrix, which was the exception mentioned in previous paragraph, the horizontal axis represents the relationship strength. For the same axis, average value of customer's total sales value for the period and proportion of all sales for the period 2020-2023, customer's operation location and years of relationship were calculated to determine the final result. Similar process to profit calculation was used for sales value. The following tables represent the ranking method that was followed for the calculation. Table 2 shows the score given to each customer's main operation from case company's perspective, while table 3 the age of relationship which was defined based on the customer's date of entry to ERP system.

Customer's main operations	Located in Greece	Located in Balkan Countries	Located in rest of European Countries	Located in rest of the World
Score	5,00	4,00	3,00	2,00

Table 2: Location score based on main customer's operations

Date of customers entry to ERP System	Earlier that 2006, than ERP system introduced	Before 2012	Before 2017	Before 2023
Score	5,00	4,00	3,00	2,00

Table 3: Age of relationship score based of customer's entry to case company's ERP system

When material is read multiple times, several things can happen that lead to more questions being raised. There are many reasons for that, from deeper understanding to different perspectives and critical thinking. Hence, getting familiar with the data is essential for creating better analysis, make meaningful insights, identify patterns, and avoid errors. There are two stages in working with qualitative material, analysis and synthesis. Analysis involves breaking down the material into fragments. Purpose is to organize and classify the data so that you can identify patterns. On the other hand synthesis involves reassembling the fragmented data and interpreting it from a new perspective. The goal is to create a conceptual framework that provides a deeper understanding of the research. Each step of the stages is mandatory, but how steps are approached can differ, since it depends from the research topic and target how data is collected, analyzed and interpreted.

3.3.1 Empirical Process

The empirical research process generally starts with defining a research question or hypothesis, followed by designing the study, collecting data, analyzing the data, and then drawing conclusions based on the evidence. The consideration of costs and revenues might

be relevant in specific fields such as economics. However, in the current research the empirical process starts by collecting costs and revenues, which might be related to customers. These data are collected from the financial department and ERP System of case company. The process is done using excels sheets which is used for economical calculations such as profit or loss and report sales. Attributes in customer categorization models require this data.

Highest profit customers are included in a list available in the questionnaire of respondents, which is used to collect quantitative data for customer categorization and qualitative information for KAM practices. Quantifiable data is mandatory for some of the attributes in the categorization models. Qualitative information is analyzed to identify respondent's opinions on KAM.

Figure 6: Empirical Process of Research

4. Customer Relationship Management

According to (Francis Buttle, 2009, p. 15), rather than being a simple IT project, CRM is a fundamental business strategy that leverages technology to manage customer relationships, enabling the company to make profit by delivering the value it has created. Customer information is critical, as many company's customers are spread across different regions and cultural backgrounds. By deeply understanding market differences, learning from customers, and continuously adapting CRM strategies across various regions, organizations can position them for success and maintain a competitive advantage. CRM has four different domains: **strategic, operational, analytical** and **collaborative** (Francis Buttle, 2009, p. 4).

Strategic CRM is a core customer-centric business strategy that aims at winning and keeping profit table customers. This approach involves collecting and sharing customer data allowing businesses to take actions to enhance their value proposition, promote customer-centric behavior among its employees and aligning customer needs. (Francis Buttle, 2009, pp. 4-5)

Operational CRM refers to the day-to-day activities, processes, and tools that companies use to manage and improve their interactions with customers. The focus of operational CRM is on automating and streamlining customer-facing processes, such as sales, marketing, and customer service, targeting to increase efficiency, enhance customer satisfaction, and ultimately drive revenue. Automating sales force operations assist activities like managing opportunities and contacts, lead generation and product identification. Service automation leverages technologies like CRM system to improve communication and quality, reduce costs and boost customer satisfaction.

Large machinery demands a different service automation strategy since on-site technician support is usually required. Technicians can use computers to access CRM system which offer update service manuals, diagnostic tools and job description. (Francis Buttle, 2009, pp. 6-9)

Analytical CRM focuses on analyzing customer data to gain insights and inform business decisions that improve customer relationships and business performance. Unlike operational CRM, which focuses on managing day-to-day customer interactions, analytical CRM helps organizations understand customer behaviors, preferences, and trends by leveraging data and advanced analytics. It uses internal and external customer data which enables ranking customers for example by their value and loyalty. Internal data includes recorded information on purchase, payments, marketing and service history while demographics and lifestyle are examples of external data. With the support of these kinds of data it is possible to give an analysis of what should be offer to which customer and which should be served first. (Francis Buttle, 2009, pp. 9-10)

Collaborative CRM focuses on fostering collaboration between different departments, teams, and external stakeholders (such as partners, suppliers, and customers) to enhance customer experience. Collaborative CRM emphasizes in communication and sharing customer information across various functions of an organization to improve service, retention, and satisfaction. When executed properly, it can drive customer engagement, improve operational efficiency, and ultimately boost customer loyalty and business success. (Francis Buttle, 2009, p. 10)

4.1 Customer Relationship Management in Relation to Account Management

CRM provides the tools and infrastructure for managing customer relationships at scale, while account management is a more personalized, hands-on approach to managing specific customer accounts to ensure satisfaction and loyalty. Both are deeply interconnected and aim to build strong, lasting relationships with customers, but they do so in complementary ways.

In short, CRM provides the data and infrastructure that account managers use to manage their customer accounts more effectively. Account management takes the insights from CRM systems and applies them in a more personal, relationship-focused context.

Both focuses on improving customer satisfaction, retention, and long-term success, but CRM works at the organizational level while account management works on a more individual, relationship-building level.

4.2 Theoretical Framework

The scope of this research is established by the sales procedures of the case company. In the sales process, CRM theory is applied to define various aspects of customer management. A two-tier pyramid is demonstrated that begins with customer segmentation and then moving towards KAM principles. Each classification model is introduced from relevant literature and then applied to data provided by the case company. The models use both quantitative and qualitative variables, such as profitability and customer attractiveness, strategic value, and relationship strength. Ranking the customers according to the chosen categorization models simplifies the comparison of the customers and determining which ones are viewed as important by the case company. In addition, the literature for this study defines various KAM practices that are used to develop questions in the questionnaire to ultimately establish the KAM practices employed by the case company.
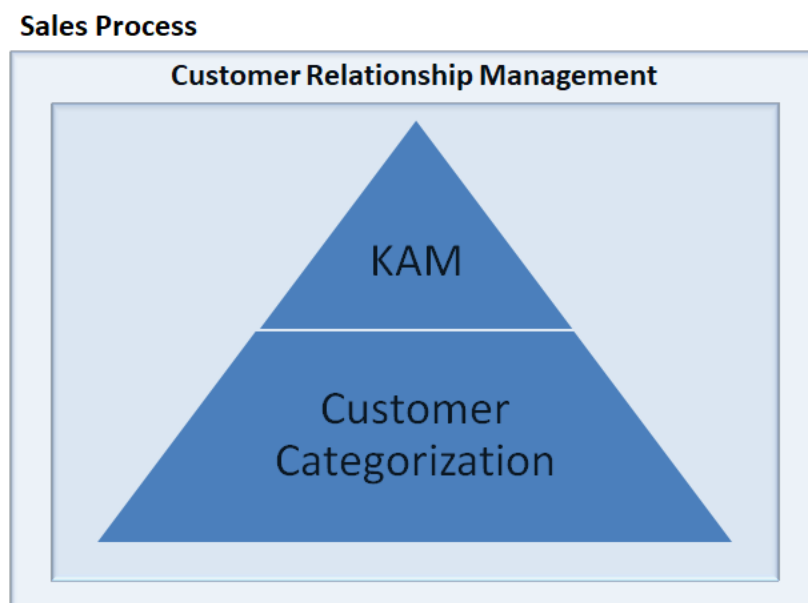
Figure 7: Theoretical Framework

4.3 Customer Categorization and Application

A relationship inherently implies some type of mutual interaction between two individual parties. Thus, identifying individual customers is crucial in CRM. It enables making different decisions than what competitors do, to increase customer value. Customer identification, most of the times, begins with the collection of all available information a company already has, continue with the process of collected and finally plan how additional information could be gathered and analyzed. In business-to-business (B2B) relationships, supplier should be able to identify the customer's responsible persons that take the final decision of product purchase and use of it (Don Peppers, 2011, pp. 106,111). The procedure is not always easy, but there many ways to do so, such as actively participating in events and meetings with customer and providing solutions that reveal the key persons from customer side.

Current value of a customer in mathematical form is the deduction of costs from revenues. The long-term value on the other hand is analyzed based on how customer views the supplier, changes in customer's requirements and external events. If a company does not take into consideration possible future scenarios, that could affect or change customer's behavior, which might results to misleading customer's actual value (Don Peppers, 2011, pp. 122-123).

(Don Peppers, 2011, pp. 139,140) Introduced a customer matrix to visualize the potential and actual value of a customer, where customers are categorized into 5 groups, analyzed in following paragraph and are visually shown in figure 8.

Most Growable customers (MGCs) represent a unique segment of customers with significant unrealized potential. These customers have high profit potential and large volume potential, but for various reasons, their full value has not yet been realized by the company. They might currently be loyal to competitors, or they may have not yet been fully engaged with the company.

Most Valuable customers (MVCs) are those who consistently generate high revenue, are loyal, and require relatively low service costs. They are already deeply embedded in the

company's operations, and their value is less about unrealized potential and more about consistent profitability.

Super Growth customers, in B2B context are typically large businesses that hold significant importance and value for a company due to their size, potential for future growth, and high-volume purchases. While these customers can bring immense value, they also present unique challenges because of their size and the bargaining power they possess. Their ability to leverage their importance in the business relationship can lead to price negotiations that might erode profit margins.

Low-maintenance customers may not represent high individual value or growth potential, but they are crucial for a business, especially in B2B models with a large customer base. Despite having low value and low potential, these customers can still contribute to the overall profitability of a company, particularly when the business can lower service costs through automation and other efficiency measures.

Below-zero customers (BZs) represent a challenging segment, where the cost of serving them exceeds the value they bring to the company. These customers, despite potentially being strategically important (e.g., large enterprises or super growth customers), often cause the company to lose money or struggle with thin margins due to high service costs, extensive customization, or significant price discounts. In a B2B environment, high-growth customers can experience a "below-zero" scenario due to bargaining power and subsequent downward pressure on margins. There are just two choices in terms of managing such below-zero customers: attempt to make them profitable or just discontinue the business relationship.

HELLENIC
OPEN
UNIVERSITY

Georgios Charisis, The importance of account management. The case of the service department of a technological and manufacturing business.
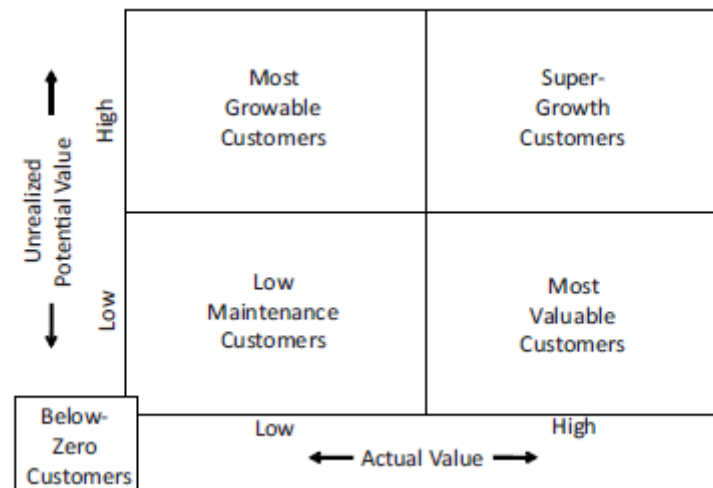
Figure 8: Customer Value Matrix (Don Peppers, 2011, p. 139)

Another CRM plan introduced by (Gordon, 2013), called the CREVITS model, which is an acronym and each letter of the acronym represents an aspect of the plan. The first step of this model deals with customer selection.

- Customer Selection
- Relationship objectives
- Engagement
- Value
- Innovation
- Teaching
- Sharing

At this stage companies should focus on a database, where the number of great customers exceeds the bad ones. Great customers bring more value and are strategically important. When a company treat customer equally, it might result in increase of bad customer database, thus companies should identify right customers. To do so, a company needs the following data:

Customer database is used to store all the information a company has obtain regarding its customers like demographics, interactions, transactions, values, and behavior. This can help companies make informed decisions and execute personalized action. Furthermore,

each customer should be given a specific identifier to enable segmentation, targeting, and predictive analysis. All customer databases need to be consolidated and executed in real-time so that companies can track and learn from every customer interaction in order to remain customer-focused. (Gordon, 2013, pp. 61-69)

Cost-to-serve helps business firms determine the profitability of individual customers by considering the cost of serving. This approach requires measuring both direct and indirect time and activity costs that occur when customer is in contact with a company. Cost point mapping is a method used to identify the touchpoints through which customers engage with the business, requiring an understanding of the processes triggered in the course of such interactions. (Gordon, 2013, pp. 61-69)

Customer profitability is defined once an organization has a firm understanding of all of a customer's revenues and costs to serve. Then the company can calculate customer lifetime value. To reach this stage, however, there must be a unique customer profile, awareness of the actual end customer, customer behavior data, and analytic capabilities, such as predictive modeling, purchasing lifecycle analysis, and customer profitability. (Gordon, 2013, pp. 61-69)

Share of customer helps businesses understand the proportion of a customer's total purchases that come from them, versus what the customer buys from competitors. To effectively calculate and leverage share of customer, businesses need a good grasp of their customer's total spending, not just the amount spent with them. This requires gathering data on customer's total purchases, need and preferences, cross-selling and up-selling opportunities and customer loyalty and retention. (Gordon, 2013, pp. 69-75)

Customer strategic value goes beyond just making a sale, it involves deeply understanding the customer's role in the broader context of the market and how their relationship with the company can contribute to its long-term success. This strategic view helps businesses assess the customer's potential not just in terms of direct revenue, but also in the indirect benefits they bring, like position in a community, connections and cooperation with the supplier, reputation, communal status and contribution to the company's competitive advantage. (Gordon, 2013, pp. 69-75)

Customer alignment is a strategy that helps businesses identify and categorize their customers based on value, loyalty, and potential, with the goal of allocating resources efficiently and focusing efforts on the most profitable and promising segments. In this approach company aims to retain its best customers, while moderate customers, even though less strategic, can be still maintained. (Gordon, 2013, pp. 69-75)

(Gordon, 2013) introduced a portfolio model, a strategic framework that helps businesses analyze their customer base by categorizing customers based on profitability and strategic value, shown in figure 9. This model allows companies to optimize their resources by understanding which customers are the most profitable and valuable, thus enabling businesses to make more informed decisions about how to approach different customer segments.
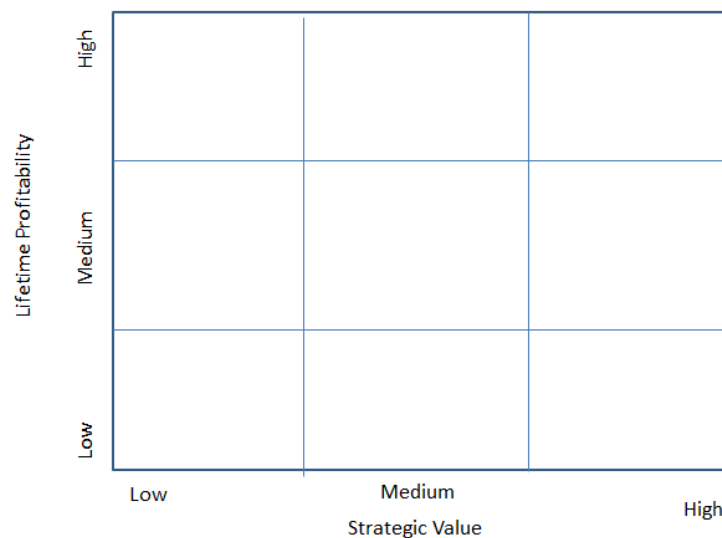
Figure 9: Gordon's customer portfolio model (Gordon, 2013, p. 76)

(Francis Buttle, 2009) came up with the idea of portfolio management, a way of customer customization. However, in B2B sector, most companies categorize customer based on sales volumes which might be deceptive if the costs related to serving of these customers are not considered. To avoid such issues, the use of activity based costing was proposed, to identify customers with high profits, along with other variable than only sales revenue. Many customer portfolio models were introduced to show how B2B companies can

manage key accounts, but due to the research purpose and structure, only the most applicable ones to case company will be presented and analyzed.

Another model discussed by (Francis Buttle, 2009, p. 148) is a portfolio model which is separated into two steps, and it was initially introduced by Renato Fiocca. The first step is the comparison of strategic importance of a customer to the difficulty of relationship management of that customer, in a simple matrix. Strategic importance can be gauged by taking into account factors such as the size of the purchases the customer makes, the potential and status of the customer, the customer's ranking in relation to other customers, the impact on the supplier's other relationships, and the level of technological assistance. On the other hand, relationship difficulty is categorized by criteria such as product requirements, behavior and negotiating power of the customer, technical and business expertise, number of suppliers utilized by the customer, and competitive standing of the customer.

The second stage of the model is concerned with the definition of key accounts based on business attractiveness and relationship strength. Business attractiveness is measured using five attributes: financial and economic situation, socio-political environment, technology, market situation, and competition. The strength of the relationship is assessed using the duration of the relationship, total sales to the customer and their share of total sales, the extent of development cooperation, management culture, and geographical distance. Through this analysis, the suppliers can plot the customers on a matrix that indicates whether the supplier should maintain, withdraw from, or further develop the relationship with the particular customer. Both steps of are presented in figures 10 and 11 accordingly (Francis Buttle, 2009, pp. 151-152).

HELLENIC
OPEN
UNIVERSITY
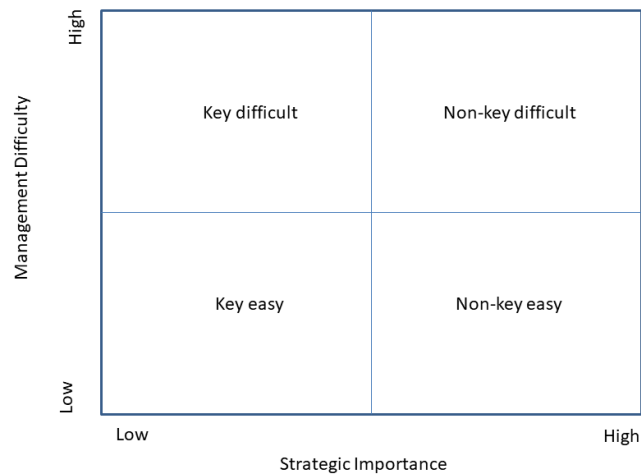
Figure 10: Fiocca's customer portfolio model first step (Francis Buttle, 2009, p. 151)
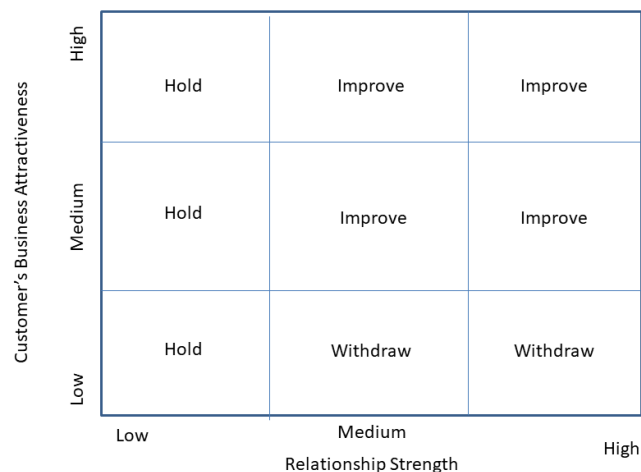
Figure 11: Fiocca's customer portfolio model second step (Francis Buttle, 2009, p. 153)

According to (Francis Buttle, 2009, pp. 154-158) additional tools to portfolio management are available such as SWOT, PESTLE and Porter's Five Forces. Companies use these tools to support the analytical process that serve the purpose of creating strategically important customer groups. Five ways to group strategically important customer are introduced by Francis Buttle.

- **High future lifetime value**. As the sentence implies, these customer will contribute to the company's profitability in the future
- **High volume customers**, who create less profit but they are capable of absorbing fixed costs, and they generate economies of scale to keep unit cost low
- **Benchmark customers**. They don't create big margins but have the ability to gain access to many other markets. It's the customer's customer, for example a company that supplies a big name enterprise with services or materials
- **Inspirational customers**. These customers bring improvement to the supplier's business by introducing ideas for product improvements or cost reductions
- **Door opener customers**. They allow the company's expansion and eases business over cultural boundaries.

Like Francis Buttle, (Lancaster, 2015, p. 274) highlights the importance of defining key accounts, based on additional factors except total sales. As experience with key accounts has developed in the recent years, the range of criteria has grown. Key accounts can be identified by having the following features:

- Are able to increase their own market share and sales
- Maintain a strong position in growing markets
- Collaborate with the supplier, by actively participating in innovative processes and product development
- Increase awareness and spread supplier's products by using them
- Bring significant share of supplier's profits
- Are important to competitors and be able to be captured and have a good reputation allowing supplier to use them as references

Key account identification and selection matrix (KAISM) as shown in figure 12, is another model which was first discussed by (Cheverton, 2008, pp. 269-272). It is considered a unique model, since even though supplier values customer based on attractiveness, customer is the one that values the relative strength of relationship, making necessary for both sides to approve a relationship between them. Based on this model there are four groups, with each one being analyzed below.

HELLENIC OPEN UNIVERSITY

Georgios Charisis, The importance of account management. The case of the service department of a technological and manufacturing business.

Key accounts, where the attraction between them and supplier is mutual. They usually rate the supplier more strongly than they do the competitors.

Key Development account, potential key accounts but aren't currently totally on board with the supplier due to their existing preferences for one or more competitors.

Maintenance account, those are satisfied with supplier's product or service and rate him highly but may not offer significant growth potential or strategic value compared to other prospects.

Opportunistic accounts are those where neither supplier nor the customer sees each other as a top priority in terms of long-term commitment. These could be accounts where there's potential for a short-term opportunity.
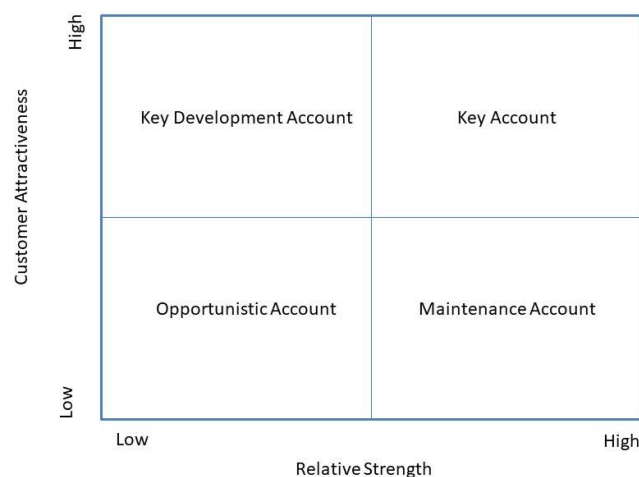
Figure 12: Key Account Identification and Selection Matrix (Cheverton, 2008, p. 270)

Since this research includes both quantitative and qualitative attributes and all models are relevant to the research and it is considered beneficial to use each model and compare the results.

Number of gathered data is significant, but do not require heavy workload since quantitative data is collected from ERP system and additional files, and qualitative data is gathered from approximately 7 employees working in relevant fields, such as sales and account management of case company's service department. It is important to understand the process of customer's

ranking in case company and therefore the importance of customer categorization, which brings value.

4.4 Key Account Management and Application

Case company has improved its customer relationships and account management processes, not only by applying customer categorization models, but focusing also on key account management practices.

Purpose of KAM is to foster long-term, mutually beneficial relationships with the company's most important clients. KAM focuses on creating value for both parties, ensuring that relationship extends beyond just transactional exchanges. By doing so, companies manage to personalize its offerings to the needs of customer, and build a trustful relationship. Even though in real life key account manager role is presented as communication reference to customer, it is more than that. Effective KAM focuses on strategic planning and proactive problem-solving, ensuring that the company copes with challenges in the long-term (Francis Buttle, 2009, pp. 477-478).

Key accounts are handled by either a single person who can handle one customer or a team which can handle one or multiple accounts. When a company focuses on KAM, it can see benefits like:

- **Increased efficiency and effectiveness**. Focusing on smaller groups of high-value customers brings new opportunities
- **Increased profit, volume, and turnover**. Better understanding of customer needs may lead to higher value transactions
- **Lower cost of sales**. Spending less resources and effort in acquiring new customer
- **Better information sharing**. IT cooperation enables sharing information and linking databases
- **Increased trust.** Creates smoother and less time consuming interactions, reducing the need of micromanagement and allowing quicker resolutions

For a key account manager to be successful, it is often required to extend the role's scope to several areas of a company. It requires that key account managers have a multifunctional team which consists of different departments of the company and support the sales force with tasks like modifying pricing, products, and services, logistics and process adjustments and information sharing.

While focusing on a few key accounts can bring substantial benefits, it can also create potential risks for both parties (Lancaster, 2015, p. 272).

Supplier risks:

– **Dependency on few accounts**. serving only few account might results in customers trying to use their position to demand lower margins or better attention which requires more resources from the supplier
– **Ignoring possible key account**. When supplier is focused only in few key accounts, there is a chance of overlooking customers that could be considered important as well
– **Challenged in recruitment**. persons who are motivated to approach customers by themselves, might have problems performing in a team

Customer risks:

– **Increased risk of delivery problems**. When customers rely only in few suppliers, they may face significant and costly impacts in their operations. Such issues could be caused by production delays or financial instabilities of supplier
– **Decreasing attention in long-term**. Over time relationships become routine and supplier may consider customer as granted, resulting in less attention and research of new key accounts

In KAM, the supplier's employees across sales, marketing, customer service and logistics have a crucial role in managing key accounts and set the rules for KAM processes. Thus, the number of key accounts should be limited since there is the risk of spreading resources too thin and not being able to deliver the level of attention and service that key accounts require (Cheverton, 2008, pp. 3-6).

For suppliers it is crucial that proper persons are selected to support KAM roles, since routine works are going beyond normal selling procedures. Key account managers must deal with demanding persons who represent customers. Cooperation and coordination of other roles are important as KAM is a result of team effort and therefore its success relies on dealing with multiple tasks inside the company as well as tasks related to customers. As stated by (Lancaster, 2015), some of the major skills a key account manager should possess are the following.

- Relationship Building & Maintenance
- Problem Solving
- Resource Coordination
- Contract Management
- Sales Opportunity Identification
- Competitive Analysis.
- Presentation & Communication
- Negotiation Skills

As mentioned before, KAM is considered a team effort, and therefore it is required that persons who are selected for the role that have good skills in multiple areas, and not rely on personal level. The most important ones are team leadership, coaching, and political entrepreneurship.

- **Team Leadership.** Account managers must lead cross-functional teams, ensuring all stakeholders are aligned and work toward the same goals. They must ensure that team members are motivated, clearly understand their roles, and contribute effectively to the account's success. Finally they should be able to keep the team focused on delivering results and create trust among them (Lancaster, 2015, pp. 317-319)
- **Coaching.** An essential skill to ensure team growth. Account managers should be capable of identifying strengths or weaknesses within their team and give proper guidance. An account manager who is also a good coach can help team members

develop new skills, improve performance, and unlock their full potential (Lancaster, 2015, p. 325)

−   **Political Entrepreneurship**. Focuses in guidance of organizational landscape, understanding internal and external power dynamics, and leveraging relationships effectively to influence decisions and secure resources. It involves aligning the interests of internal and external stakeholders and handling the tricky negotiations between different teams (Lancaster, 2015, p. 325)

4.4.1 Key Account Management Evolution

In this section, it is briefly explained how customer relationship development changes key account manager's role and impacts the relationship. It starts from the point where key account management is the only reference for the customer, and results in the state where he guides and leads team members and specialists across different divisions inside the company.

Researchers have made multiple attempts to understand how KAM develops over the time. (Francis Buttle, 2009) and (Beth Rogers, 1998) explored the lifecycle of KAM, which states that lifecycle changes shape from early-KAM bow-tie model to diamond model if the relationship between supplier and customer reaches partnership-KAM stage (figure 13). (Beth Rogers, 1998) State that the stages start at Pre- KAM and evolve as follows, Early-KAM, Mid-KAM, Partnership KAM and Synergistic KAM. This evolutionary process typically lasts a number of years and as the relationship matures the managerial behavior and skills needed to adapt to the situation have to adjust in kind. When the relationship evolves it does so to the point where each side (buyer and seller) feel comfortable and that there is a sense of mutual gain.
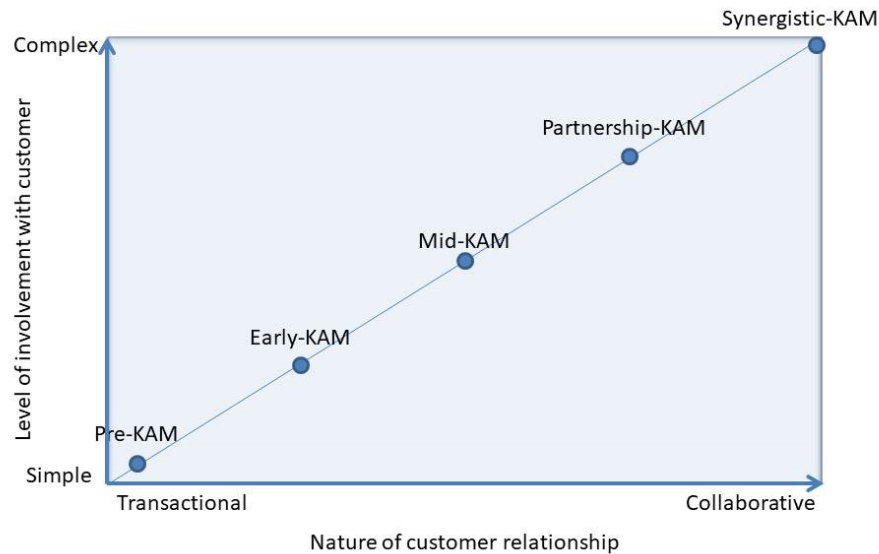
Figure 13: A model of KAM development (Francis Buttle, 2009, p. 479)

In the **pre-KAM** phase (figure 14), a possible key account has been identified and main purpose of supplier is to find new ways in which the offered solution meets customer needs better than the competitor's product. This contact is typically between a key account manager and a purchasing manager. This is based on the product or service offered. It is important that the seller has completed a competitor analysis and understands to an extent what their rivals are offering. This will allow them to find an area of competitive advantage and use this to attempt a deal with the buyer. (Beth Rogers, 1998, p. 10). During the **early-KAM**, the only contact is between the representative of supplier and customer, meaning the account manager and the end user (buyer). They both act as gatekeepers cooperating with other colleagues if necessary. This structure if often presented as a bow-tie (figure 15), in which both parties should get along or else the relationship might not evolve, making it a fragile arrangement. The same might happen if any of the parties moves on or retires (Francis Buttle, 2009, p. 479).
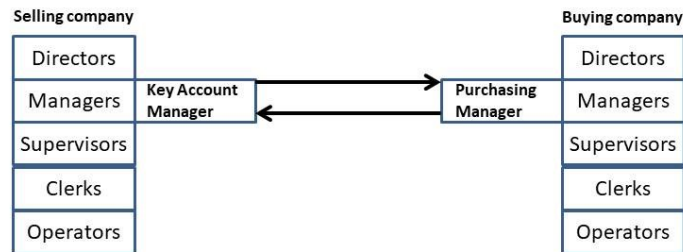
Figure 14: The Pre-KAM stage (Beth Rogers, 1998, p. 10)
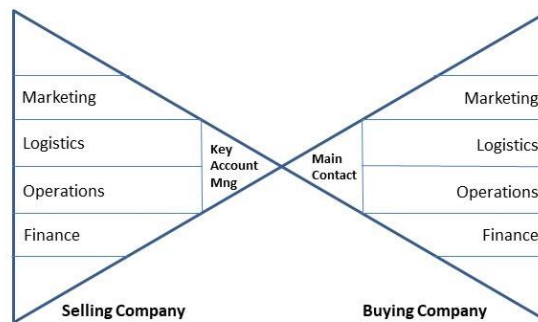
Figure 15: Bow-tie structure for Early-KAM (Francis Buttle, 2009, p. 479)

In case the relationship is improving for both parties, it reaches the **mid-KAM** stage (figure 16), where trust and commitment is present between both parties. At this stage customer prefer the supplier but not exclusively, and other senior contacts between the organizations exists (Beth Rogers, 1998, p. 11). The provider may also offer extra services

at no cost as a gesture of good will to retain positive relations and potentially grow the business further. Both parties may agree to extend the contracts yearly but both would assume and plan for a long term relationship (Beth Rogers, 1998, p. 13). Once the relationship is established it is time for both parties to pass on the **partnership-KAM**, where information the communication becomes transparent, not only for problem solving cases but also for confidential issues such as cost structures and pricing methods. The in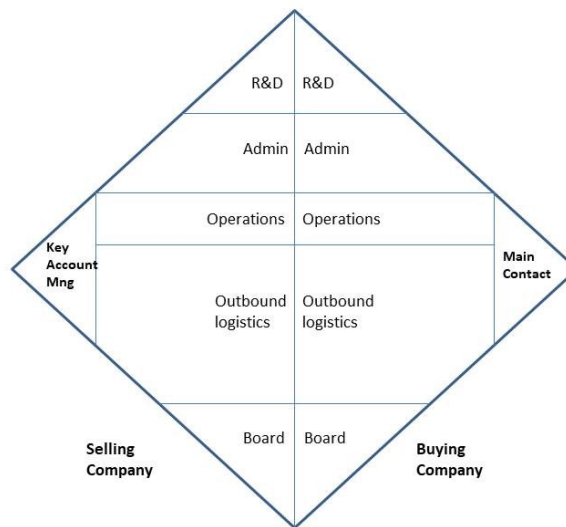formation shared could include financial information, if both sides agree and a partnership agreement would include all the term and conditions (Beth Rogers, 1998, p. 15). The main job of key account manager is to handle and coordinate the new communications between each contact of both parties. This relationship is presented in a diamond shape (figure 17).
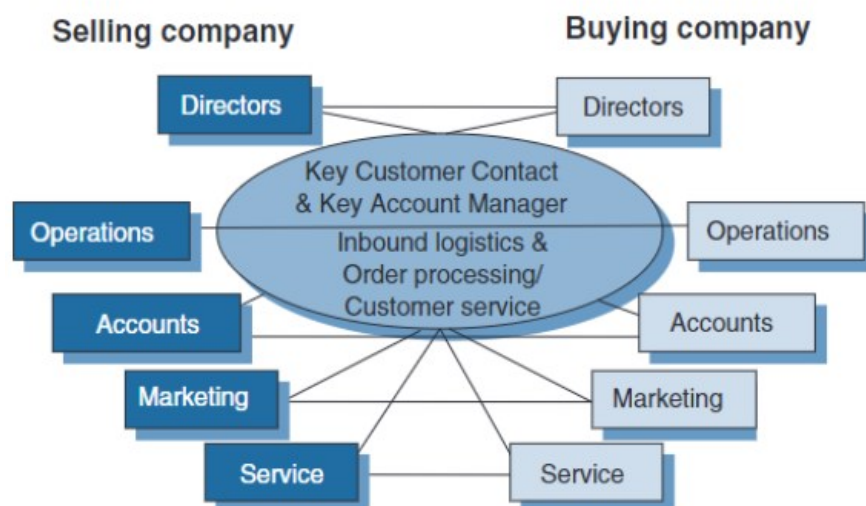
Figure 16: The Mid-KAM stage (Beth Rogers, 1998, p. 13)

HELLENIC
OPEN
UNIVERSITY

Georgios Charisis, The importance of account management. The case of the service department of a technological and manufacturing business.

Figure 17: Diamond structure for partnership KAM (Francis Buttle, 2009, p. 480)

Synergistic-KAM (figure 18) is the stage where both parties work together to gain market value with transparency in multiple areas and interface with all levels of the company. Both customer and supplier participate in join board meeting, R&D and integrated information and cost systems, while customer is satisfied with the reduced prices received from supplier for premium services and products.

Since practically there is intense competition in all areas of the business, supplier acknowledges the fact that can be replaced in any time, and therefore exit strategies are created even though are unlikely to be put in action (Beth Rogers, 1998, p. 17).
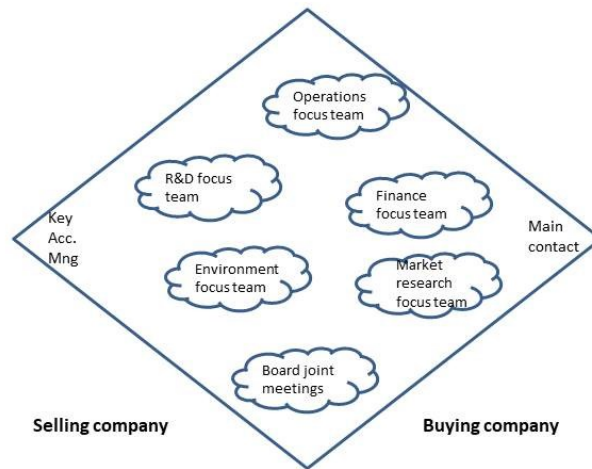
Figure 18: The Synergistic-KAM stage (Beth Rogers, 1998, p. 17)

For the case company, KAM practices starts by identifying customers that are evaluated to be the most important. It is necessary to evaluate each decision and use both quantifiable and qualitative data when deciding customer importance. Case company uses customer categorization models to reveal key accounts and takes into consideration the opinion of employees either from the team or from various departments across the company, which might have an active interface with the customer. Reason for careful consideration is that there are different ways where a profitable customer might become less interesting but also how underrated customers become attractive.

After years of experience and evaluation of people, majority of KAM in case company takes place between people and especially between key individuals, mostly in mid and partnership KAM stages of KAM relationship. Therefore it is important to understand how individuals respond in a KAM relationship.

Key account managers should be evaluated, including resource estimation since too many recourses lower account profitability while few create problems in individual workload.

5. Account Management in Case Company

The case company of this thesis is a pioneering leader in technological sector worldwide and especially in automation, electrification, and robotics. It operates in over 100 countries and employs over 130.000 people, with a strong presence in various industries such as energy, transportation, manufacturing and construction, marine, metals, oil and gas, food and beverage and chemical, offering advanced technologies and complete lifecycle solutions.

Case company operates in B2B market and offers complete solutions, spare parts and services to their customers for the following product portfolio:

– Transformers, circuit breakers, switchgears and relays for both low and medium voltage energy distribution applications

– Robotic systems used for tasks like assembly, welding, and packaging in factories

– Distributed control systems (DCS), programmable logic controllers (PLC), and supervisory control and data acquisition (SCADA) systems for processes like controlling and monitoring production lines

– Electric motors and variable frequency drives (VFDs) for controlling the speed and efficiency of electric motors in industrial applications

– Electric vehicle charging solutions for both residential and commercial applications

– Cloud based applications that help industries optimize plant operation and energy consumption

– Smart building products for controlling heating, and air conditioning (A/C) applications in commercial and residential buildings

These products require regular maintenance where wearable parts are changed. To ensure that they stay in operating condition, the case company has multiple after sales business units which sell these parts, provide maintenance and troubleshooting services followed by technical reports and recommendations for improvements. In addition, after sale offerings include retrofits which are new products fitted to already operating older products.

Case company after sales business units operates globally, serving a few hundred customers that own or operate hundreds of production plants. However, this research will only focus on its business in Greece with active clientele mainly in Greece and around Europe.

The researcher of this study works as a technical account manager in the automation service division of the case company, and serves as a reference to various industries such as power and generation, refineries, chemical and commercial buildings. He is the main contact between case company and the mentioned customers and his main tasks includes conflict resolution, technical guidance and recommendation, promotion of new products and services for the after sales business unit, with direct access and control to ERP system, actively supporting the company with different business intelligence (BI) reports.

Since the late 2000s case company strategy is customer oriented, a culture that has passed down to new generations through multiple trainings and guidance from older employees. Case company has automated its operational CRM and currently, sales employees use it to manage leads, contacts, sales activities and prospects. BI provides analytical information, gathered from employees of various divisions for many years, about customers and it is separated into internal and external. Internal BI is focused mainly on customer's transactional data, such as what products have been offered to customers and details about sales and profit generated. External BI is focused on demographic characteristics of customers, for example exact location of customer's plants, and various details of case company's products installed on-site. Customer categorization can be seen in many BI reports, and they are well planned, and focus on both calculated and qualitative data. Each employee in case company acknowledges the concept of CRM, and the idea of key accounts aligns to each level of employee and division.

Customer's register and contact persons are held in case company's ERP system. ERP system has been updated multiple times, so does its CRM functions, allowing case company to receive data for event management and prospect follow up. However, most processes stored in ERP system, takes a dominant position in the company.

The data in ERP system is organized into different categories, each representing key areas of business functions. The following list presents the main data contained in case company's ERP system:

- **Sales Orders**: Customer orders, including details about products, quantities, and delivery instructions.
- **Shipping and logistics**. Data on product shipments, delivery times, and freight costs.
- **Production planning**. Manufacturing schedules and materials planning.
- **Customer profiles**. Customer contact details, purchase history, and preferences.
- **Sales and opportunities**. Sales pipeline, potential leads, and ongoing deals.
- **Support and service**. Customer service requests, tickets, and resolution history.
- **Contracts**: Customer contracts, including terms and agreements.
- **Invoices and receipts**. Digital records of payments made or received.
- payment information like agreed payment term and bank details
- **Customer specific texts. S**ome of which are informative but others that can be exported to different documents

6. Results from Interviews/Survey

The questionnaire was created for this research and the case company, with general theory questions of account management and the models analyzed in the previous sections to support the research. There are no time restrictions in the completion of the questionnaire. It is divided into 3 parts:

- Background of respondents
- Customer categorization
    - Based on theoretical matrixes analyzed in previous sections
    - General customer categorization theory and application
- Key account management practices

With the use of google forms application, questionnaires were created and forwarded to the respondents in English language, in February of 2025. They were given two weeks to complete the questionnaire and they were informed that their identity would remain hidden. The questionnaire can be found in the appendixes of this research. 7 out of total 10 respondents who receive the questionnaire participate, resulting in a 70% percent of response rate.

As noted in chapter 3.3, due to the confidentiality and sensitivity of the data, each customer is assigned an identification tag "Customer" followed by a sequential number (e.g., "01...8"). The same applies to the respondents, with the only difference being that their identification tag is "Respondents."

Although the data collection and analysis method is quantitative, the questionnaire itself is qualitative in nature. This is because customers must be ranked according to the categorization models. The qualitative nature is particularly evident in the questions related to KAM practices, as well as in the categorization questions, where each response reflects an individual opinion and is treated as primary data collected exclusively for this research.

The questionnaire consists of different types of questions, such as multiple choice (with one or more answers) and open-ended text paragraphs. Each question is associated with a specific topic and, when necessary, a description of varying length. While the question itself may be brief, the description could suggest that a more detailed answer is expected. Providing a longer response is encouraged, as it allows for a more thorough exchange of information and insights.

6.1 Respondent's Profile

The first part of the questionnaire is dedicated to the background of respondents. They were asked to answer to the following 7 questions.

- What is your current role?
- What is your position?

- How many years do you work in the company?
- Are you familiar with key account management?
- If you answered yes in the previous question, please describe the concept of key account management and its importance to the company.
- Are you familiar with customer categorization?
- If you answered yes in the previous question, please describe the concept of customer categorization and its importance to the company.

Role of respondent is important in order to define the source of data gathered for customers all this time and its importance to the case company, and also understand the level of participation each respondent has. Figure 19 summarizes the responses, showing that out of the 7 respondents, 4 work in sales, 1 as an account manager, and 2 in other roles, such as sales support. Position refers to whether a person works as an employee or in a managerial role, which is important for understanding its impact on responses. Four respondents hold managerial positions, while the rest are employees. The same applies to the number of years spent working at the company, as it relates to experience. This makes it interesting to see how each respondent perceives the same customers. Both position and years of experience are visually presented in the following figures, 20 and 21, respectively.
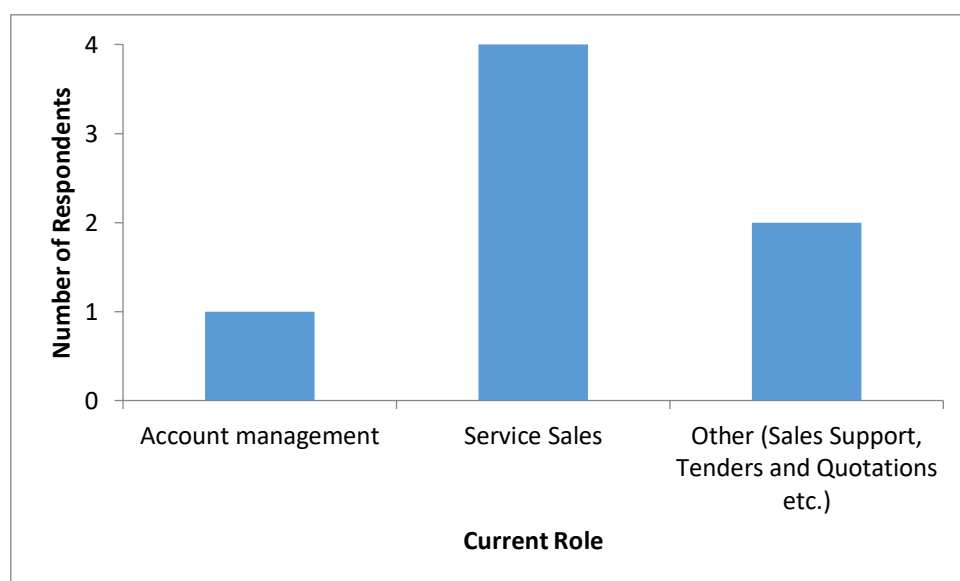
Figure 19: Current role of respondents in case company
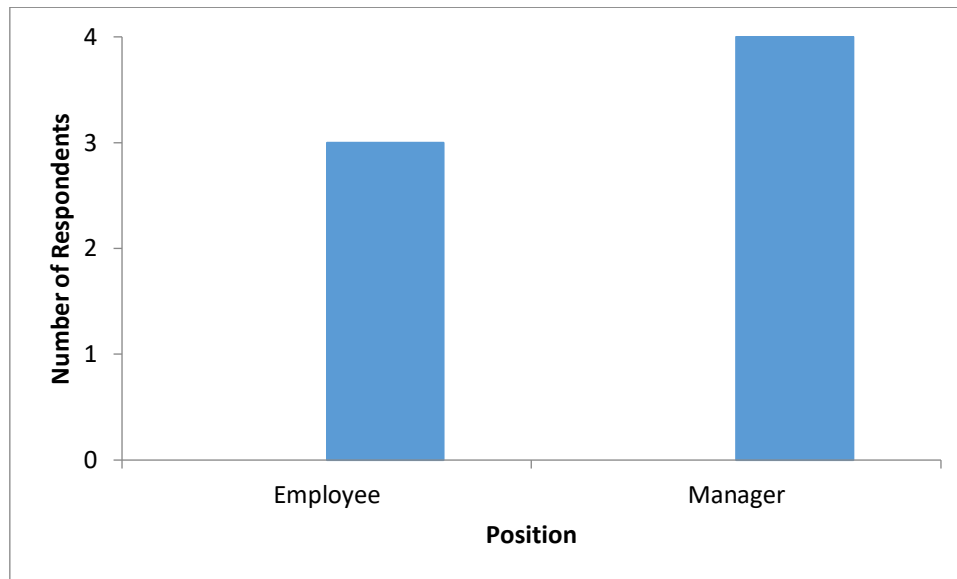
Figure 20: Position of respondents in case company
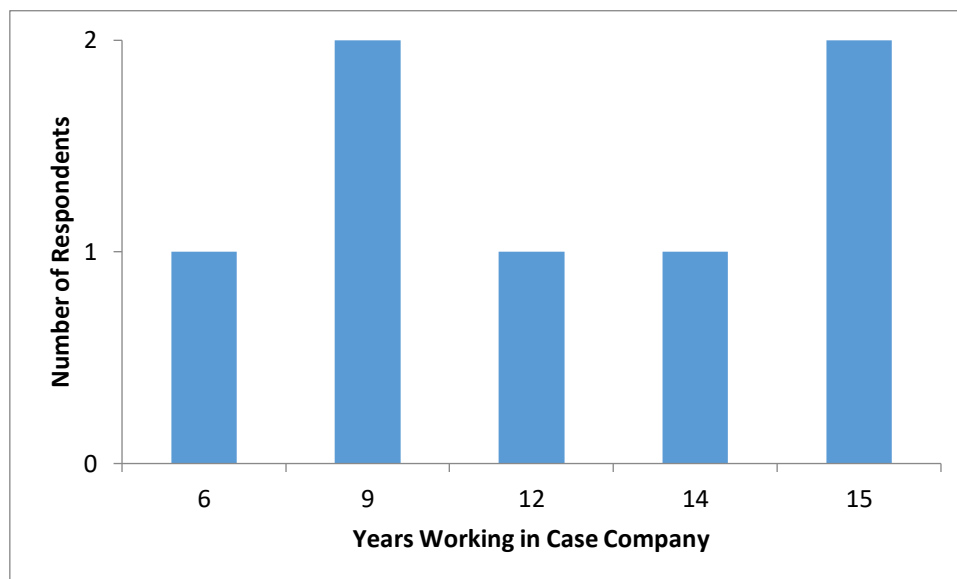
Figure 21: Years working in case company

The remaining questions are more detailed, since the subject is about the concept of key account management and customer categorization, where respondents initially had to reply with yes or no to the question of familiarity and then describe the concept of both and their importance to the case company.

HELLENIC OPEN UNIVERSITY

Georgios Charisis, The importance of account management. The case of the service department of a technological and manufacturing business.

All respondents were familiar with KAM and customer categorization as it was expected, since case company already implemented various actions of both concepts, and this is beneficial since the rest of the questionnaire is related to the subjects.

Because of the length of most of the answers, the table below summarizes each respondent's opinion on KAM and customer categorization and their importance to the company.

Respondents	KAM concept	KAM importance	Cutomer categorization concept	Customer categorization importance
Respondent 01	means of communication and support for specific customer categories	improve significantly profit and customer retention	categorizing customer based on various characteristics, from demographics to value	provide personalizes services and products, leading to reduction of costs
Respondent 02	integral element of many companies' strategies, which allows them to maximise the potential of their sales efforts. KAM uses relationship building skills to answer existing customers' requests and ensure their happiness	can lead to increased customer loyalty, higher sales, and long-term business growth	sorting customers into different groups based on their shared characteristics	Establishment of brand identity, price optimization and increase of marketing
Respondent 03	the person who manages customer relationships and provide solutions to their need and requests	reduction of costs, increase of sales, provide customer safety and trust, build long term relationships and retain customers	divide customers based on their behavior and different characteristics	reduce marketing efforts and costs, increase customer satisfaction, increase sales
Respondent 04	process of planning and managing a mutually beneficial partnership	Key accounts are significant to an organization's sustainable, long-term growth and require a substantial investment of both time and resources	procedure of dividing customers into district groups with similar characteristics	better understand customer needs and behavior, and build long term relationship increasing company's profit and customer retention
Respondent 05	individual who serves as a trustworthy and dependable advisor to customers	When equipped with the right skills, effective customer management becomes essential for the company, boosting sales and profits while reducing costs	process of categorizing customers based on their characteristics	foster long-term, trust-based relationships by providing personalized products and services
Respondent 06	strategic approach to managing and nurturing the relationships with a company's most important and high-value customers	increases customer retention, revenue growth and provides a competitive advantage to the company	grouping of customers based on specific characteristics, such as demographic, behavioral, geographic or value-based	focus on targeted marketing, increase sales, improve customer experience, and reduce costs
Respondent 07	responsible employee for customer relationship management	better understanding of customer needs, reliable relationships that make customer trust the company, sales increase by offering personalized services	putting customers into groups, based on segment or other factors	customer retention, reduction of costs, sales and profit increase

Table 4: Respondents answers to KAM and customer categorization concept and importance

6.2 Customer Categorization

Customer categorization questionnaire is divided into two parts. The first one consists of five questions generated after categorization model analysis in chapter 4 and a sixth one that was used to collect opinions for the evaluation method of customers that case company uses, comparing qualitative and quantitative factors. Each of the five questions is relevant to one or more categorization models. At the beginning of the questionnaire, a table of eight most profitable customers for years 2020-2023 is given to the respondents. These customers are the target group for every question, and each one of them is evaluated in a scale of one to five, where one is the lowest grade and five the highest. An additional answer "I Don't Know" is available in case the respondent is not familiar with the customer. Color coding is used to specify the ranking as shown in table 5. Second part of the questionnaire contains eight general questions for the practices of customer categorization and benefits related to case company.

Grade	1=very weak/easy/low	2=weak/easy/low	3=Moderate	4= strong/hard/high	5= very strong/hard/high
Color					

Table 5: Color coding for ranking method

6.2.1 Strategic Importance

The first question refers to the strategic importance of customers, which is represented on the horizontal axis in Gordon's model, referred as strategic value. Similarly, it aligns with the first step of Fiocca's model, where it is also referred to as strategic importance and placed on the horizontal axis. Even though there are differences on how Gordon and Fiocca define strategic important, there are many similarities that allow the use of data for the analysis in both models. Purpose is to identify the long-term (5 years) value of customers for the case company. The respondents were asked to evaluate and analyze the following three factors.

–   Customer profitability
–   View of customer among other customers
–   Customer's effect to other divisions of case company

HELLENIC
OPEN
UNIVERSITY

Georgios Charisis, The importance of account management. The case of the service department of a technological and manufacturing business.

Based on the strategic importance results in table 6, it is seen that Customers 01, 02, 06 and 08 are evaluated as the most important, which means that they play a crucial role in achieving the organization's long-term goals. This is expected, as from the profit point of view they are important for the case company. Customers 03 and 05 demonstrate lower strategic importance, which can be attributed to a decline in sales over the past two years, according to the available ERP data from the case company. This suggests that actions should be taken to improve the relationship status and boost engagement with these customers. On the other hand, Customers 04 and 07 show a moderate to strong strategic importance, indicating the available opportunities and unrealized potential, as it will be discussed in the following paragraphs.

Strategic Importance								
Customers	Respondents							
	Respondent 01	Respondent 02	Respondent 03	Respondent 04	Respondent 05	Respondent 06	Respondent 07	Average
Customer 01	5	4	5	5	5	5	4	4,71
Customer 02	5	5	4	5	4	5	4	4,57
Customer 03	3	4	3	4	2	2	2	2,86
Customer 04	3	5	3	4	2	3	4	3,43
Customer 05	3	3	2	4	2	3	2	2,71
Customer 06	4	5	2	5	5	5	5	4,43
Customer 07	3	3	5	5	3	4	4	3,86
Customer 08	4	4	5	5	5	5	4	4,57

Table 6: Customer strategic importance questionnaire results

6.2.2 Business Attractiveness

The second question is related to business attractiveness, which is analyzed in the vertical axis of Fiocca's second step model and in key account identification and selection matrix model by Cheverton. Although the description is more aligned with Fiocca's model, due to the limited details on customer attractiveness in Cheverton's model, it is expected that both models share similar concepts behind the term, leading to comparable results.

The results are determined based on the following customer criteria.

– Performance in the market

– Competitive position among other companies

– Adaptiveness

– Financial performance

- Size and experience

- Technological and knowledge level

Similarly to the previous table, Customer 01 and 02 are seen to be in the top list of attractiveness. Customers 06 and 08 are very close to the top, as it is expected since all of them are the most important customers for case company. The rest of the list presents customers with also high business attractiveness which means that they can offer significant potential for growth and profitability, making them an excellent choice of further relationship improvement for case company.

Customer business attractiveness								
Customers	Respondents							
	Respondent 01	Respondent 02	Respondent 03	Respondent 04	Respondent 05	Respondent 06	Respondent 07	Average
Customer 01	5	5	5	5	5	5	5	5,00
Customer 02	5	5	5	5	5	5	5	5,00
Customer 03	4	4	3	4	4	5	3	3,86
Customer 04	5	5	3	4	5	4	5	4,43
Customer 05	3	3	5	5	5	5	3	4,14
Customer 06	5	5	2	5	5	5	4	4,43
Customer 07	5	3	5	4	4	4	3	4,00
Customer 08	5	4	5	5	5	5	3	4,57

Table 7: Customer business attractiveness questionnaire results

6.2.3 Difficulty of Relationships

The third question of the first part is related to customer relationship difficulty. It is relevant again to Fiocca's second step model where it is represented in the vertical axis. The respondents were asked to answer based on the following customer's criteria.

- requirements for supplier's product

- number of different suppliers used by the customer

- position among competition

- the level of technical skills they have

The results are close to each other, although it seems that most important Customers 01 and 02 are also the most demanding. Even though there no communication problems with these customers or aggressive behaviors, their complicated needs and constant need for support create a high level of difficulty on the relationship. Customer 03 demonstrates the highest rate of difficulty with unrealistic expectations from case company, which excuses the reduction of sales in the last two years as mentioned in the ch. 6.2.1, and thus,

implying that another strategic approach should be followed. The rest of the Customers show a moderate difficulty of relationship, indicating that there is space for communication improvement.

	Relationship difficulty							
Customers	**Respondents**							
	Respondent 01	Respondent 02	Respondent 03	Respondent 04	Respondent 05	Respondent 06	Respondent 07	**Average**
Customer 01	4	4	4	4	4	4	3	3,86
Customer 02	4	4	4	3	4	4	4	3,86
Customer 03	5	5	5	4	5	5	4	4,71
Customer 04	3	5	4	3	2	4	2	3,29
Customer 05	3	5	4	3	4	3	4	3,71
Customer 06	4	4	3	3	3	3	2	3,14
Customer 07	3	4	4	3	3	3	1	3,00
Customer 08	3	4	3	3	3	3	2	3,00

Table 8: Customer relationship difficulty questionnaire results

6.2.4 Relationships from Customer Point of View

In Chapter 4.3, Cheverton's key account identification and selection matrix model was examined, which relies on data collected directly from customers. However, due to the challenges presented in this case, employees from the case company were asked to assume this responsibility instead. The responses are only used for key account identification and selection matrix model.

The results reveal again that Customers 01, 02, 06 and 08 are the ones that believe the relationship with case company is strong, as it was expected from their results from attractiveness and importance which characterized by a sense of trust, satisfaction, and mutual respect. Customer 03 is believed to consider the relationship weak, marked down by unmet expectation as explained previous results. The rest of the customers remain in moderate levels, as it was expected.

Customer's view of relationship with the company								
Customers	Respondents							
	Respondent 01	Respondent 02	Respondent 03	Respondent 04	Respondent 05	Respondent 06	Respondent 07	Average
Customer 01	5	4	5	4	5	5	4	4,57
Customer 02	5	5	5	5	5	5	4	4,86
Customer 03	2	3	2	5	2	3	2	2,71
Customer 04	4	4	3	4	4	4	3	3,71
Customer 05	3	3	3	4	4	3	2	3,14
Customer 06	5	4	4	5	5	4	5	4,57
Customer 07	3	4	4	4	3	4	3	3,57
Customer 08	5	5	5	5	5	4	5	4,86

Table 9: Relationship from customer point of view

6.2.5 Unrealized Potential

Next and final question of categorization models is related to unrealized potential each customers has, which means if the case company is getting the maximum value it can from these customers. Value is translated in profit and volume, and it was noted that lost value to competitors should also be taken into consideration during the answers. The question is analyzed in customer value matrix of Peppers & Rogers model, and is represented in vertical axis. The question is important as if already customer categorization has been applied, it should be easier to bring balance between customers and assign different methods of approach.

Unrealized potential is the difference between where a customer currently stands in their relationship with a business and where they could be, in terms of loyalty, sales, and overall value. Although customers 01 and 02, who ranked high in terms of attractiveness and importance, show potential for further development with the case company, their perspective suggests that there is a mutual understanding and trust between both parties, which facilitates the process. The same applies with Customer 08, but with less potential for improvement. Customer 03 and 05 exhibits the highest unrealized potential value. However, due to their unrealistic expectations and relationship challenges, there is a general difficulty in approaching them.
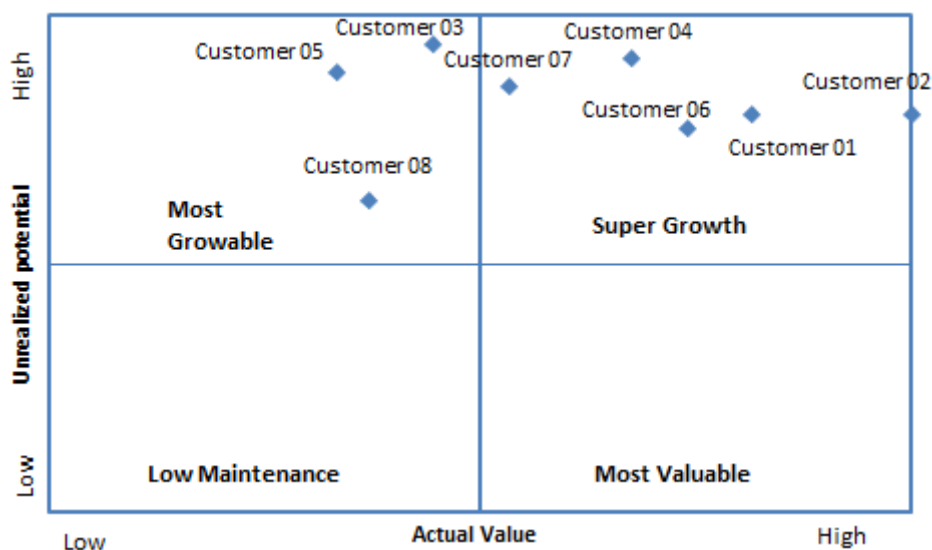
HELLENIC
OPEN
UNIVERSITY

Georgios Charisis, The importance of account management. The case of the service department of a technological and manufacturing business.

Unrealized potential of customers								
Customers	**Respondents**							
	Respondent 01	Respondent 02	Respondent 03	Respondent 04	Respondent 05	Respondent 06	Respondent 07	**Average**
Customer 01	3	5	4	4	5	3	4	4,00
Customer 02	3	5	4	4	5	3	4	4,00
Customer 03	4	4	5	5	5	5	5	4,71
Customer 04	4	5	5	4	4	5	5	4,57
Customer 05	5	3	5	3	5	5	5	4,43
Customer 06	3	5	3	5	4	3	4	3,86
Customer 07	4	4	5	3	5	5	4	4,29
Customer 08	3	4	3	5	3	2	2	3,14

Table 10: Customer unrealized potential questionnaire results

6.2.6 Ranking Customers

The first customer categorization matrix, introduced by Rogers and Pepper, was discussed in Ch. 4.3 and is visible in figure 8. Customers were ranked in the vertical axis of the model based on the average grade of their unrealized potential. The horizontal axis is defined from the average total profit score for years 2020-2023 of each customer, excluding order volume; where for each customer there are minor differences that do not have an important impact on the final result.

Figure 22 point outs the importance of all customers based on their highly profitable profile and unrealized potential, with an exception to customers 03, 05 and 08, that demonstrate a less profitable – which still remains important- but with a remaining high unrealized potential that implies the existence of available opportunities to grow.

Figure 22: Peppers and Rogers value matrix

![HELLENIC OPEN UNIVERSITY]

Georgios Charisis, The importance of account management. The case of the service department of a technological and manufacturing business.

Similar to the Pepper and Rogers model, the next matrix is the customer portfolio by Gordon. In this model, the vertical axis represents the lifetime profitability of customers, using the same profit values as the horizontal axis of the customer value matrix. The horizontal axis represents the strategic average values collected in the strategic importance question.

The following figure 23 displays the results for each customer in Gordon's model. Customers 01, 02, 04, and 06 are in the top tier of strategic importance, with the highest profit for the period. However, retaining these customers is a critical challenge, and as mentioned before their unrealized potential suggests there is room for further growth. Customers 07 and 08 are considered of high strategic importance as results from respondents answers indicating, but their profit, ranks them in the medium level of lifecycle profitability. This factor helps the company to understand the true potential of the customers and reach their full lifetime value. On the other hand, Customers 03 and 05 share high levels of relationship difficulty and a weak perspective on the relationship. Their lower profit values, combined with unmet expectations, place them in the medium tier of importance and lifecycle profitability.
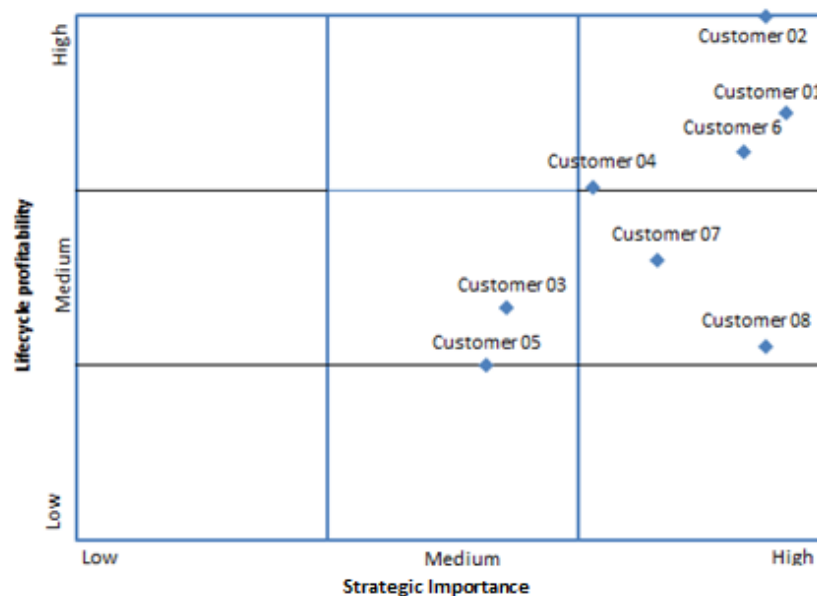
Figure 23: Case company customers portfolio model based on Gordon's theory

The next two models are originally introduced by Renato Fiocca, discussed in ch. 4.3 and are shown in figures 10 and 11. In the first step model, the vertical axis presents the relationship difficulty and the horizontal axis the strategic importance of each customer, which is the same data referred as strategic importance in Gordon's model.

The second step model defines the attractiveness of each account in the vertical axis and the relationship strength in the horizontal axis. Attractiveness is the average value of the answers given in the questionnaire. Relative strength is calculated based on the following secondary available data regarding each customer. These data are not available in the current research due to confidentiality reasons.

- Sales volume
- Share of total sales
- Location
- Age of relationship

Additionally, the original model involves assessing development cooperation and management culture, which are not part of the current evaluation. While overlooking these data attributes may be questionable, it is believed that it does not impact the reliability of the results.

In the following figure 24, customers 01, 02, 06 and 08 are ranked strategically important but 06 and 08 are easier to handle. On the other hand customers 01 and 02 with their demand for constant support are set in the high level of difficulty of relationship. Customer 03 demonstrates the highest level of difficulty to handle with a moderate strategic importance, which implies that case company should foster a new strategic approach for customer retention. Customers 04, 05, and 07 are classified as moderate to high importance and difficulty to handle, indicating that there is potential for improvement, especially for customer 05.
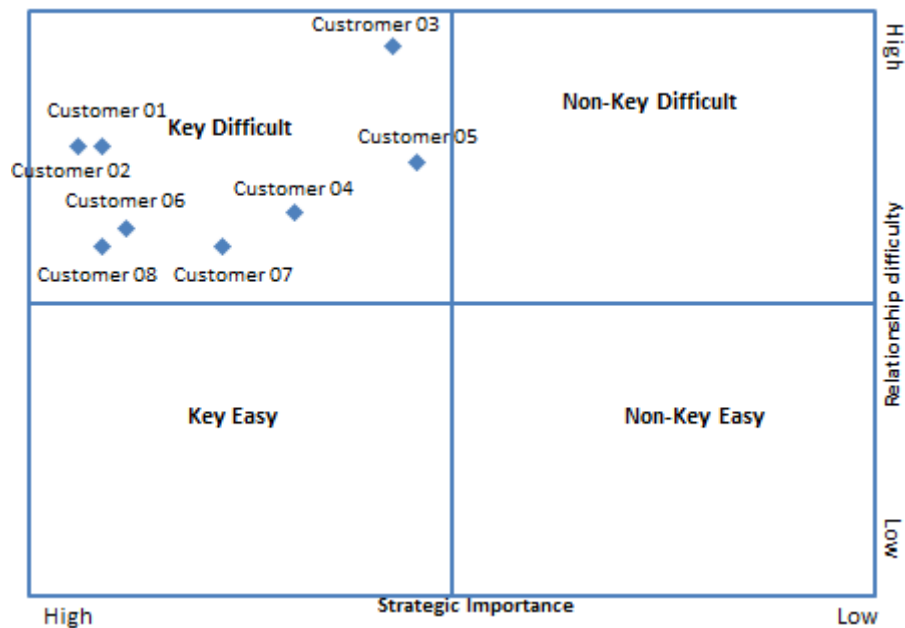
Figure 24: Case company customers portfolio model based on Renato Fiocca first step

Based on calculations from secondary data, available from case company's ERP system, and the question related to business attractiveness, Renato Fiocca's second step model indicates that customers 01, 02, 03, 05, 07 and 08 must be held by the case company, with slightly more focus on customer 08 that is closer to improvement section, which can be excused from the date of its registration to ERP system, that was done in 2018, ranking them with a total of 2 out of 5. At this point it should be noted that the calculated data for location and age of relationship are based on the tables 2 and 3, of chapter 3.3. Customer 04 is placed in the improvement section due to its moderate profit and sales volume during the research period, and also its geographic location which is located in other European countries, earning a ranking of 3 out of 5. Figure 25 presents the data on the second step model of Renato Fiocca.

HELLENIC
OPEN
UNIVERSITY

Georgios Charisis, The importance of account management. The case of the service department of a technological and manufacturing business.
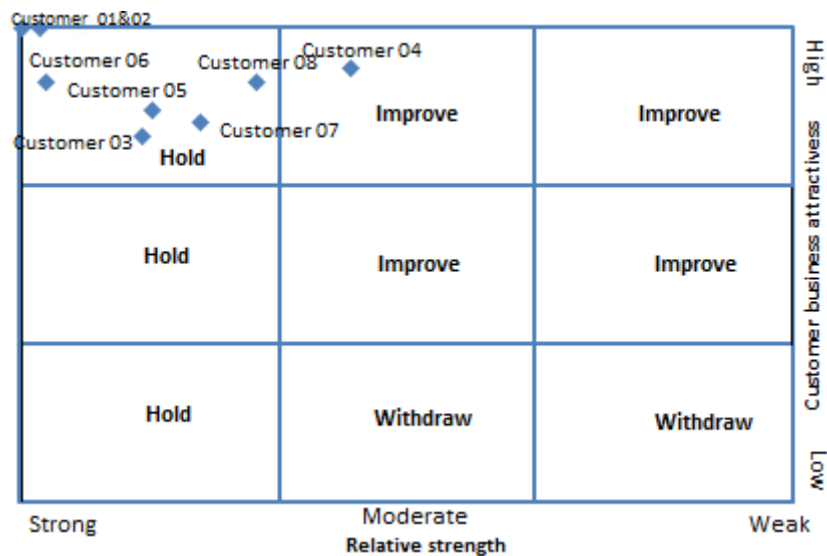
Figure 25: Case company customers portfolio model based on Renato Fiocca second step

The final model is the key account identification and selection model, which was explained in ch. 4.3, in figure 12. The model demonstrates customer attractiveness average values per customer in the vertical axis, similarly to Fiocca's second step model. In the horizontal axis the relative strength is used. Relative strength is the question on how customers are believed to consider the relationship with case company, where the employees were asked to take the responsibility, due to the difficulties that would be present if customers were approached. Furthermore, in the questionnaire, customer attractiveness was described based on Fiocca's explanation. However, some differences in customer attractiveness attributes are likely to exist between the original models. Since the attributes of Cheverton's model are unknown, this can only be viewed as estimation.

The respondents assess all customers as highly or very highly attractive, and they also perceive their relationship with the case company as strong or very strong, placing them in the key account category. It is worth noting that the case company already applies account management practices, which is confirmed by these models. By looking on the top right corner, there is a significant difference between Customers 01, 02 and 03, 04, 05, 06, 07 and 08, which is excused from their order volume, profit, and their long-term relationship with the case company, trust and also their future potential for further improvement. Customer 03, even though he is assessed as highly attractive, its difficulty to handle and moderate strategic importance sets him closer to key account development, which is not a

negative outcome but implies that case company should foster another strategic approach, more personalized to customer 03.
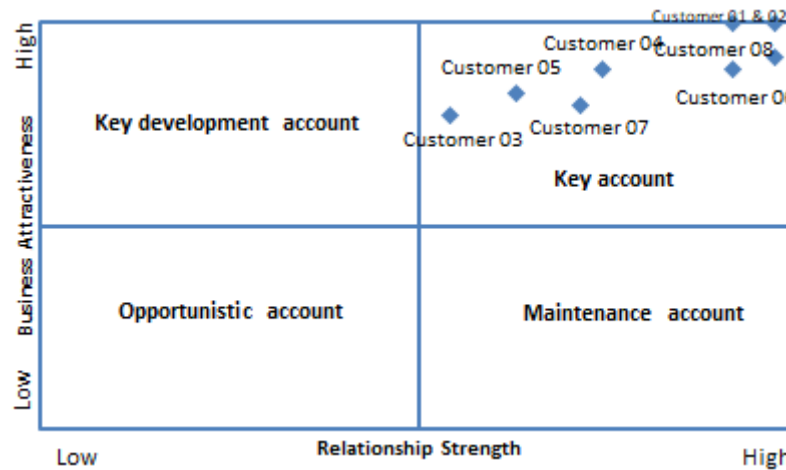
Figure 26: Case company key account identification and selection model based on Cheverton

6.3 Comparison between Qualitative and Quantitative Factors

After evaluating the customers based on the previous qualitative factors, respondents were asked to give their opinion regarding the evaluation data that case company uses for its customer accounts. This is done by comparing the qualitative factors - which are strategic importance, business attractiveness, relationship difficulty, customer view of relationship importance and unrealized potential – to the quantitative factors such as sales volume, profit and costs. The description of the questions emphasizes that qualitative factors are based on views and experiences of the case company employees.

All respondents answered the question, with their opinions aligning around similar levels for each factor's usage by the case and surprisingly approximately 57% of them stated that over 50% of data usage source is from qualitative factors. This result suggests that both qualitative and quantitative factors should be equally considered when evaluating customers. However, this might be the case after many years of account management practices and it is possible that many companies fostering a strategy, similar to this one for the first time, that their evaluation criteria focuses on quantitative factors, which does not imply that qualitative factors should not be considered, but it would be reasonable to think that they exist in lower percentages.

The following table summarizes the percentage of usage that respondents believe should be considered in the evaluation.

Respondents	Qualitative Factors usage	Quantitative Factors usage
Respondent 01	65	35
Respondent 02	50	50
Respondent 03	60	40
Respondent 04	50	50
Respondent 05	60	40
Respondent 06	60	40
Respondent 07	50	50
Average	**56**	**44**

Table 11: Respondent's answers to qualitative and quantitative factors comparison in the evaluation of customers for case company

6.4 General Analysis of Customer Categorization in Case Company

In the second part of the customer categorization questionnaire, the respondents were asked to give their opinion to the following general questions, based on their knowledge and experience, but also the methods that already executed by the case company regarding the categorization processes and evaluation methods.

– Which customer categorization factors do the company you work in uses?
– How important is customer categorization to the company? 1 is very low importance and 5 very high importance.
– How does customer categorization impact the following areas of the company?
– Which of the following business goals do you believe are most positively affected?
– Do you believe that customer categorization based on customer needs and behaviors is more effective than using demographic information alone?
– How do you handle customers who do not clearly fit into a specific category?
– Has customer categorization led to an increase in revenue for the company?

– Have you seen a reduction in marketing costs due to more effective targeting of customer segments?

The same guidance and methodology given to respondents in the first part of the questionnaire regarding its completion, is also applied to the second part. A small difference is that respondents may have the possibility to give more than one answers to some questions, with the related note available in the description of the question. For practical purposes each chart contains, on its right side, the exact question the respondents answered in the questionnaire.

The first question of the questionnaire refers to the categorization factors that case company uses in its categorization model. The answers given from the respondents, demonstrate a big variety of criteria needed to categorize customers, instead using only economic factors. The length of the answers in the chart could not be accommodated, so the complete text is provided separately for this case.

– Demographic (age, gender,income)
– Behavioral (purchase frequency,interaction level)
– Psychographic (values, lifestyle)
– Needs-based (specific problemsor desires)
– Geographic (location-basedsegmentation)
– Not sure / None

The results indicated that demographic factors are considered important by the case company in the categorization process. However, one respondent believes that behavioral factors are not used, and two others feel that needs-based factors are also not important. Geographic and psychographic factors appear to be more controversial, as less than 40% of respondents identified them as factors emphasized in the process by the case company.
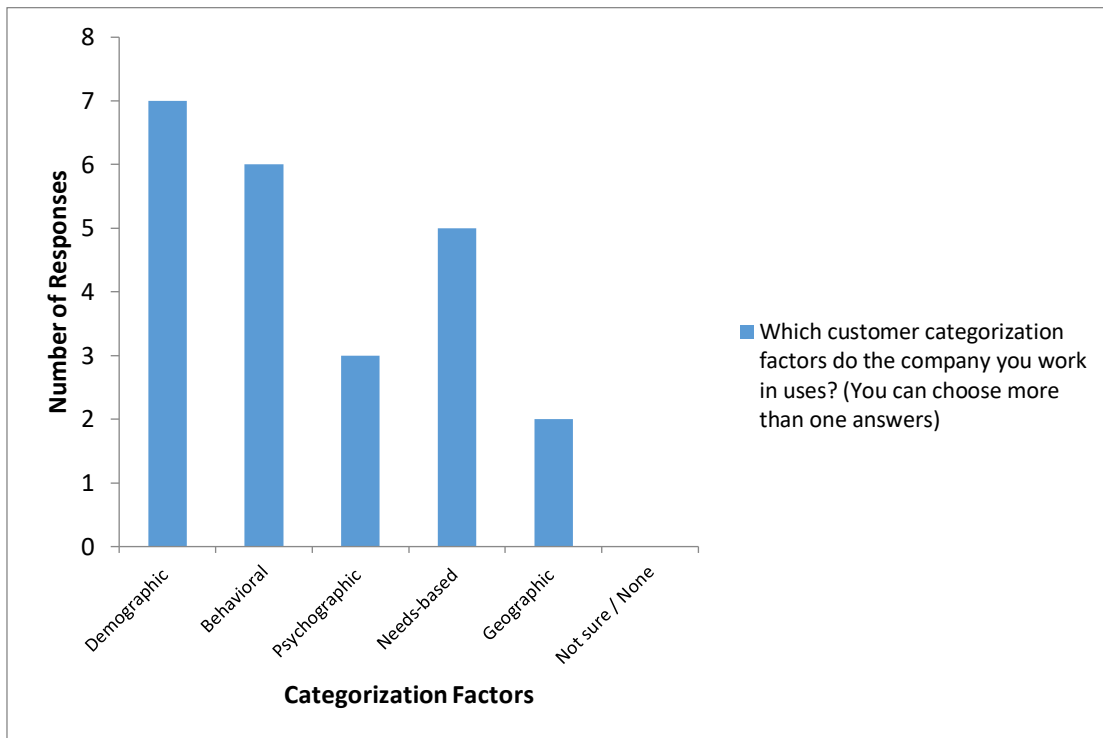
Figure 27: Categorization factors used by case company

Although the next question's turn is later, it will be presented in continuous to the first one, because its content is related. The respondents were asked if considering customer needs and behaviors is more effective that demographics alone. All respondents answered that it significantly effects customer categorization.
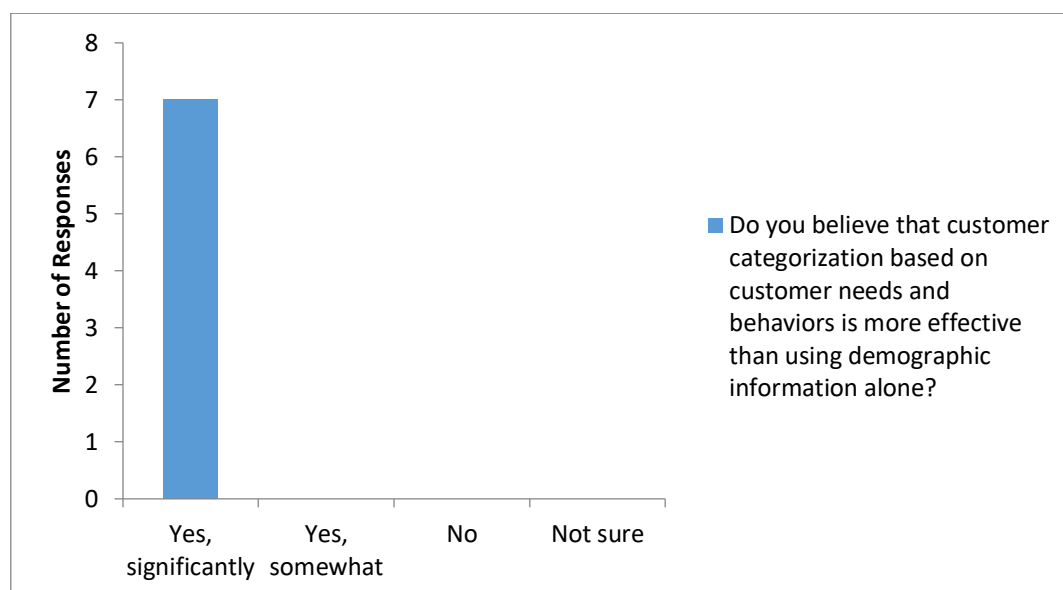
Figure 28: Importance of considering customer needs and behaviors in customer categorization instead only demographic factors

The following questions focus on the importance of customer categorization within the case company and its impact on various areas of the business. As expected, all respondents rated its importance as either high or very high.
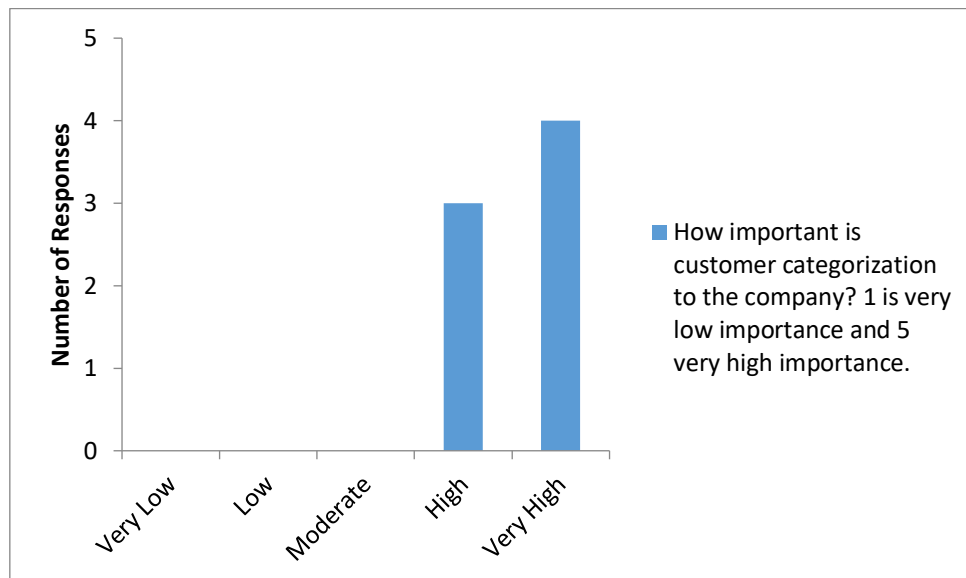
Figure 29: Customer categorization importance to case company

Table 12 demonstrates the level of affection in each area given by the respondents, in a scale of 1 to 5, representing the value very low to very high accordingly. The highest ranking with significant difference is going to customer retention and satisfaction, followed by sales targeting and product development. Customer categorization is focusing in customer retention and efforts for personalized products and services, practices which excuses the results. Brand loyalty and marketing efforts, even though important, are marked as moderate importance.

How does customer categorization impact the following areas of the company?								
Areas of the Company	Respondents							
	Respondent 01	Respondent 02	Respondent 03	Respondent 04	Respondent 05	Respondent 06	Respondent 07	Average
Customer retention	5	4	5	5	5	5	5	4,86
Personalization of marketing efforts	4	4	4	5	3	3	4	3,86
Product/service development	3	5	4	5	4	3	4	4,00
Sales targeting	4	5	4	5	4	4	3	4,14
Customer satisfaction	4	5	5	5	5	5	5	4,86
Brand loyalty	4	4	4	5	3	4	3	3,86

Table 12: Customer categorization impact on different areas of case company

The next question focuses on the business goals positively impacted by the implementation of customer categorization. Google forms indicate that answers were 7 in total, but the results indicate only 6. However, the opinions are very similar; therefore no important change would be noticed in the results. The only goal that is not so important according to respondents is the new customer targeting. This is quite typical for the case company, as strong, trusted relationships have already been established over time.
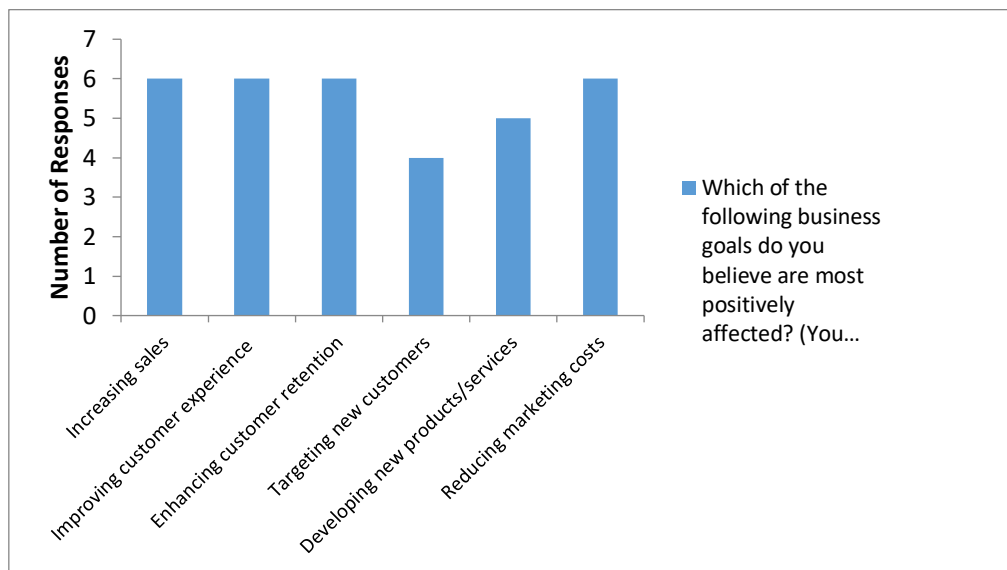
Figure 30: Goals affected positively by the use of customer categorization

The respondents were also asked to reply on questions regarding the economic outcome. Figure 31 and 32 demonstrate the answers regarding the increase in revenue for the case company and the reduction of marketing costs respectively. By categorizing customers based on factors such as demographics, behavior and needs, as previously mentioned, a company can lower its marketing costs and increase their sales, resulting in revenue gains.
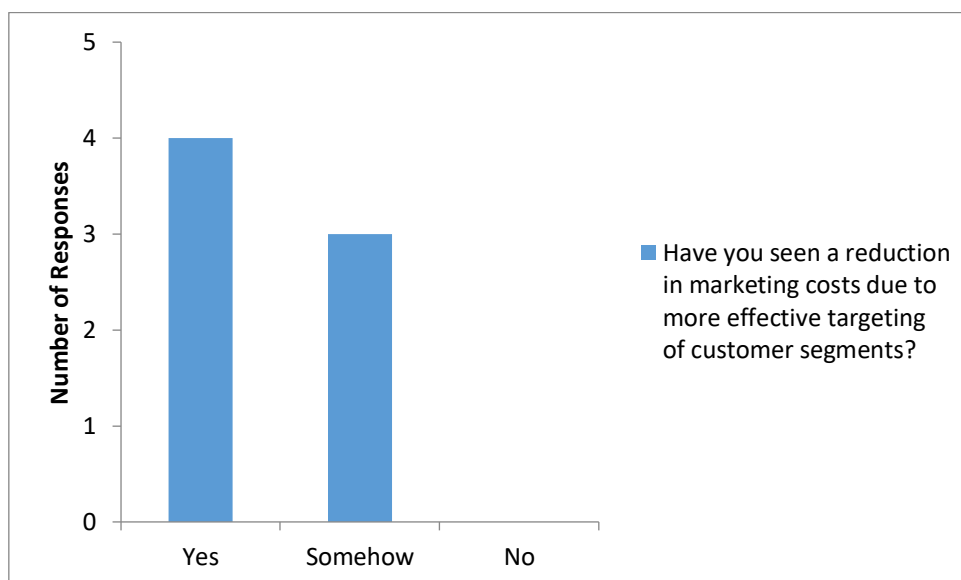
Figure 31: Reduction in marketing costs for case company
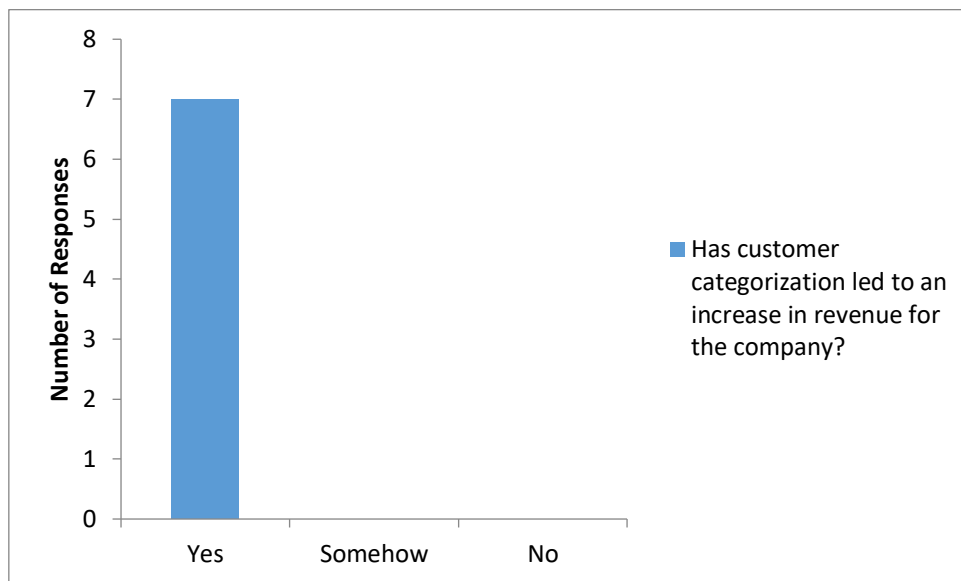
Figure 32: Increase in revenues for case company

6.5 Key Account Management

In the last part of the questionnaire, 8 questions related to key account management and managers were given to the employees. Since the respondents are familiar to the concept of key account management, all of them answered to this part of the questionnaire. The same method of analysis is used, as in the previous chapters.

The questions are primarily qualitative, that partially modified into quantitative format for the analysis. The purpose of this section is to provide an overview of the practices and tools used by the case company, as well as their significance and benefits.

The first question focuses on the essential qualities of key account managers. It is evident that all respondents, except only one that did not answer to this questions, are familiar with the necessary skills and attributes for the role. The table below provides a summarized overview of their responses.

Respondents	Qualities of Key Account Manager
Respondent 01	Communication skills, strategic thinking, customer focused mindset, management skills and industry knowledge
Respondent 02	Problem-Solving Ability, Relationship Building, Sales Expertise, Strong Communication and Negotiation Skills
Respondent 03	customer relationship management skills, communication and negotiation skills, leadership skills and organizational skills
Respondent 04	Deep knowledge of the customer/factory production process, needs, internal procedures, decision makers and the competition on that specific account. So the needed qualities are experience, consistency, fair treatment and understanding customer needs.
Respondent 05	Strong negotiation and communications skills, collaboration and teamwork and proper time management
Respondent 06	effective leadership , coordination and planning skills, analytical skills, strong communication and negotiation skills
Respondent 07	-

Table 13: Summarized overview of respondents for the qualities of key account managers

6.5.1 Approach to Key Account Management

Next questions are dedicated to the approach and methods used by the case company, for successful use of KAM. The respondents were asked about the strategies they use to manage and build long-term relationships with key accounts and the tools they choose to assist them in the procedure.

The responses were focused on the method of providing personalized services and products, exclusive offers, fostering a regular communication strategy, improving customer's engagement and loyalty. Less importance is given to customized pricing and hosting of events, because of their logistical and costly challenges. CRM systems, such as salesforce, proved to be the main tool to assist the process of KAM, enhancing team collaboration and efficiency. The same level of importance is given to offering customizable features to various needs, followed by spreadsheet and project management tools, which require minimal training and are user friendly. Only one vote was given to the data analytics platform that can be excused from its integration challenges with CRM tools.

Figures 33, 34, and 35 illustrate the case company's approach to KAM, as reflected in employee responses.
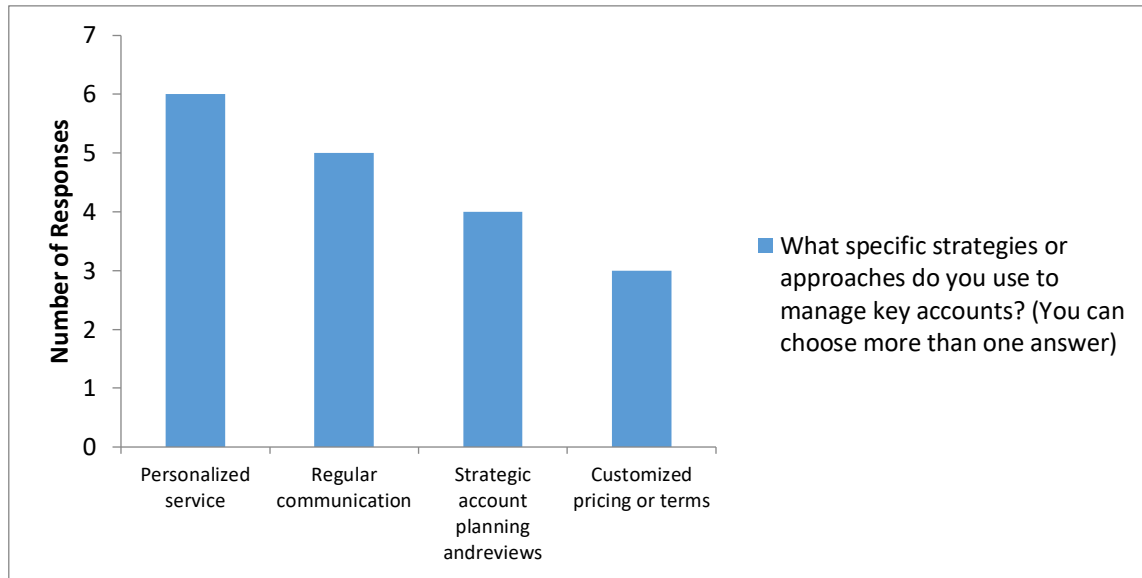
Figure 33: Approaches of case company to KAM
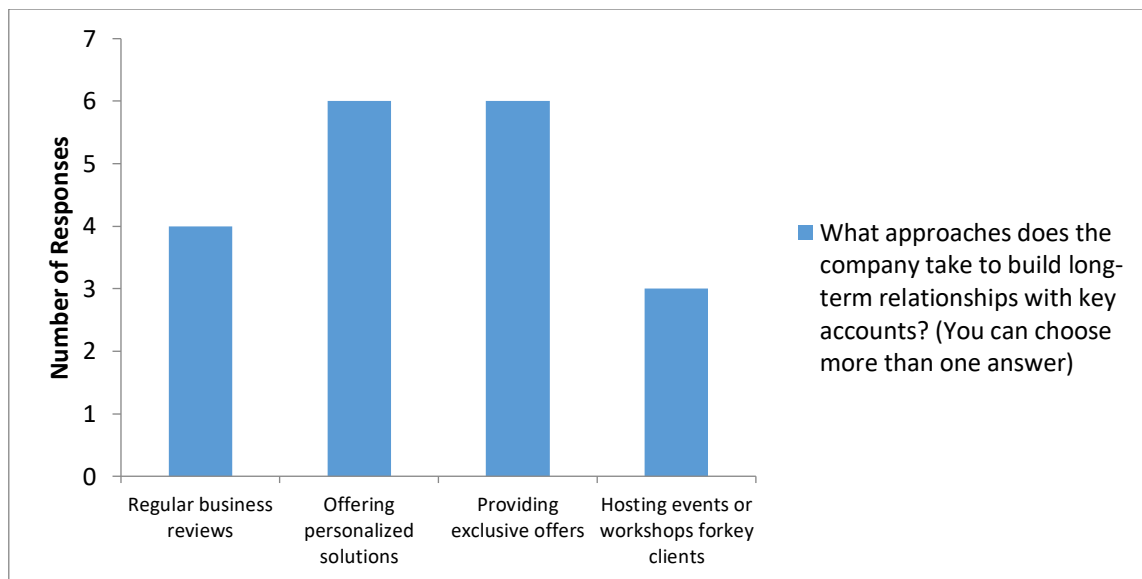
Figure 34: Approaches of case company to build long-term relationships
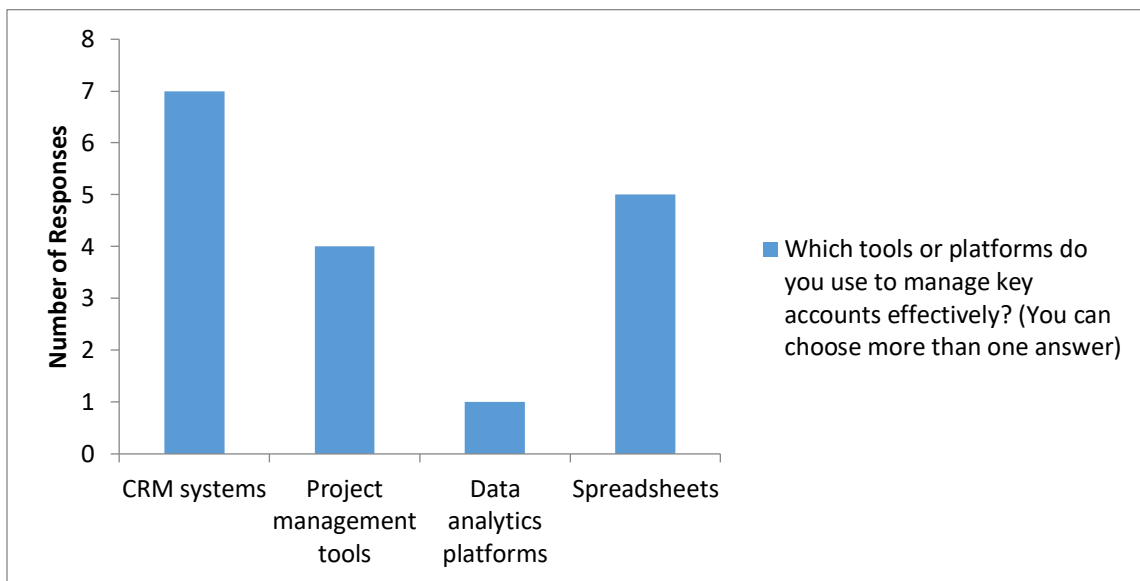
Figure 35: Tools used to manage key account

6.5.2 Importance of Key Account Management

The remaining questions refer to the importance and benefit that KAM practices bring to the company. The respondents were asked to give their opinion about the impact of KAM to the company's strategy and to the level of growth over the last 10 years. There are additionally two questions that focus on the primary benefits of KAM to the case company, including the way success is measured.

Case company managed to differentiate its position from competitors by building trustful and long-term partnerships. Thus, all respondents' replies align that the growth over the last 10 years is significantly high, as shown in figure 36.
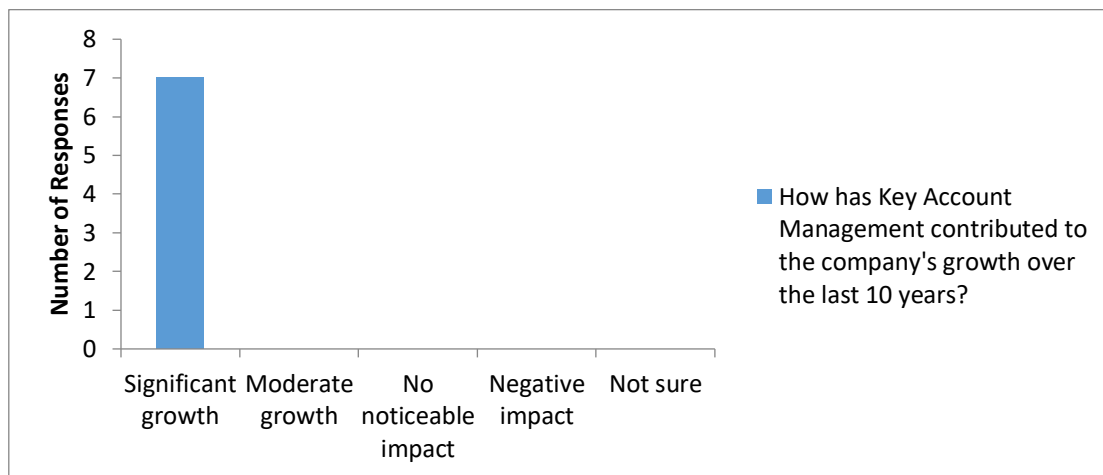
Figure 36: Case Company's growth over the last 10 years with the use of KAM

Over the years, case company managed to lower its acquisition costs, increase its profitability and mutual trust with customer while earning competitive advantage. Therefore the main benefits of the KAM, based on seven replies are: strengthened customer loyalty and retention, and long-term partnership opportunities, letting choice of "increased revenue from high-value customers" in the second position.

It has been observed that certain practices aimed at enhancing competitive advantage and providing more personalized services can be costly, leading respondents to categorize them into lower priority.
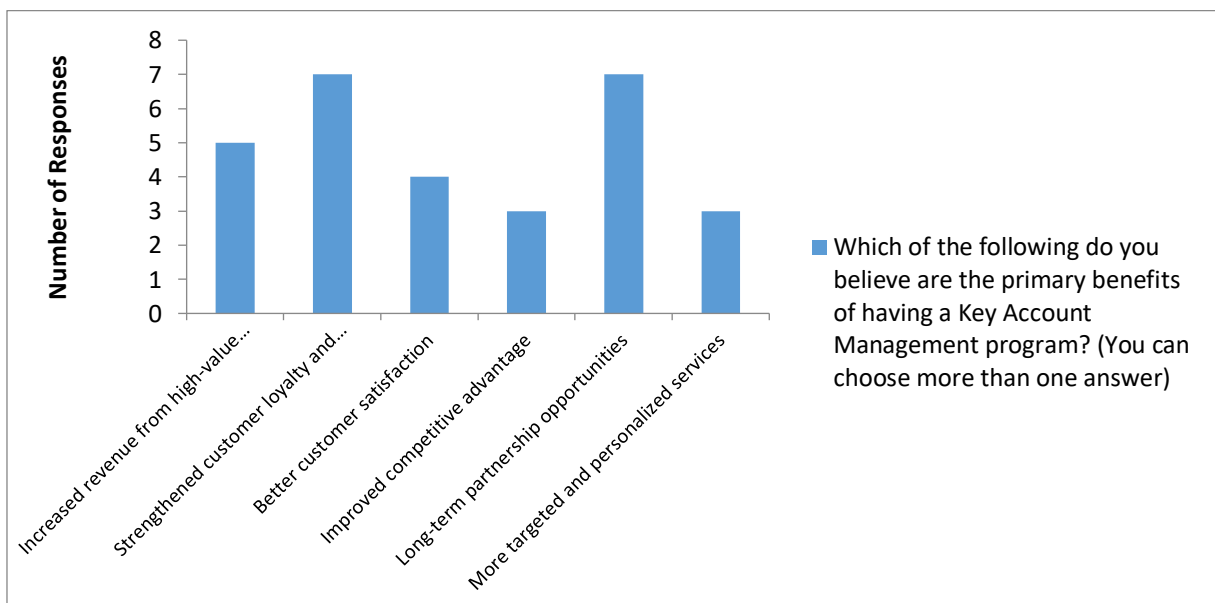
Figure 37: Primary benefits of KAM

Following the previous results, an overall 85% of respondents agree that KAM provide significant importance to case company's strategy. As employees work for many years in case company, and depending their role, e.g manager or employee, they might have changed positions among different divisions. Therefore, it is likely that some of them have face situation where KAM was not as effective as it is supposed to be. As already explained, KAM can - in some cases -increase costs, caused by attempts to satisfy customer in order to retain them and most importantly make the company dependable to a low number of clientele. Finally only 15% of respondents state that it is somehow important, which correspond to only one employee out of seven. None of the respondents believe that KAM practices are of no importance for the case company.
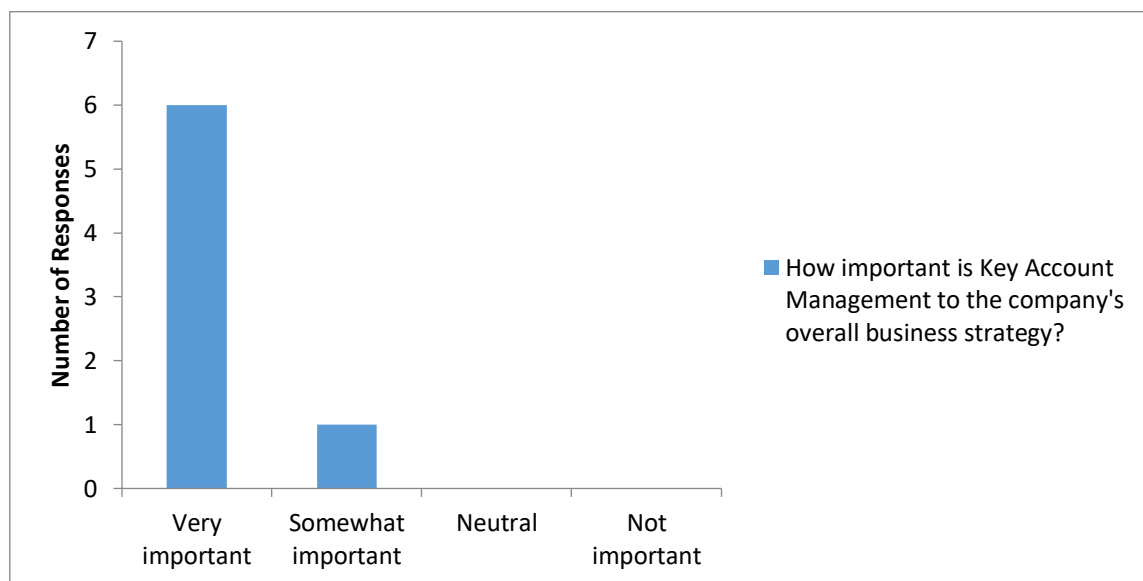
Figure 38: Importance of KAM to case company's strategy

The final question relates to the way respondents think that case company measure the success of KAM practices. Six out of seven respondents focuses on the following factors which believed to be the most important one to define the success of KAM.

- – Revenue growth from key accounts
- – Customer retention and renewal rates
- – Long-term partnership agreements

These metrics can be justified as a well-implemented KAM indicates competitive strength among competitors and justify the strategy of investing in key accounts. Less emphasis is given to customer retention with only three responses, as satisfaction does not always lead to growth or imply strong relationships in depth.
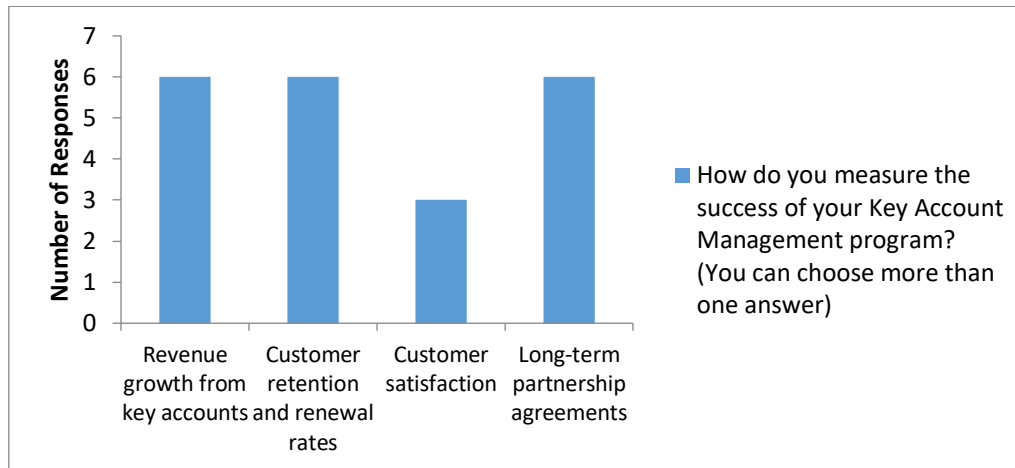
Figure 39: Measure factors for success of KAM in case company

7. Conclusions

This thesis has presented a comprehensive case study on the implementation of customer categorization and key account management practices within the service department of a technological and manufacturing company. The research was conducted with a combination of primary data collected from employee questionnaires, secondary data available from ERP system and a thorough literature review. This approach allowed a deeper exploration of practical application of these frameworks within the company.

The literature review indicated that various models of account management practices offer distinct advantages and limitations, depending on the type of industry. Through comparing these models with the case company's implemented practices, the study demonstrated areas of alignment, but also gaps that require attention.

The findings of the questionnaires revealed that the application of categorization models led to a more effective segmentation process of customer base, resulting in better resource allocation, targeted service and product offerings, and improved customer satisfaction. By categorizing customers based on specific factors such as strategic importance and business attractiveness, case company was able to streamline its operations and focus on the most strategic accounts. This classification process proved important in identifying customer's need for specialized attention.

Similarly, the implementation of KAM practices demonstrates a structured framework for improving relationships with the most valuable customers. With the use of dedicated account managers and tailored services to meet customer needs, the case company has managed to foster long-term partnerships, resulting in increased customer retention and profit growth.

The synergy between customer categorization and KAM practices led to the adaptation of proactive and customer-centric approach to service delivery. This approach has enabled the case company to better anticipate customer needs and enhance its competitive advantage in the market.

Although these practices can be highly effective, their success depends on several factors, including accuracy and quality of data and flexibility on categorization models. Therefore, case company must continuously adapt its strategic approaches to respond to changing customer demands and expectations.

In conclusion, the implementation of account management practices has proven to be a valuable tool for improving service quality, customer retention and satisfaction, and overall business growth. Future research could explore how the same processes evolve with the introduction of new technologies such as AI tools, and their potential to enhance customer relationship management.

References

Adrian Payne, P. F. (2005). *A Strategic Framework for Customer Relationship Management.* SAGE Publications.

al., D. e. (2004). *The Corporate Character Scale: Dimensions, Facets and Items.*

Beth Rogers, M. M. (1998). *Key Account Management: Learning from supplier and customer perspectives.* Butterworth-Heinemann, CIM professional.

Boulding, W. S. (2005). *A Customer Relationship Management Roadmap: What Is Known, Potential Pitfalls, and Where to Go.* American Marketing Association.

Chandler, A. J. (1962). *Strategy and Structure: Concepts in the History of the Industrial Enterprise.*

Cheverton, P. (2008). *Key Account Management: Tools and Techniques for Achieving Profitable Key Supplier Status 4th ed.* MPG Books Ltd, Bodmin, Cornwall.

Christian Homburg, S. K. (2009). *Marketing Management: A Contemporary Perspective.* McGraw-Hill Higher Education.

Diana Woodburn, K. W. (2014). *Handbook of Strategic Account Management: A Comprehensive Resource.* John Wiley and Sons, Ltd.

Don Peppers, M. R. (2011). *Managing Customer Relationships. A Strategic Framework 2nd Ed.* John Wiley & Sons, Inc.

Francis Buttle, S. M. (2009). *Customer Relationship Management: Concepts and Technologies.* Elsevier Ltd.

Frederick F. Reichheld, W. E. (1990). *Zero Defections: Quality Comes to Services.* Harvard College.

Gary L. Lilien, A. R. (2003). *Marketing Engineering: Computer-assisted Marketing Analysis and Planning.* Pearson Education.

Gordon, I. (2013). *Managing the New Customer Relationship: Strategies to Engage the Social Customer and Build Lasting Value.* John Wiley & Sons, Incorporated.

Homburg Christian, R. B. (1999). *Customer satisfaction in industrial markets: dimensional and multiple role issues.* Journal of Business Research.

Jennifer Drayton, A. C. (1987). *Market segmentation.*

John Adams, H. T. (2007). *Research Methods for Graduate Business and Social Science Students.* Sage Publications.

John W. Creswell, J. D. (2018). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches (5th ed).* SAGE Publications.

Lancaster, D. J. (2015). *Selling and Sales Management 10th ed.* Pearson Education Limited.

Mark Saunders, P. L. (2007). *Research Methods for Business Students.* Pearson Education Limited.

Michael B. Beverland, A. L. (2007). *Implementing market orientation in industrial firms: A multiple case study.*

Rodgers, E. (2024, 09 04). *Investopedia.* Retrieved 12 26, 2024, from Investopedia: https://www.investopedia.com/terms/c/customer_relation_management.asp

Sara Dolnicar, B. G. (2018). *Market Segmentation Analysis. Undestanding it, Doing it and Making it Useful.* Springer Singapore.

Schneider, A. (2024, 07 22). *Monday.* Retrieved 12 26, 2024, from https://monday.com/blog/crm-and-sales/account-management/

Wengler, S. (2006). *Key Account Management in Business-to-Business Markets .*

Yin, R. K. (2015). *Applications of Case Study Research. Thousand Oaks: Sage (5th edition).* SAGE Publications.

Appendix A: Questionnaire

Background of Respondents

Thank you for taking the time to fill out this survey. This survey is a part of a research and is used to highlight the importance of account management practices implemented by case companies. The survey is meant to be filled by people who work in positions that include customer interaction, in the case the company's service department.

What is your current role?

○ Account management

○ Service Sales

○ Other (Sales Support, Tenders and Quotations etc.)

What is your position?

○ Manager

○ Employee

How many years do you work in the company?

Short answer text

Are you familiar with key account management?

○ Yes

○ No

HELLENIC
OPEN
UNIVERSITY

Georgios Charisis, The importance of account management. The case of the service department of a technological and manufacturing business.

If you answered yes in the previous question, please describe the concept of key account management and its importance to the company.

Long answer text

Are you familiar with customer categorization?

○ Yes

○ No

If you answered yes in the previous question, please describe the concept of customer categorization and its importance to the company.

Long answer text

Customer Categorization

In the following table, 8 most profitable case company's customers for the years 2020-2023 are presented. Profit is the result of subtraction of all direct and part of indirect costs from total value of invoiced from customers.

Purpose of the section is the evaluation of these customers with the use of categorization questions, in the form of numbers and abstract. Therefore only people who understand the concept of customer relationship should reply.

In each question you are asked to rank every customer from 1 to 5, where 1 is the lower grade and 5 is the higher. A sixth option is available where no experience with the customers is present.

Top customers by profit for 2020-2023.

Customer	2020	2021	2022	2023	Total
Customer 01					
Customer 02					
Customer 03					
Customer 04					
Customer 05					
Customer 06					
Customer 07					
Customer 08					

Evaluate Strategic Importance

Based on your previous experience and practices on customer categorization you are asked to evaluate each customer. Please take into consideration of long-term value of customers (4-5 years) and current/future profit potential (2-3 years). Other factors that should be taken into consideration are your view of customers among other customers and customer's effect to other divisions of the company.

	01 - Very Low	02 - Low	03 - Moderate	04 - High	05 - Very High	I Don't Know
Customer 01	○	○	○	○	○	○
Customer 02	○	○	○	○	○	○
Customer 03	○	○	○	○	○	○
Customer 04	○	○	○	○	○	○
Customer 05	○	○	○	○	○	○
Customer 06	○	○	○	○	○	○
Customer 07	○	○	○	○	○	○
Customer 08	○	○	○	○	○	○

Evaluate customer business attractiveness

In this question you are asked to rank customer based on their performance in the market, their competitive position among other companies, adaptiveness, financial performance, size and experience, and the technological and knowledge level.

	01 - Very Low	02 - Low	03 - Moderate	04 - High	05 - Very High	I Don't Know
Customer 01	○	○	○	○	○	○
Customer 02	○	○	○	○	○	○
Customer 03	○	○	○	○	○	○
Customer 04	○	○	○	○	○	○
Customer 05	○	○	○	○	○	○
Customer 06	○	○	○	○	○	○
Customer 07	○	○	○	○	○	○
Customer 08	○	○	○	○	○	○

Relationship difficulty

According to your experience and familiarity with the customers, evaluate the level of difficulty of relationship management. Please take into consideration the customer's requirements for supplier's product, the number of different supplier used by the customer, their position among competition and the level of technical skills they have.

	01 - Very Easy	02 - Easy	03 - Moderate	04 - Hard	05 - Very Hard	I Don't Know
Customer 01	○	○	○	○	○	○
Customer 02	○	○	○	○	○	○
Customer 03	○	○	○	○	○	○
Customer 04	○	○	○	○	○	○
Customer 05	○	○	○	○	○	○
Customer 06	○	○	○	○	○	○
Customer 07	○	○	○	○	○	○
Customer 08	○	○	○	○	○	○

Customer's view of relationship with the company

How do you think that each customer evaluates the business relationship with the company?

	01 - Very Weak	02 - Weak	03 - Moderate	04 - Strong	05 - Very Strong	I Don't Know
Customer 01	○	○	○	○	○	○
Customer 02	○	○	○	○	○	○
Customer 03	○	○	○	○	○	○
Customer 04	○	○	○	○	○	○
Customer 05	○	○	○	○	○	○
Customer 06	○	○	○	○	○	○
Customer 07	○	○	○	○	○	○
Customer 08	○	○	○	○	○	○

Unrealized potential of customers

Rank each customer based on their unrealized value potential for the company. Value is measured in volume and profit. Lost value to competitors should be considered unrealized potential.

	01 - Very Low	02 - Low	03 - Moderate	04 - High	05 - Very High	I Don't Know
Customer 01	○	○	○	○	○	○
Customer 02	○	○	○	○	○	○
Customer 03	○	○	○	○	○	○
Customer 04	○	○	○	○	○	○
Customer 05	○	○	○	○	○	○
Customer 06	○	○	○	○	○	○
Customer 07	○	○	○	○	○	○
Customer 08	○	○	○	○	○	○

Comparison of profit and qualitative factors

Following your answers to previous questions, you are asked to compare the qualitative factors: strategic value, business attractiveness, relationship and unrealized potential. Based on your results, where do you think that the company is focusing? to calculated data such as sales, costs and profit or employee's opinions and experience, when evaluating customers?

Your answer

Customer Categorization

General questions for customer categorization

Which customer categorization models does the company you work in use? (You can choose more than one answer)

☐ Demographic (age, gender, income)

☐ Behavioral (purchase frequency, interaction level)

☐ Psychographic (values, lifestyle)

☐ Needs-based (specific problems or desires)

☐ Geographic (location-based segmentation)

☐ Not sure / None

How important is customer categorization to the company? 1 is very low importance and 5 very high importance.

	1	2	3	4	5	
1	○	○	○	○	○	5

How does customer categorization impact the following areas of the company?

	01 - Very Low	02 - Low	03 - Moderate	04 - High	05 - Very High
Customer retention	○	○	○	○	○
Personalization of marketing efforts	○	○	○	○	○
Product/service development	○	○	○	○	○
Sales targeting	○	○	○	○	○
Customer satisfaction	○	○	○	○	○
Brand loyalty	○	○	○	○	○

HELLENIC
OPEN
UNIVERSITY

Georgios Charisis, The importance of account management. The case of the service department of a technological and manufacturing business.

Which of the following business goals do you believe are most positively affected? (You can choose more than one answer)

☐ Increasing sales

☐ Improving customer experience

☐ Enhancing customer retention

☐ Targeting new customers

☐ Developing new products/services

☐ Reducing marketing costs

Do you believe that customer categorization based on customer needs and behaviors is more effective than using demographic information alone?

○ Yes, significantly

○ Yes, somewhat

○ No

○ Not sure

How do you handle customers who do not clearly fit into a specific category? (You can choose more than one answer)

☐ Try to categorize them based on behavioral data

☐ Treat them as individual cases for personalized service

☐ Other:

Has customer categorization led to an increase in revenue for the company?

○ Yes

○ Somehow

○ No

Have you seen a reduction in marketing costs due to more effective targeting of customer segments?

○ Yes

○ Somehow

○ No

Key Account Management

In this part you are asked to answer questions about key account management practices, implemented by the company such as general opinion, tools that are used, the outcome and value it brings to the company.

What are the qualities of a key account manager?

Your answer

How important is Key Account Management to the company's overall business strategy?

○ Very important

○ Somewhat important

○ Neutral

○ Not important

Which of the following do you believe are the primary benefits of having a Key Account Management program? (You can choose more than one answer)

☐ Increased revenue from high-value customers

☐ Strengthened customer loyalty and retention

☐ Better customer satisfaction

☐ Improved competitive advantage

☐ Long-term partnership opportunities

☐ More targeted and personalized service

How has Key Account Management contributed to the company's growth over the last 10 years?

○ Significant growth

○ Moderate growth

○ No noticeable impact

○ Negative impact

○ Not sure

What specific strategies or approaches do you use to manage key accounts? (You can choose more than one answer)

☐ Personalized service

☐ Regular communication

☐ Strategic account planning and reviews

☐ Customized pricing or terms

☐ Other: _____

Which tools or platforms do you use to manage key accounts effectively? (You can choose more than one answer)

☐ CRM systems

☐ Project management tools

☐ Data analytics platforms

☐ Spreadsheets

☐ Other: _____

What approaches does the company take to build long-term relationships with key accounts? (You can choose more than one answer)

☐ Regular business reviews

☐ Offering personalized solutions

☐ Providing exclusive offers

☐ Hosting events or workshops for key clients

☐ Other: _____

How do you measure the success of your Key Account Management program? (You can choose more than one answer)

☐ Revenue growth from key accounts

☐ Customer retention and renewal rates

☐ Customer satisfaction

☐ Long-term partnership agreements

☐ Other: _____