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**KEY ACCOUNT MANAGEMENT PRACTICE: THE CASE OF
ETHIOPIAN SHIPPING AND LOGISTICS SERVICES
ENTERPRISE.**

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**KEY ACCOUNT MANAGEMENT PRACTICE: THE CASE OF ETHIOPIAN
SHIPPING AND LOGISTICS SERVICE ENTERPRISE.**

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STATEMENT OF DECLARATION

I, Fesha Gebru, hereby declare that this work is originally produced by me with the guidance of Dr. Temesgen Belayneh. I confirm also that all the references of other people's work referred and the ideas adopted are fully acknowledged at reference sections. No part of this thesis has either been presented whole or in part to any other institutions for any award. I take full responsibility for any errors that may be included in this report.

Fesha Gebru

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Abstract

The study mainly aimed at addressing the of key account management practice of Ethiopian Shipping and Logistics Service Enterprise (ESLSE). .A conceptual model of factors that affect KAM effectiveness was developed. The study used mixed research approaches (qualitative and quantitative) and descriptive research design .Descriptive statistics (percentage, frequency, mean) were used to analyze the data .To evaluates the company’s KAM practices, open ended questionnaire and interview were used. ESLSE has been practiced KAM in which the key account managers and staffs give much emphasis on sustainable long-term relationship with key accounts. The criteria used to label customers as 'key account' is based on key accounts contribution to the national interest of the country and generating revenue to the enterprise. However in some circumstances any customer who is given a nomination by government as key economic operator is entitled to get special services. The scope of the study is limited to Ethiopian Shipping and Logistics Services Enterprise, a single multimodal operator in Ethiopia; however the findings can also have practical use in other industries. The study contributes to the improvement of KAM implementation in ESLSE.

Key words: key account, key account management, KAM effectiveness

LIST OF ACRONYMS AND ABBREVIATIONS

KAM	Key account management
ESLSE	Ethiopian shipping and logistics service enterprise
IMC	Integrated Marketing Communication
SPSS	Statistical package for social science

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CHAPTER ONE

1. Introduction

This section presents the development of the concept of key account management (KAM), the problem that the research attempted to investigate, the basic research questions to be addressed, the objective of the study, significance of the study, the scope this study covered and finally organization of the study.

1.1 Background of the study

Key Account Management is about classifying the most vital customers (key accounts) and work towards them with more attention and close collaboration compared to the other customers possessed by a company. It is implemented in order to create strong relationships with key customers in a long-term perspective Davies & Ryals, (2013).

In recent years, marketing scholars and practitioners have embraced two important environmental shifts in marketing. First, the migration from short-term, transactional exchanges to long-term, relational exchanges has become standard practice for many marketing organizations Kotler and Armstrong, (2012). Second, marketers are increasingly moving away from the traditional assumption that consumer demand is homogeneous and are accepting the reality that customers are heterogeneous with respect to their needs and with respect to the value they provide to the selling firm Hunt and Morgan (1995) ; Niraj, Gupta and Narasimhan (2001).

The result of these two changes has been visible in several streams of marketing literature including relationship marketing, customer relationship management, customer lifetime value, customer orientation and key account management (KAM) Dwyer, Schurr and Oh (1987); In particular, Key Account management (KAM) is at the intersection of these two shifts in the marketing landscape Homburg, Workman and Jensen (2000) and KAM are critical to the lifeblood of selling companies.

In the highly competitive and slight profitable economic environment, many supply companies are facing more powerful and more demanding customers that are usually large customers which contribute a lot sales revenue for supply companies. How to continue and enlarge the business with these large customers is always the most important thing to these supply companies. The concept of key account management was formed to manage the business related to these large/key account customers Homburg, Workman, and Jensen (2002).

Recently these large customers often reduce their supplier base to cooperate more closely with a limited number of preferred suppliers Workman et al., (2003). They usually demand some special value-added activities from limited preferred suppliers, such as join product development, financing, services, or consulting services. Quality, which was strongly emphasized by the supply companies in the past, is no longer the only thing that will satisfy these large customers.

In addition, many large customers centralize their procurement and expect a similar selling process from their suppliers. These demand and requirement from large customers forced suppliers to provide more cross-function services and rethink how they manage their most important customers and how they

design their internal organization in order to be responsive to these key customers Homburg et al., (2002).

As the result Key Account Management becomes a common practices in business to business interaction in most of companies in developed countries. It has attracted growing attention from both academic institutes and from sales and marketing practitioners in recent years Baddar and Rennan, (2009). According to Zupancic (2008) the idea of Key account management is more than 37 years old and the degree of professionalism both in research and practice has risen overtime. However the concept and the practice are still relatively immature for companies in developing countries. As a result, implementation and management difficulties observed that further has an impact on key account management effectiveness.

Despite the widespread use of key account management (KAM) worldwide and the growing attention it has been attracting from both academics and practitioners, a number of limitations in the literature can be identified. Particularly, two weaknesses can be distinguished.

First, there is little empirical research and literature dealing with the nature of KAM and how it is implemented within and across borders Davies & Ryals, (2007, 2009).; Wengler et al.,(2006); Gosselin & Bauwen, (2006); Boles et al., (1999); Millman & Wilson, (1996); Homburg et al., (2002). Second, there is relatively little research on KAM in the context of developing economies as opposed to developed ones Brennan (2009), despite the fact that foreign investors and multinational companies (MNCs) are increasingly expanding their operations in developing countries and given the growing economic importance Ralston (2008: 39).

Logistics has been an important part of every economy and every business entity. Logistics cost about 12% of the world's GDP (Cheong, 2003).

Studies show that differences in logistics performance are driven only in part by poor quality of physical infrastructure services such as road, rail, waterways, port services, and interfaces.

Instead, the shortfalls often are caused by policy and institutional constraints such as procedural red tape, inadequate enforcement of contracts, poor definition and enforcement of rules of engagement, delays in customs, delays at ports and border crossings, pilferage in transit, and highly restrictive protocols on movement of cargo. (Hausman & Subramanian, 2005).

Nation's economy growth significantly depends on the availability of outstanding logistics services. If the case is in a developing country like Ethiopia, the importance of logistics services is more paramount. According to World Bank's Ranking with regard to logistics performance index, Ethiopia gets 126 Stage among 160 Countries in the study and this shows the need for improvement on the sector.

With the major aim to render integrated & efficient maritime services to the country's export and import trade, Ethiopian Shipping & Logistics Services Enterprise established by amalgamation of former Ethiopian shipping line s.c, Maritime and Transit Services Enterprise, Dry Port Services Enterprise and lately Comet Transport S.c. Ethiopian Shipping & Logistics Service Enterprise is the result of this merger in November 2011, with huge responsibility of rendering sea transport & logistics services to the country's importers & exporters in a more effective & efficient way by reducing transit time, cost & handoffs. The vision of the Enterprise is to become a reputable and preferred logistics company in Africa in 2025 by providing competitive shipping & logistics services with the mission to contribute towards rapid economic growth

of the nation through building and upgrading organizational capacity and rendering world class competitive shipping & logistics services.

Ethiopian Shipping and logistics Service Enterprise is mainly structured with four major sectors, three of them are operational and other one is supporting sector. These sectors are involved in the selling process of the shipping and logistics services to all its customers.

The selling process is begin when shipping sector receiving customers request to transport customers cargo from ports of loading (abroad) to port of Djibouti. And the freight forwarding sectors process Djibouti port formalities and transport the cargo to inland dry ports. The port and terminal sector is handling the cargo and deliver it when customs formalities are finalized. Finally corporate services sector is facilitating the selling process by receiving and/or paying all payments generated from the three operational sectors. There are more than five departments, and twelve divisions under these sectors that directly providing a service to customers. Customers are contacted senior staffs and managers of the sectors to get services and information regarding status of their cargo, when it moved from port of loading to port of Djibouti to inland ports and then to customers.

In order to simplify these processes and provide special services (support) to key accounts, the enterprise established Marketing and Special Support division under freight forwarding services sector with the ultimate objective of supporting only key accounts. The division is served as a single point of contact for key accounts and responsible for contacting managers and staffs of each sectors to finalizing all necessary formalities of the sectors on behalf of key accounts, provide information, assuring provision of all benefit packages to key accounts, and following up the selling process till the cargo is handed over to them.

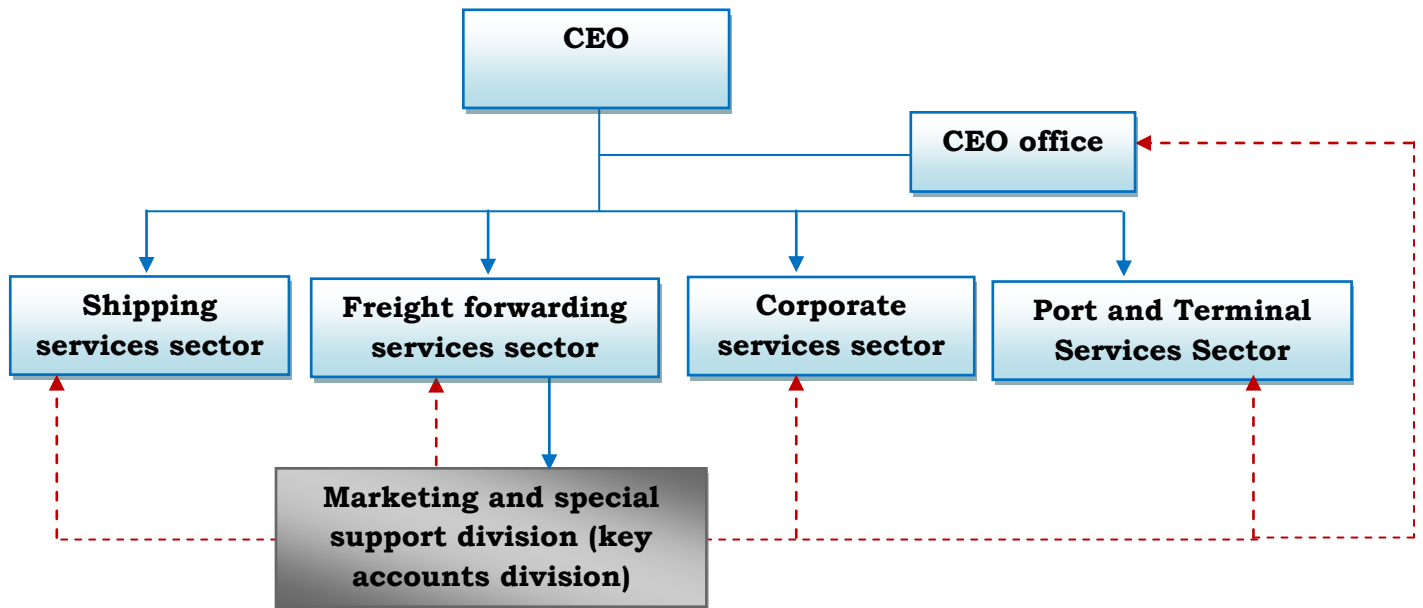


Figure 1; KAM organizational Structure of Ethiopian Shipping and logistics Service Enterprise (Source: Company’s report)

The division totally has more than ten staffs and one manager. There are also about five directors, twelve division managers and more than seventy key staffs in four sectors who provide the special services and support to key accounts of the enterprise. The division totally served more than 110 key accounts, who are involved in manufacturing sector (specially producing import substitute products), exporters of coffee, seed oils, garments, flowers and other products, any company who has a certification as authorized economic operator from ministry of trade, service providing government organization like Ethio-telecom, key project offices i.e. Ethiopian renaissance dam construction project offices etc.

ESLSE is striving to become more customer-focused ever. This study will try to assess the level of key account management practice in the Enterprise.

1.2 Statement of the Problem

In a business world, a few major accounts can easily contribute to most of the companies' turnover. These accounts are hard to retain and even harder to replace. The retention and growth of major customers often makes the difference in the success of the business. Workman et al. (2003) found that Key Account Management effectiveness has a direct effect on performance (which includes achieving customer satisfaction and providing value for customers) in the market that then leads to profitability. As the result key account management becomes a strategically-important approach for both the suppliers and a buyer.

However Key account management is not getting strategic place, proper and effective business application in companies of developing countries, like Ethiopian shipping and logistics service enterprise. The Enterprise by law has been given a mandate by Ethiopian government to operate and manage the entire multimodal operations of the country; and its responsibilities extended from receiving and moving customers' cargo from more than 200 international ports to delivering the cargos safely and with the same condition as received to the customers. In some circumstances the Enterprise remains under multiple pressures from corporate customers, stakeholders and government for a failure providing special services for key accounts (investors) ESLSE Report (2016).

As the result in 2013 G.C, the Enterprise has established marketing and special support department to provide special services for customers, who contribute lager profit share for the Enterprise and for those companies, (local and foreign investors engaged in manufacturing and export industry) recognized by Ethiopian government as "Authorized Economic Operators" key players in country's import and export business (Economy). ESLSE Brochure (2013)

Regardless of all these efforts, however local and foreign investors are still raising their voice of dissatisfaction (on an open discussion between customers and top level management of the Enterprise and even with the concerned Government body) with a lack of getting special service (support) i.e. credit facility, priority in service delivery, priority in shipping and loading of cargo, container undertaking service, waver service, discounted transport fee, responsiveness for their request, communication (information) about their cargo status and timely delivery of their cargos. ESLSE Report (2016)

These indicate that, effective key account management becomes a challenging job for the enterprise; According to Baddar and Brennan (2009), the concept KAM is relatively immature and the term used to refer to many customers who have no actual strategic significance to the companies and not refer to customers who have strategic significance to the companies. This problem is originated due to an inherent problem of miss-understanding the concept and implementation of KAM, and lack of experience in the area. As far as Ethiopia shipping and logistics services enterprise implement KAM recently and have not conducted research on KAM frameworks and models for the implementation, it would not be free from these problems.

To the best knowledge of the researcher, there has not been a study conducted in Ethiopia investigating the effect of organizational factors on the effectiveness of key account management in logistics sector. Therefore, this study tries to bridge the gap by testing those factors and generating empirical evidences in Ethiopian shipping and logistics services enterprise context.

1.3 Research Questions

In conducting the research, the following points are considered as the basic research questions:

1. How well Ethiopian Shipping & Logistics Services Enterprise is organized for KAM implementation?
2. What types of Special Services are provided to Key Accounts in Ethiopian Shipping & Logistics Services Enterprise?
3. What are the roles of key account managers at Ethiopian Shipping & Logistics Services Enterprise in KAM implementation?
4. what are the role of senior officers and Coordinators in Ethiopian Shipping & Logistics Services Enterprise in KAM implementation
5. What are the driving forces of KAM implementation exist at Ethiopian Shipping & Logistics Services Enterprise?

1.4 Objective of the study

In general, the objective of the study was to assess the level of KAM practice in Ethiopian Shipping & Logistics Services Enterprise. Specifically, the study has the following objectives;

1. To examine how well Ethiopian Shipping & Logistics Services Enterprise is organized for KAM implementation
2. To examine the type of Special Services provided to Key Accounts in Ethiopian Shipping & Logistics Services Enterprise.
3. To study the roles played by key account managers in Ethiopian Shipping & Logistics Services Enterprise in KAM implementation.
4. To study the role of senior officers and Coordinators in Ethiopian Shipping & Logistics Services Enterprise in KAM implementation.
5. To investigate the driving forces for KAM implementation in Ethiopian Shipping & Logistics Services Enterprise

1.5 Significance of the Study

The study at large contributes theoretically, to the literature on key account management for Ethiopian logistics sector and the findings of the study help as a springboard for further research.

More specifically the study has the following potential contributions for Ethiopian Shipping & Logistics Services Enterprise (ESLSE);

1. It helps to broaden understanding of key account management conceptual frameworks,
2. It helps the Enterprise to examine and measure its current performance with respect to Key account management.
3. It provides important inputs to formulate effective Key account management approaches.

1.6 Scope of the Study

The research is limited in constructing and taking population size i.e. only considering employees and managements who are directly involved in serving and handling key accounts (Authorized Economic Operators, manufacturers of export goods and manufacturers who can replace basic import products) business and working at Addis Ababa and Mojo dry port. More over the perspective presented and analyzed only from the suppliers' point of view.

1.7 Limitation of the Study

Even though the Enterprise has branches and customers in different parts of the country, the research only deals with employees and management members of the Enterprise reside in Addis Ababa and Modjo which in turn may not be representative of the overall picture. As an individual researcher and a full time employee, financial and time constraints are prime limitations

1.8 Organization of the Study Report

This study organized under five chapters. The first chapter contains introduction of the Study whereby background of the study, problem statement, objectives of the study, research questions, and significance of the study and scope of the study were explained.

Chapter Two discuss about the theoretical, empirical and conceptual frame work of KAM in detail by reviewing related research literatures.

Chapter Three give details about research design and methodology used to conduct the study.

In Chapter Four data analysis and respective findings are discussed.

And finally in Chapter Five conclusions and recommendations are presented.

CHAPTER TWO

2. Literature Review

2.1 Theoretical Literature Review

2.1.1 The Evolution of Key Account Management

Literature indicates that the existence of KAM can be traced to the 60s, when the National Account Management Association in 1964 was created by a selected group of sales professionals of US charged with managing the large, complex accounts within their companies Wengler et al., (2006).

Despite the increasing prominence of KAM as a strategic tool that manages and maintains the most valuable customers and assets of a firm Zupancic, (2008), there has been limited literature exploring KAM independently, since KAM has its roots in personal selling and was subsumed under the wider context of personal selling and sales management. Shapiro and Wyman (cited in Homburg et al., 2002: 43), note that: 'National account management thus is an extension, improvement, outgrowth of personal selling'. In fact, it is claimed, that KAM had not been explored thoroughly until Cranfield's breakthrough research in the mid – 1990s, which examined KAM from the supplier's and customer's perspective McDonald & Rogers, (1998), and has become one of the main changes in the way that business-to-business organizations mobilize their sales and marketing (Homburg et al., 2002).

But how did KAM evolve? Gosselin & Bauwen (2006), state that, KAM emanated as a response to the demands of business-to-business customers called major or national accounts. The growth in economies has led industrial firms to widen their geographic coverage and utilize their purchasing power to force suppliers to create coordinated and customer specific sales and service channels. Those new sales channels led, in the early 1970s to the development of a new phenomenon in industrial sales management, called “national account management” (NAM), which reflected the shift from transactional-oriented marketing towards relational-oriented marketing, as suppliers recognized that improved customer-supplier relationships would lead to an increase in customer retention and loyalty, as well as their competitive strength Donaldson & O’Toole, (2002).

Consequently, it is argued that the change towards relationship marketing brought with it a new management philosophy, named KAM Abratt & Kelly, (2002); Hughes et al, (2004). Thus KAM is seen as a natural development of customer focus and relationship marketing in business-to-business markets McDonald et al., (2000); Salojarvi et al., (2010), and as a strategy to retain and develop closer relationships with a company’s most important customers Gosselin & Heene, (2000); Georges & Eggert, (2003); Davies & Ryals: (2009); Natti & Talebo, (2011). Key accounts or key customers are the most important customers for supplier organizations, and are given special treatment. Millman & Wilson (1995) define a key account as ‘...a customer deemed to be of strategic importance by the selling company’.

2.1.2 Relationship Marketing as Origin of Key Account Management

The traditional or transactional marketing mix management paradigm has dominated marketing thought, research and practice since it was introduced

almost forty years ago and came to be treated as the unchallenged basic model of marketing and the indisputable paradigm in academic research. In most marketing textbooks the marketing mix management paradigm and its 'Four Ps', are still considered "the theory" of marketing. However, more recently, this approach has been challenged and now is considered by many as an outdated and inappropriate interpretation of how marketing works, particularly in industrial marketing Brennan et al., (2007). This development can be seen to have taken place primarily due to a number of reasons including: the globalization of business; evolving recognition of the importance of customer retention and market economies; customer relationship economics; increased competition; and developments in Information Technology Baines et al., (2008).

KAM has its roots in relationship marketing Wengler, (2006); Wengler, (2007); Davies & Ryals, (2009), which means KAM's approach in how to manage the key customer is based on the relationship marketing theory in developing and maintaining strategic relationships with the customers and channel partners, while integrating with other internal functions of the organization like service, logistics and information management' Gupta et al., (2002).

Thus, KAM and relationship marketing emphasizes long-term ongoing relationships Kim et al., (2001), and aims to build long-term, committed, trusting and co-operative relationships, which are defined by openness, genuineness, customer suggestions, fair dealing, and a willingness to sacrifice short-term profit for long-term profits and advantages Bennett, (1996).

2.1.3 Definition of Key Account Management

Workman et al. (2003) argue that the definitions of KAM have been inconsistent or imprecise, while Homburg et al. (2002) note that previous definitions of KAM focus on specific dimensions of KAM. Pardo (2001), for her part, maintains that classically the definitions given to key account management (KAM) are based on North-American research findings, and refers

to one of the most quoted definitions of Barrett's (1986) which states that 'national account management simply means targeting the largest and most important customers by providing them with special treatment in the areas of marketing, administration and services'.

However, as the study of KAM developed, other researchers e.g. Millman & Wilson, (1995) produced definitions which emphasize that the main criteria are the customer's strategic importance and avoided the problem of linking key account status to size as in the case of Barrett, (1986), geographic location or sales turnover. This implies that the account may be small in terms of volume but has the potential of securing a major breakthrough for the selling company Blythe, (2002). At the same time, many definitions e.g. McDonald et al., (1997); Workman et al., (2003), indicate that some type of identification of the most important customers must occur, and additional activities and/or special personnel must be directed at them.

However, generally speaking and based on the literature review, two main approaches to the definition of KAM can be identified in the literature. The first focuses on the process and functional aspects of KAM, and includes such definitions by Ojasalo (2001), McDonald et al. (1997), Yip & Madsen (1996), Workman et al. (2003), Zupancic (2008) and Kempeners & Hart (1999). It should be noted that processes refer to 'those activities, mechanisms and procedures which facilitate the effective management of key accounts' Millman & Wilson, (1999).

The second approach to the definition of KAM focuses on the strategic and complexity aspects of the accounts. These include definitions by Pardo (2001), Wortuba & Castleberry (1993) and Abratt & Kelly (2002) who used the same definition, Millman & Wilson (1995), and more recently, Ming-Huie & Wen-Chuing (2011).

The literature also reveals that many different labels have been given to a firm's most important customers including: National, Strategic, Major, Key, Corporate, House, and Global Accounts. Some companies use different labels to denote various degrees of an account's strategic importance within a key account programme and/or differing levels of services provided Napolitano, (1997); Homburg et al., (2002).

2.1.4 Key players in KAM

2.1.4.1 Top Management

The vertical participation in KAM programs involves the participation of senior management. The KAM literature highlights the importance of top management's involvement in the process of managing the key accounts Guesalaga (2007); Guesalaga & Johnston, (2010). In fact Auh & Menguc (2005) emphasized the role of top management in taking the company in the strategic direction and the influence it has on making it more customer-oriented, hence giving the flexibility of establishing and proper implementation of KAM in the company. In addition, Salojarvi et al., (2010) supports the view of Auh and Menguc, and stressed the idea that a central element to the success of KAM is top-management involvement.

Top management involvement with managing the company's key accounts is defined as the extent to which senior executives participate in managing the KAM programme Workman et al., (2003); Homburg et al., (2002). For example, Millman & Wilson (1999: 330) observe that "KAM is a strategic issue and the process should therefore be initiated and overseen by senior management", while Napolitano (1997: 5) notes that "top management must also play the lead role in securing business unit management support for the program". In a similar vein, Hambrick & Mason (1984), using "upper-echelons" perspective concluded that organizational outcomes including strategic choices and performances reflect top managers' characteristics and backgrounds.

Accordingly, Workman et al. (2003) argue that since KAM involves the participation of many parts of the organization, top managers should be role models and set an example for the rest of the organization through their actions that encourage cross-functional responsiveness and commitment to key accounts. However, there have been scholars in the field who have contested the involvement of senior managers in the relationship with the key accounts, because it can affect the role of the account manager by demeaning his status or dominating the negotiations process with the key customer which can cause a confusion about his role in the relationship Guesalag, (2007); Guesalag & Johnston, (2010).

While in the literature, it has been highlighted the importance of senior management involvement in the strategic direction of the firm and in making the company more customer-orientated, and in directing the KAM program, a separate body of research has indicated that the extent of which top-management are involved in managing key accounts has not been intense enough and that they are applying a more hands-off approach in managing their key accounts Francis, (2004); Tzempelikos & Gounaris, (2011). Hence, scholars in the field are recommending more involvement of the senior management in managing the key accounts.

2.1.4.2 Key Account Manager

Key accounts are typically assigned to a key account salesperson, often called account manager. Richards & Jones (2009: 306) define the account manager as ‘...key account manager is the individual designated by the selling firm to serve as an internal advocate for his or her key account’. The key account manager is considered as the “cornerstone” of the key account management organization, whose main objective is to develop long-term relationships with

key accounts, and not necessarily to maximize the volume of sales Wotruba & Castleberry, (1993); Guenzi et al., (2007). Moreover, the account manager is seen as an 'orchestra' conductor, who has to create a harmonized piece by satisfying the external customer by establishing a strong working relationship and partnership with the key customers and to move forward in building strong relationship with the internal customers – the marketing and sales colleagues who are part of his team Fleisher, (2010).

Thus, Napolitano (1997) argues that the account manager aims to achieve a true “win-win” situation, in which he/she helps the customer to grow its business, and, at the same time, grow their own business. Thus, the account manager focuses on the evolving account relationship and mutually beneficial growth opportunities. The key account manager (KAM) also operates as a "boundary spanner" between the selling firm and the customer, where he/she not only represents his/her company to their accounts but also represents those accounts within their own company. Hence, they constitute the inter-organizational linkages Holt & McDonald, (2000); Tyler & Stanley, (2001) which make them of strategic importance in relational exchange Guenzi et al., (2007).

The characteristics of these boundary spanning persons including their varied personalities, experience, motivations, skills and competencies influence their reactions and behaviors in individual episodes and how they build the relationships Ford, (1998); Guenzi et al., (2009). More specifically, it is argued in the KAM literature that 'key account management only really exists with the presence of a key account manager' Pardo, (2001), whose abilities, qualities, attributes and competencies are critical success factors and fundamental to the effective management of key accounts Guenzi et al., (2007, 2009), and that the effective hiring to fill KAM positions is a significant challenge for these firms Wotruba & Castleberry, (1993).

Consequently, a number of studies investigated and discussed the desired skills and capabilities of key account managers Cheverton, (2008); Ryals & McDonald, (2008); Sengupta et al., (1997); Woturba & Castleberry, (1993), while some have developed competency models for key/strategic account managers such as Chally's Strategic Account Manager (SAM) Competency model, and the S4 Strategic Account Manager Competency Categories Model Sherman et al., (2003).

Chally's SAM's competency model was developed in the late 1990s and revolved around five skills areas - the ability and willingness to: take initiative; commit time and effort to ensure success; provide proactive assistance/support; develop technical competencies; and train others Sherman et al., (2003: 87). Conversely The S4 Consulting SAM's Competency model provides another way of viewing SAM's key competency categories which suggests eleven competencies: Show understanding of customer processes and industry; Develop and manage relationships; Show leadership; Use the consultative approach; Demonstrate entrepreneurial behaviour; Show creative problem solving; Demonstrate ability to develop personal excellence; Demonstrate organisational skills; Think and act strategically; Execute the account management process; Demonstrate knowledge of supplier's processes and industry Sherman et al., (2003: 94).

Ryals & McDonald (2008) similarly provide a set of competencies for key managers and differentiate between three categories: the essential knowledge and skill required for all key account managers, termed as 'core KAM competencies'; 'advanced KAM competencies' necessary to manage more complex types of key account relationships; and 'GAM competencies' that are necessary for global account managers to manage global accounts across borders. Cheverton's (2008: 317) list of 12 skills and Wotruba & Castleberry's (1993) empirically based three lists of characteristics (Traits; knowledge/experience; and skills/abilities) identify a broad ranging and

complex set of characteristics required for a KAM to succeed. These skills/abilities list are therefore tested by Weeks & Stevens (1997) who incorporated two more skills for personality analysis, and understanding financial statements and analysis.

McDonalds & Rogers (1998: 120) provide a profile of the skills and qualities of the ideal account manager that fulfill the expectations of both the selling and buying companies. These skills and qualities are divided into four categories: personal qualities; subject knowledge; thinking skills; and managerial skills.

Personal qualities encompass specific items like Integrity, Resilience /persistence, Selling/negotiating, & Likeability. Subject knowledge also includes Product knowledge, Understanding of business environment/markets, financial knowledge, Computer literacy & Languages/Cultural knowledge. Thinking skills covers Creativity/flexibility, Strategic thinking/planning & Boundary spanning (e.g. ability to look from different perspectives). Finally, Managerial skills includes Communication skills, People, management /leadership, Credibility & Administration / organization

2.1.4.3 Account Teams

Many scholars observe that the contemporary approach towards the management of key accounts increasingly relies on coordinated team effort where salespeople work in a team format rather than individually as was previously the case Homburg et al., (2002); Workman et al., (2003); Jones et al., 2005), and that ‘the coordination of these individuals’ efforts is necessary for the seller to become the preferred supplier’ Moon & Armstrong, (1994).

Teams refer to the horizontal participation in KAM Homburg et al., (2002). Thus, it is noted that key account managers and the KAM team form the core of the KAM system, and that key account managers are usually supported by

fully dedicated cross-functional selling teams who are selected from different units/functions, such as production, operations, finance, logistics, and marketing, thus, providing access to “pooled intelligence” Arnett et al., (2005).

This has been also stated by Brehmer & Rehme, (2009: 63); where they see KAM as ‘a way of having one single salesperson or a sales-team, responsible for one major account in the region, one country or globally’. It is also argued that successful teams develop institutional relationships and contacts with buyers that pass through organizational levels and functions, which facilitates understanding of customers’ industry, needs and plans and, as a result, lead to the development of effective strategies for solving the buyers’ problems Moon & Armstrong, (1994); Arnett et al. (2005).

2.1.4.4 Driving forces for the development of KAM approach

Increasing complexity and the accelerating pace of changes in local and global markets urged companies to rapidly adapt their account management to new power and demands from their customers. Global trends and similar worldwide industry patterns have revolutionized the customer/supplier relationship overnight, Management Center of Europe (2013). Accordingly Cheverton (2008) identified internal and external forces that have driven many businesses across many sectors to develop key account management approaches.

According to Cheverton (2008) these forces emanated from both customers and suppliers sides; customers are increasingly becoming powerful to determine the success and failure of their suppliers business. The power of customer that drives for the development of key account management includes;

- Customer consolidation – in power and professionalism.
- Global/regional customers demanding a uniform approach and service.

- Increasingly complex decision-making processes as the results of increasing customers' requirements and ever changing needs.
- New purchasing practices of customers as the results of the development of sophisticated IT tools and the immediate availability of information.
- The customers' challenge on supplier's own complexity – selling through multiple business units.

On the other hand Cheverton (2008) also mentioned the following forces from the suppliers' side that forced them to use key account management approach:

- The growth opportunity requires prioritization of resources.
- Products alone (neither yours nor your competitors) no longer provide a source of competitive advantage; relationships matter.
- The desire to sell solutions rather than just products or services.
- The desire to make a positive impact on the customer's business Strategy through truly customer-focused value propositions.
- The pursuit of abnormal returns for abnormal efforts.

Similarly Zupancic et al. (2008) mentioned four mega driving forces that push the development of professional key account management approaches:

Customer expectations: Key customers expect an extraordinary way how to deal with them. Rising expectations are an upcoming phenomenon in business to customers as well as in business to business -relations.

Professionalism in purchasing: a rising number of concepts for professional purchasers like supply chain management, single sourcing, modular sourcing etc., were developed. The more professional the supply side the more professional the key account management side should be.

Concentration: Mergers and acquisitions lead to bigger and more powerful companies in markets that try to centralize their purchasing with few key accounts in order to achieve economies of scale.

Internationalization and globalization: Purchasing processes and sales processes are carried out more and more on a global basis. Harmonized prices are just one element among others. Companies need new concepts and special solutions to react to this development.

Management Center of Europe (MCE, 2013), similarly provide a set market changes and forces that push Companies strategically adapt key account management approach: these includes

Customer Power: With their new-found power, customers are increasingly looking to selected suppliers to give them competitive advantage by product and process development. In most sectors, mature markets have transferred power from suppliers to customers, as suppliers compete for a share of a decreasing number of customers.

Sophistication: Consultative selling implies thorough understanding of large customers' expectations to assist and train their staff and reduce their business risk, instead of just delivering a good product at a good price.

Consolidation among distributors and the rise of global retail chains have concentrated buying power in the past few years. Moreover, in many cases the client has become a competitor, producing or buying his own private label products at low cost in emerging countries.

Globalization: Market maturity has led to an increasing number of industries in which only a handful of truly global companies dominate the landscape. Global customers have access to the supplier's pricing models around the globe and offers from other low-cost players in emerging countries. Hence, any

supplier who cannot offer a seamless service in every part of the world where the customer operates will not win the business.

Commoditization: Increasing competition in many industries and markets puts a consistent downward pressure on prices and margins. Companies try to resist commoditization by selling complex solutions that have a consulting component. Such higher margin solutions require disciplined coordination.

2.1.5 Benefits Of Key Account Management Approach

Literatures assign numerous benefits for adopting a KAM approach, not only for the organizations, but also for its customers. Most of the researchers are emphasized the relationship aspect of KAM. For instance Management Center of Europe (MCE, 2013) acknowledged that Key Account Management enable the organizations to Builds strategic relationships with major customers, to make alignment within the whole organization, and to delivers value to customers. This idea is also supported by Homburg, Workman and Jensen, (2002) states that KAM enables organizations to make the transition from transactional selling to relationship building strategy.

However Literatures identified other benefits of KAM approach other than relationship, KAM is important to achieve sales targets and quotas, expand market share Baddar and Brennan (2009:p613), maximize revenue Ryals and Davies (2013, p.33), and increase profit McDonalds and Woodburn, (2007: p.284,) Cheverton (2008, p.13). As a result of the selling company's ability to solve problems quickly and efficiently through the dedicated salesperson's (who is very knowledgeable about the customer's entire operations) regular interaction to the key customer, KAM is a way of ensuring continued orders from the customer that boosts the supplier's sales Brehmer and Rehme (2007, p.963), McDonald and woodburn, (2007:p.27).

some researchers were describing the benefit of KAM from the customers perspective, Workman et al (2003) “Customers enter into collaborative relationships with suppliers in anticipation of receiving benefits such as better products and services, better pricing terms, improved logistics, and more information sharing than they would receive if they were not in such a relationship” similarly Napolitano (1997), the benefit the customers get by entering in to key account relationships include Better service, Faster communication, Better / faster decisions, Easy access to supplier, Better supplier knowledge, Greater Trust, Continuity and Greater security

On the hand some scholars bold the benefit of KAM is more to the suppliers , Napolitano (1997), key account relationship helps the supplier’s to Protecting existing volume base, Realizing incremental volume, Increasing account penetration, Increasing market penetration, Gaining operational efficiencies, Gaining competitive advantage, Product development ideas, Greater customer loyalty. Cheverton (2008), KAM is a mean for the organization to better allocate its resources – in pursuit of greater effectiveness and enhanced profitability; building customer relationships designed to secure greater loyalty and longevity; develop new capabilities; understand the true nature of the key account customer’s market, their challenges, their ambitions and their needs; helps to win competitive advantage through new value propositions, help management of most important long-term investments to most important customers. Francis Buttle (2009) strengthen the idea of Cheverton, suppliers are finding considerable benefits in the adoption of KAM, doing large amounts of business with a few customers offers considerable opportunities to improve efficiency and effectiveness, selling at a relationship level can spawn disproportionately high and beneficial volume, turnover and profit; Repeat business; technologies and Familiarity and trust.

Some literatures also states future oriented benefits of KAM, KAM helps to manage the company’s future through sustainable long-term commitment Ryals

and Davies, (2013: p33) and investments on its most important customers Cheverton, (2008:p.13).

2.1.6 Key Account Selection Factors and the Selection Process

2.1.6.1 Selection Criteria

Researchers proposed different criteria used to authorize customers as key accounts. According to Jobber and Lancaster, Traditionally the key criterion for designating particular customers as 'key accounts' was on the basis of the large quantity of output sold to a customer. On the basis of that an organization bought a considerable amount of product from a supplier, deserved special treatment because of the high profit contribution it made Jobber and Lancaster (2009). Cheverton et al. (2005) on the other hand argued that the selection has to be built on an analysis of the account's strategic importance to the firm on the one hand and to the customer on the other hand: The selected customers should be strategically important to the firm, and the firm should be strategically important to them! From a firm perspective, accounts should be selected based on their role as an asset, as a resource, as a risk, and as an investment.

While in the literature, a number of criteria have been identified, that can be utilized to decide which accounts are classified as key accounts. These include Wengler et al., (2006); Ojasalo; (2002): volume of potential business; volume of past sales; customer profitability; competitors' actions; size of customers; industry of customers; management discretion; location and geographic scope of the customer; customer's potential future growth; sales volume, customer profitability, reference value (now and in the future); customer's purchase process; company image; technological competencies; and organizational complexity.

From the literature, it has been indicated that the majority of the companies still highly rely on the sales volume criteria as the main criterion in identifying their key accounts Ivens & Pardo, (2007). However, depending on the sales volume as the main criterion for identifying key accounts can be seen as too narrow compared to KAM's holistic business management nature Monterastelli, (2009); Woodburn & McDonald, (2011); Ivens & Pardo, (2007).

KAM is resource oriented management concept and its strategic perspective indicates the emphasis of selecting key customers with potential (attractiveness) for future growth and not only based on their sales volume. The management of key accounts requires resources; hence allocating resources to an assumed key account can under resource a vital key customer and that can lead to the loss of that important customer McDonald & Woodburn (2008); Ryals & McDonald, (2008); Ivens & Pardo, (2007).

2.1.6.2 Key Account Selection Processes

Selecting the right accounts has been considered as the key to success by most authors. The opportunity costs of selecting the wrong accounts are considerable, not only will the firm waste resources on the wrong account, but it may also lose the potential upside of deepening cooperation with a truly valuable account.

Ojasalo (2001, p.201) proposes four basic steps that a successful KAM should go through: identifying the key accounts; analyzing the key accounts, selecting suitable strategies for the key accounts; and developing operational level capabilities.

1. Identifying Key Accounts: it is one of the most important decisions in KAM and also one of the earliest activities Macdonald and Woodburn, (2007: p.26).

To identify key accounts, the selling company should consider what it primarily wants from accounts. It is equally important to identify accounts that can meet the objectives at present or have the potential to do so in the future. At the company level, this includes defining the criteria of strategically important customers and identifying existing and potential accounts that fulfill these criteria now and in the future Ojasalo, (2001: p.209).

2. Analyzing Key Account: according to Ojasalo (2001), the account's products/services; inputs; internal value chain; markets; suppliers; and economic situation will be analyzed at this level. The history of the relationship with the key account. Specifically focusing on sales volume. Profitability, investments and adaptations made in the relationship, buying behavior, information exchange, special needs, buying frequency, and complaints will be also analyzed. Furthermore, it is relevant to know whether the account is simultaneously buying from the seller's competitors, and what the selling company's position is among them. Macdonald and Woodburn (2007: p.200), pointed that organizations that invest resources in detailed analysis of the needs and processes of their key accounts fare much better in building long-term profitable relationships.

3. Selecting suitable strategies for the key Accounts: at this stage, alternatives relationship strategies will be analyzed and selected. In doing this, it is important to consider both present and future opportunities Ojasalo (2001: p.201). The key customers sought should be those that are aligned to corporate strategy and will therefore make a major contribution to its achievement McDonald and Woodburn (2007: p.84).

4. Developing Operational-Level Capabilities : This is a continuous process connected to the evolution of the relationship by improving the quality of products and services, organizational structure to meet the account's needs, the skill of the key account manager, information exchange, trustworthiness

in the eyes of the account, and by implementing suitable mechanisms and measures for analyzing and ensuring goal achievements.

2.1.6.3 Relational Development model of KAM

Relationship building process between buyers and sellers evolves over time and goes through different stages which require different managerial behaviors, resources and skills to meet the requirements of each stage and key accounts need to be treated differently at various stages.

Millman & Wilson, (1996) proposed the Relational Development model in which they identified the six-stages of KAM relationship development. This process typically exhibits two salient features: a shift from "transactional" to "collaborative" modes of exchange; and building of trust and commitment towards a shared future McDonald et al., (1997). Furthermore, Blythe (2002: 628) proposed selling strategies that correspond with each stage. The six stage model and corresponding strategies are explained below:

Pre-KAM: the task is to identify those with the potential for moving towards key account status and avoid wasting investment on those accounts that lack potential. A Pre-KAM selling strategy is identifying key contacts and decision-making unit, establish product need, display willingness to address other areas of the problem, and advocate key account status in-house.

Early KAM: involves exploring opportunities for closer collaboration by identifying the motives, culture and concerns of the account. The Early KAM selling strategies include building social networks, and identifying process-related problems, signal willingness to work together to provide cost-effective solutions, and build trust through performance and open communication.

Mid-KAM: at this stage of relationship, trust as well as the range of problems to be resolved increase, and the account review process tends to shift upwards

to senior management. The Mid-KAM selling strategies include focusing on product-related issues, managing the implementation of process-related solution, building inter-organizational teams, establishing joint systems and beginning to perform non-core management tasks.

Partnership KAM: is a mature stage of key account development and the supplier is regarded as an important external strategic resource. The level of trust will be sufficient for both parties to be willing to share sensitive information. Partnership KAM selling strategies is focusing on integrating processes and extending joint problem solving, focusing on cost reduction and joint value-creating opportunities and addressing key strategic issues of the client and facilitation issues.

Synergistic KAM: this advanced stage of maturity is the ultimate stage of the relational development model. Here both the buyer and seller see each other as one organization and parts of a larger entity yielding joint value and synergistic benefits. The strategy associated with synergistic KAM is to focus on value creation, create semi-autonomous projects teams and develop strategic congruence.

Uncoupling KAM: this is when transactions and interaction cease when the costs of maintaining a relationship is perceived to exceed its benefits. In this stage the strategy is simply to withdraw from this operation.

The above relational model shows the stages, the resources and tactics that need to be followed to build a long term cooperative relationship with key customers.

2.1.6.4 Risks of Key Account Management

Piercy and Lane (2006) identified organizational strategic weakness, uncertainty in long-term profit from key accounts, misunderstanding about

customer relationship requirements, misreading customer loyalty and challenging competition regulations as the key risks in key account management. Ryals (2007) termed that financial risk as the most common form of risk in the key account relationship context.

On the other hand Cardozo et al. (1987) discussed KAM opportunity loss risk relating to key account management, meaning concentrating scarce resources on a few key customers, may results on giving less attention to other customers which may susceptible to competitive action and customer prospecting may be neglected that will lead to lower growth of the customer base.

McDonald and Woodburn (2007: p.16) identified the risks of KAM from the supplier perspective as being vulnerable to opportunism and not obtaining a satisfactory saving or return on investment in the relationship, risk of committing to one partner at the exclusion of others and The risk of misunderstanding the relationship and failing to achieve reciprocal security.

Accordingly Jobber and Lancaster (2009 p.285) identified potential dangers for customers involved in key account management relationships that include:

- Over-reliance on one (or a few) seller(s) can lead to supply problems should the seller encounter production or delivery difficulties.
- Doing business with the same seller over a long period can lead to complacency on the supplier's side resulting in lower service levels.
- Established relationships with the same seller can lead to complacency on the customer's side resulting in missed opportunities with other more efficient and innovative companies.

Jobber and Lancaster 2009: p.286 also points out some dangers that suppliers may face by adopting customer relationship management.

- When resources are channeled towards a limited number of companies, the supplier runs the risk of increased dependence on, and vulnerability to, relatively few customers.
- The risk of pressure on profit margins if a customer chooses to abuse its key account status.
- The possible danger of a customer applying ever-increasing demands for higher levels of service and attention once they know that they have preferred customer status.
- Focusing resources on a few key accounts may lead to neglect of smaller accounts, some of which may have high, long-term potential.
- The team approach required by key account management may be at odds with the career aspirations of certain high achievers who prefer a more individualistic approach and object to the dilution of praise which has to be shared with other people when a big order is won.

2.2 Conceptual framework

Zupancic (2008) has developed five dimensions of KAM: strategy, solution, people, management and screening. These dimensions are also mentioned as “imperatives for strategic key account management” by Management Center of Europe (2013). Specifically: strategy, people, management, organization, measurement, process and tools are considered as essential for successful KAM. Zupancic (2008, p.329) argues that the better a company fulfills each of the elements, the better the performance of its KAM program. Accordingly the following modified model has formulated

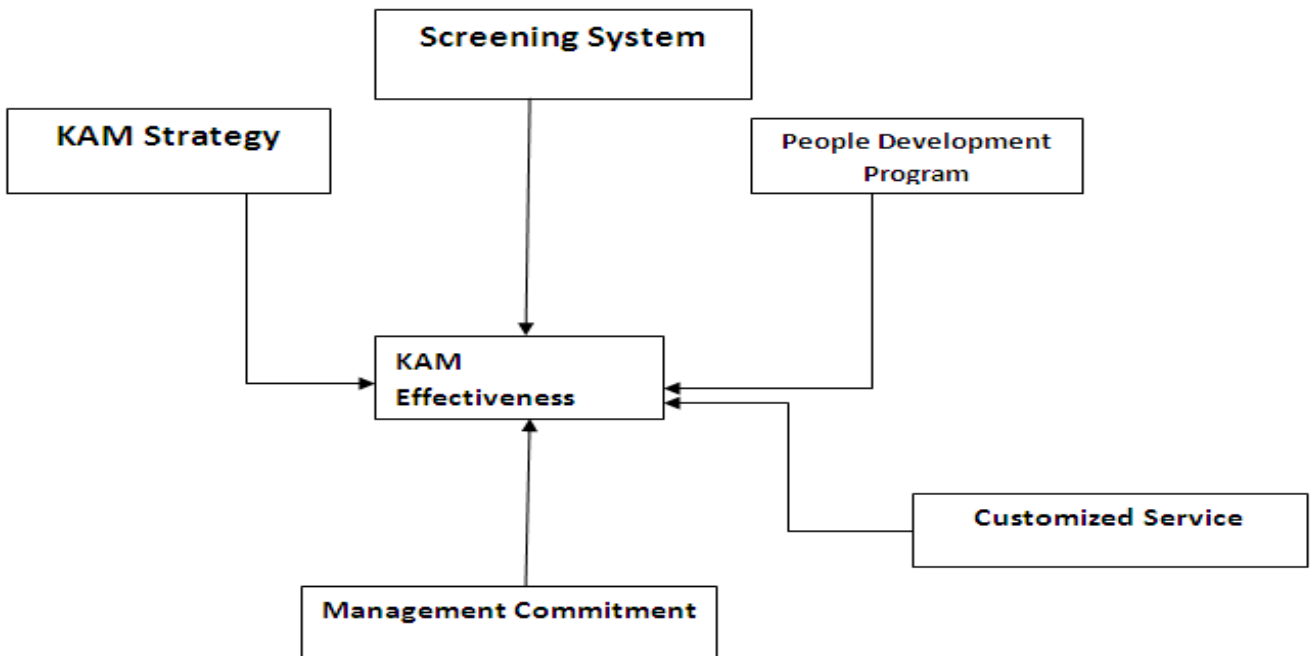


Figure 2-Conceptual framework

This conceptualization suggests that supplier should develop the appropriate attitude and behaviors towards KAM so as to manage effectively relationships with key accounts

CHAPTER THREE

3. Research Design and Methodology

3.1 Research Approach

The research used a mixed research involving both qualitative and quantitative approaches. As proposed by Bhattacharjee (2012,p.110), mixed research approach in any research used for a better understanding of the research problem than either of each alone and provides a ground for the use of several means (methods, data sources and analysis) to examine the same subject matter under the study.

Quantitative Research approach is used to quantify the respondents' evaluation of ESLSE KAM approach by way of generating numerical data or data that can be transformed into useable statistics.

Qualitative research is used to gain an understanding of staffs and managers experience, opinions, and perceptions with respect key account management approaches the enterprise used, by use of unstructured or semi-structured data collection techniques i.e. open ended questionnaires, interview, and the enterprises report.

The integration of both qualitative and quantitative researches provided a more complete and comprehensive understanding of the key account management practice and it offset the weaknesses inherent to using each approach by itself.

3.2 Research Design

The objective of this study is to examine the key account management practice in Ethiopian shipping and logistics services enterprise.

Descriptive research is used to assess and analyze the key account management practice in Ethiopian shipping and logistics services enterprise, the demographic and background information of the respondents and the overall open ended questions and data collected from interviewing managers.

3.3 Population and Sampling Techniques

3.3.1 Population

Employees (senior officers and coordinators) and Management of Ethiopian Shipping and Logistics Service Enterprise, who have a direct business contact and provided special services (support) only to key accounts of the Enterprise, are considered as the target population for this particular study.

3.3.2 Sampling Techniques

Managers and respective officers (are not included, those working at back office and non-operational departments) in four sectors, were key players of the enterprise's key account management. And the study targeted only those in the management position i.e., four deputy CEOs (sector heads), one Marketing and Special Support Division head, five Directors and twelve division heads and the non-managers i.e. seventy four coordinators and senior officers from the four sectors of the enterprise. Since the staff of the Enterprise was few in number, census was used where the total population was considered to participate in the study.

3.3.3 Sampling Size

The total size of the population for the study was only those who have a direct contact with key accounts business. These staffs were identified from Enterprise based on their access and role in key accounts management program of the Enterprise. Which comprised all Senior Officers; Coordinators, Divisions' Managers, Directors and Deputy CEOs, were about 96. Since this number creates ease to manage, the total population was considered to conduct this study.

Table 3.1: List of sample size

Positions	Responsibilities	Number
Managers	Deputy CEO (sector heads)	4
	Directors	5
	Division Managers	12
Non-Managers	Coordinators	74
	Senior Officers	
Total		96

3.4. Data Sources and Tools

3.4.1. Data Sources

The study used both primary and secondary data sources. The primary data were collected from the company's employee and managers using the structured questionnaire and unstructured interview. Both tools were used to

collect raw data regarding respondents' evaluation of the enterprise's key account management approach. Those in the management position (directors and division managers) and senior officers and coordinators were taken as key informants to complete the study.

Secondary data, collected internally from the enterprise's reports and marketing and special support division working manual, brochure and journals. These were interpreted and analyzed to evaluate the case enterprise's KAM practice.

3.4.2. Data Collection Tools

Mainly the data collection tool the study used is questionnaire. Questionnaire was selected because, firstly, it is economical in terms of researcher time, effort and cost than most other methods. Secondly, it is more appropriate and found easy for respondents to fill and forward their feelings and responses for questions. It kept away from researcher bias, guiding and cues that can impact the legitimacy and reliability of the data collection. Thirdly, it is through questionnaires that standardized responses gathered Bhattacharjee, (2012).

To supplement the survey, un-structured interview was conducted with concerned seventeen managers of the enterprise. The major purpose of the interview was to substantiate certain facts that the researcher already thought. Therefore, the un-structured interviews were conducted to enhance and supplement the results of the study. During the interview the factors and key account management approach were raised and the answers were given accordingly.

The questionnaire contained three parts. The first part is designed to collect respondents' background information. The second part is the structured questions designed to measure to KAM practice of the Enterprise with five-

point Likert scale (1 = strongly disagree to 5 = strongly agree). The structured questionnaire items were adopted and developed based on the definitions given in the literatures by Zupancic (2008), Jones (2000), Irving (1995), Workman et.al. (2003), Kruger (2011) and Macdonald and Woodburn (2007).

The third part is open ended questions designed to collect data related to KAM practice of Ethiopian Shipping and Logistics Services Enterprise. It helped to capture the ideas of the practitioners as far as this type of questionnaire gave them some sort of freedom to answer based on their experiences and observations.

3.5 Data Collection Procedures

First, structured and open ended questionnaire were developed and distributed to the target population 96 respondents. From the Total respondents, 92 of them responded and it accounted for 95.88% response rate. The 4 questionnaires were not filled and returned. It was distributed to the enterprises' top level managers and they were very busy and unable to fill the questionnaires and replied. Interview was conducted with managers (directors and division managers) to evaluate the current practice of the enterprise key account management program.

3.6 Reliability and Validity

To assure the construct validity, that is whether our measure adequately represents the underlying supposed to measure, theoretical assessment of validity was undertaken. Accordingly, the items were partially adopted from previous studies and partially based on the definitions given by different researchers listed above. Besides, appropriate research procedures were applied to find the answers to the basic question. With this the construct validity is also assured.

3.7 Method of Data Analysis

The statistical package for social science (SPSS) 17 was used to analyze the data. After the data are collected it is edited, coded and then entered in to SPSS. Data collected using the questionnaire was analyzed using different statistical tools. Descriptive statistics such as percentage, frequency, mean, were used to describe the demographic information of respondents; respondents' mean score regarding KAM practice.

CHAPTER FOUR

4. Results and Discussions

4.1 General Overview of the Data

The survey was undertaken to examine key account management practice in the case of Ethiopian Shipping and Logistics Services Enterprise. For that purpose questionnaire was developed and distributed to the staffs and managers (total of 96) of Ethiopian Shipping and Logistics Service Enterprise.

Table 4.1: Number of questionnaire distributed and collected

Questionnaires	Respondents	
	Number	Percentage
Released questionnaires	96.00	100
Not-Returned	4.00	4.10
Returned	92.00	95.83
Returned but disregarded	0.00	0
Total Sample size	92.00	95.83

From the distributed 96 questionnaire only 92 were responded. This makes the response rate 95.83%. At the time of data screening for accuracy and completeness no questionnaire was found to be unusable, the reason behind was the respondents were given enough time to replied all parts and items completely. 4 questionnaires were not responded, which were distributed to the enterprises four deputy CEOs (sector heads) and their thought and reflection for the subject matter is not incorporated in this study.

4.2 The Demographic Characteristics of Respondent's

This part discusses the demographic background and characteristics of the respondents' such as Education level, occupational Position, work Experience, and Working Sectors.

Based on the educational background, the 84.8% of respondents were first degree holders. The remaining were Master and diploma holders accounted for 9.8% and 5.4% respectively.

Table 4.2: Respondent's Education Levels

Educational Levels	Frequency	Percent
Diploma	5	5.4
Degree	78	84.8
Masters	9	9.8
Total	92	100.0

Source: Primary Data (2017)

Considering the position of the respondents, 81.5% of them were non-managers (i.e. 55.4% senior officers and 26.1% coordinators) and the rest 18.5% were managers (i.e. 13% Division Manager and 5.5% Director).

Table 4.3: Respondent's Position

Positions	Frequency	Percent
Senior Officer	51	55.4
Coordinator	24	26.1
Division Manager	12	13.0
Director	5	5.4
Total	92	100.0

Source: Primary Data (2017)

With respect to service year, around 75% of the respondents are serving key customers for more than four years. 12% of the respondents were working in

the Enterprise and serving key accounts for years that range from three to four years. And the remaining 8.7% and 4.3% of the respondents providing a service for key accounts for one to two years and less or equal to one year respectively.

Table 4.4: Respondent’s Service year

Service	Frequency	Percent
Less or equal to one year	4	4.3
Between one and two years	8	8.7
Between three and four years	11	12.0
Greater than four years	69	75.0
Total	92	100.0

Source: Primary Data (2017)

Concerning the respondents’ distribution across the Enterprise’s structural sectors, the majority (50 percent) of the them were from freight forwarding service sector, which is mainly provide forwarding services for key accounts, followed by (25 percent) respondents from shipping service sector that provide ship transport service for key accounts.

The respondents accounts for 12% are from port and terminal services sector that provide warehousing, cargo handling and delivery services for key accounts at mojo dry port. 9.8 percent of the respondents are from corporate services sector, mainly provided financial services for key accounts. Lastly 3.3% the respondents are from office of chief executive officer that providing services of handling and resolving key accounts complaints.

Table 4.5: Respondent's Working Sectors

Respondents working sector	Frequency	Percent
CEO office	3	3.3
Shipping Service Sector	23	25
Freight Forwarding Sector	46	50
Corporate Services Sector	9	9.8
Port and Terminal Service Sector	11	12
Total	92	100.0

Source: Primary Data (2017)

From the respondents' personal characteristics point of view, it can be concluded that, respondents with that educational levels, were believed to be matured and qualified enough to read and understand the questionnaire and give dependable answers. Respondents were from all working sectors of the enterprise and their reflections were taken as representative. Most of them are serving key accounts for more than four years; it indicated that they are familiar with the enterprises' key accounts and KAM approach. Moreover, their Occupational positions are range from Senior Officers to Directors level. Therefore, it can be conclude that the population matches the purpose of the research and yields reliable results.

4.3 Analysis of Descriptive Statistics

4.3.1 Frequency and Percentage

Frequency is the number of occurrences of a repeating event per unit time. Therefore the following table analyze in terms of frequency and percentage of the respondents level of agreement for items related to KAM practice of the enterprise.

Table 4.6: Having key account management approach

Level of agreement	Frequency	Percent
Strongly Disagree	6	6.5
Disagree	5	5.4
Neutral	6	6.5
Agree	24	26.1
Strongly Agree	51	55.4
Total	92	100

Source: Primary Data (2017)

As shown in the table 4.6, most of the respondents, with a level of frequency 75 (strongly agree 51 + agree 24) and accounted for 81.5% (26.1 + 55.4) agreed with the idea and the importance of having key account management approach to the company.

Table 4.7: Key account management (KAM) essentiality

Level of agreement	Frequency	Percent
Strongly disagree	3	3.3
Disagree	9	9.8
Neutral	11	12
Agree	23	25
Strongly Agree	46	50
Total	92	100

Source: Primary Data (2017)

Regarding the item “Key account management (KAM) is essential to achieve mutual trust with key accounts” the opinion of most of the respondents accounted for 69 (75%) is positive where as, 12 % respondents took a neutral standpoint on this matter.

Table 4.8: Key account management means of information sharing

Level of agreement	Frequency	Percent
Strongly disagree	3	3.3
Disagree	9	9.8
Neutral	7	7.7
Agree	23	25
Strongly Agree	50	54.3
Total	92	100

Source: Primary Data (2017)

79.3% of the respondents agree with the idea of Key account management (KAM) helps to ensure information sharing with key accounts.

Table 4.9: Key account management KAM is crucial to gain reputation.

Level of agreement	Frequency	Percent
Strongly Disagree	6	6.5
Disagree	5	5.4
Neutral	6	6.5
Agree	20	21.7
Strongly Agree	55	59.8
Total	92	100

Source: Primary Data (2017)

Maximum 81.5% respondents strongly agreed and agree with the notion Key account management KAM is crucial to gain reputation

Table 4.10: Key account management (KAM) is key relationships

Level of agreement	Frequency	Percent
Strongly Disagree	4	4.3
Disagree	5	5.4
Neutral	8	8.7
Agree	40	43.5
Strongly Agree	35	38.0
Total	92	100

Source: Primary Data (2017)

81.5% respondents agree that Key account management (KAM) is key to create successful relationships with key accounts. However, 8.7% showed neutral stand point for the relationship to be created with key accounts and key account management approach.

Table 4.11: KAM reduce conflicts with key accounts

Level of agreement	Frequency	Percent
Strongly Disagree	3	3.3
Disagree	9	9.8
Neutral	18	19.6
Agree	30	32.6
Strongly Agree	32	34.8
Total	92	100

Source: Primary Data (2017)

The major portion of the respondents (34.8+ 32.6 =67.4%) has a positive view about Key account management as a means of reduce conflicts with key accounts.

Table 4.12: KAM means to meet sales target and objectives.

Level of agreement	Frequency	Percent
Strongly Disagree	5	5.4
Disagree	7	7.6
Neutral	11	12.0
Agree	20	21.7
Strongly Agree	49	53.3
Total	92	100

Source: Primary Data (2017)

The opinion of respondents regarding the item of the questionnaire “key account management is a means to achieve the target and the objectives of the enterprise.” is accounted for 75% however 12% Of the respondents, neither agree nor disagree with the idea.

Table 4.13: Customizing Services to meet the needs of key accounts.

Level of agreement	Frequency	Percent
Strongly Disagree	6	6.5
Disagree	12	13.0
Neutral	20	21.7
Agree	16	17.4
Strongly Agree	40	43.5
Total	92	100

Source: Primary Data (2017)

Maximum Responses 60.9% about Customizing Services to meet the needs of key accounts is vital for KAM effectiveness agree with the statement. 21.7% of the respondents are at a neutral stand point about the statement.

Table 4.14: Investing on key accounts relationships.

Level of agreement	Frequency	Percent
Strongly Disagree	6	6.5
Disagree	11	12.0
Neutral	17	18.5
Agree	13	14.1
Strongly Agree	45	48.9
Total	92	100

Source: Primary Data (2017)

Most of respondents 63% agreed about investing on key accounts relationships and it is significantly important to Key account management. 18.5% of the respondents are at a neutral stand point about the statement.

Table 4.15: Identifying the special needs of key accounts

Level of agreement	Frequency	Percent
Strongly Disagree	8	8.7
Disagree	12	13.0
Neutral	15	16.3
Agree	18	19.6
Strongly Agree	39	42.4
Total	92	100

Source: Primary Data (2017)

70% of respondents agreed that identifying the special needs of key accounts (key customers) helps the company to achieve its objectives. The response is agreed with the concept of KAM. As far as few key accounts (key customers) are contributing the major portion of the enterprise revenue there must be a mechanism to identify and provide services to satisfied key customers' needs and wants.

Table 4.16: The competency to solve the key accounts' problems

Level of agreement	Frequency	Percent
Strongly Disagree	7	7.6
Disagree	9	9.8
Neutral	13	14.1
Agree	15	16.3
Strongly Agree	48	52.2
Total	92	100

Source: Primary Data (2017)

The major portion of the respondents 68.5 has a positive view about the competency to solve the accounts' problems and dissatisfactions determine the success of KAM approach.

Table 4.17: Key account players skill

Level of agreement	Frequency	Percent
Strongly Disagree	10	10.9
Disagree	7	7.6
Neutral	19	20.7
Agree	20	21.7
Strongly Agree	36	39.1
Total	92	100

Frequency distribution clearly indicates that Key account players skill is important for Key account (key customer) management effectiveness is positive 60.8%. However 20.7% of respondents are at a neutral stand point about the statement.

Table 4.18: compensation, benefits, and carrier development programs

Level of agreement	Frequency	Percent
Strongly Disagree	5	5.4
Disagree	5	5.4
Neutral	15	16.3
Agree	23	25.0
Strongly Agree	44	47.8
Total	92	100

Source: Primary Data (2017)

Majority 72.8% of respondent have a positive response about the compensation, benefits, and carrier development programs of ESLSE is important Key account management. This indicate that the benefit package the enterprise provide to its worker have a power to influence key players (workers) service provision and handling key accounts.

Table 4.19: Competency requirements, recruitment and selection process

Level of agreement	Frequency	Percent
Strongly Disagree	4	4.3
Disagree	7	7.6
Neutral	12	13.0
Agree	46	50.0
Strongly Agree	23	25.0
Total	92	100

Source: Primary Data (2017)

75% of respondents have a positive view about Competency requirements, recruitment and selection process of KAM serving staffs important for KAM. This indicates that the enterprise should design a special training program to train key

players and recruitment system to identify and appoint competent staff for key accounts.

Table 4.20: Managements' involvement in key account management

Level of agreement	Frequency	Percent
Strongly Disagree	2	2.2
Disagree	8	8.7
Neutral	14	15.2
Agree	39	42.4
Strongly Agree	29	31.5
Total	92	100

Source: Primary Data (2017)

73.9% of respondents agreed with the fact that Managements' involvement in key account management (KAM) activities and decisions is essential for KAM. This indicates that respondents believe that management of the enterprise has a power and capability to realize effective key account management approach and its proper implementation.

Table 4.21: Management support

Level of agreement	Frequency	Percent
Strongly Disagree	10	10.9
Disagree	11	12.0
Neutral	15	16.3
Agree	37	40.2
Strongly Agree	19	20.7
Total	92	100

Source: Primary Data (2017)

60.9% of respondents have a positive view about management support is important for key account management implementation and key account satisfaction.

Table 4.22: Formalizing the organizational structure

Level of agreement	Frequency	Percent
Strongly Disagree	5	5.4
Disagree	9	9.8
Neutral	15	16.3
Agree	22	23.9
Strongly Agree	41	44.6
Total	92	100

Source: Primary Data (2017)

Majority 68.5% of respondent have a positive response about formalizing the organizational structure is important for key account management of ESLSE. This indicate that the enterprise cannot service its key account with normal structure designed to service all its customers rather it should design a special organizational structure to service its key accounts.

Table 4.23: The leadership style of the management

Level of agreement	Frequency	Percent
Strongly Disagree	10	10.9
Disagree	11	12.0
Neutral	15	16.3
Agree	31	33.7
Strongly Agree	25	27.2
Total	92	100

Source: Primary Data (2017)

60.9% of respondents agreed with the fact that the leadership style of the management is important for key account management. However 16.3% of the respondents have a neutral response about the subject matter raised to them and 12.0% of the respondents are disagree with the leadership style of the management is important for key account management.

Table 4.24: Standard key account (key customers) selection criteria

Level of agreement	Frequency	Percent
Strongly Disagree	7	7.6
Disagree	7	7.6
Neutral	14	15.2
Agree	23	25.0
Strongly Agree	41	44.6
Total	92	100

Source: Primary Data (2017)

Regarding Standard key account (key customers) selection criteria is important for the success of Key account management, Majority 69.6% of respondent have a positive response.

Table 4.25: Key accounts’ satisfaction should be measured regularly.

Level of agreement	Frequency	Percent
Strongly Disagree	7	7.6
Disagree	7	7.6
Neutral	15	16.3
Agree	31	33.7
Strongly Agree	32	34.8
Total	92	100

Source: Primary Data (2017)

68.5% of respondents agreed with the fact that Key accounts' satisfaction should be measured regularly. This helps the enterprise to review its performance and take corrective actions accordingly.

Table 4.26: Customers selected for special support

Level of agreement	Frequency	Percent
Strongly Disagree	6	6.5
Disagree	5	5.4
Neutral	14	15.2
Agree	40	43.5
Strongly Agree	27	29.3
Total	92	100

Source: Primary Data (2017)

Majority 72.8% of respondent have a positive response about Customers selected for special support (as key account) should be those who can generate superior income. This indicates that the respondents have a basic knowledge of KAM concept that special services provided to those who generate large share of the enterprise.

4.3.2 Analysis of Mean Score

The key players of the enterprise who have working experience with and a direct contact with key account (key customers of the enterprise) have provided their response to the close ended 21 items. By use of descriptive statistics i.e. mean score the data analysis and interpretation of the responses is presented. Here, mean of the responses indicated the concentration and the tendency of the population response. Standard deviation explains the inconsistency and dispersion of the responses provided by key players (respondents) of the enterprise.

Table 4.27: Analysis of mean score for items

Measurement items of key Account Mgt		N	Min.	Max.	Mean	Std. Deviation
1.	Having key account management approach is important to the company?	92	1.00	5.00	4.3333	1.00000
2.	Key account management (KAM) is essential to achieve mutual trust with key accounts.	92	1.00	5.00	4.2857	.91840
3.	Key account management (KAM) helps to ensure information sharing with key accounts.	92	2.00	5.00	4.0370	.91889
4.	Key account management KAM is crucial to gain reputation from key accounts.	92	1.00	5.00	3.7143	1.05833
5.	Key account management (KAM) is key to create successful relationships with key accounts.	92	1.00	5.00	4.0635	.99797
6.	KAM can reduce conflicts with key accounts.	92	1.00	5.00	3.0265	1.13660
7.	KAM helps to meet sales target and objectives.	92	1.00	5.00	3.7566	1.05388
8.	Customizing Services to meet the needs of key accounts is vital for KAM effectiveness.	92	1.00	5.00	4.0390	1.17406
9.	Investing on key accounts relationships significantly important to KAM.	92	1.00	5.00	4.0000	.87519
10.	Identifying the special needs of key accounts (key customers) helps the	92	1.00	5.00	3.3026	.87519

Measurement items of key Account Mgt		N	Min.	Max.	Mean	Std. Deviation
	company to achieve its objectives.					
11.	The competency to solve the accounts' problems and dissatisfactions determines the success of KAM approach.	92	1.00	5.00	3.1265	.87519
12.	Key account players skill is important for Key account (key customer) management effectiveness.	92	1.00	5.00	3.1217	1.20328
13.	The compensation, benefits, and carrier development programs of ESLSE is important KAM.	92	1.00	5.00	4.3333	1.12179
14.	Competency requirements, recruitment and selection process of KAM serving staffs important for KAM.	92	1.00	5.00	3.3439	1.10763
15.	Managements' involvement in key account management (KAM) activities and decisions is essential for KAM.	92	1.00	5.00	3.4265	.87519
16.	Management support is important for key account management.	92	1.00	5.00	3.7460	1.26703
17.	Formalizing the organizational structure is important for key account management (KAM).	92	1.00	5.00	4.6635	.58797
18.	The leadership style of the management important for key account management.	92	1.00	5.00	3.0000	1.13660
19.	Standard key account (key customers) selection criteria is important for the success of Key account management.	92	1.00	5.00	4.4635	.98797
20.	Key accounts' satisfaction should be	92	1.00	5.00	4.1635	.99797

Measurement items of key Account Mgt		N	Min.	Max.	Mean	Std. Deviation
	measured regularly.					
21.	Customers selected for special support (as key account) should be those who can generate superior income.	92	1.00	5.00	4.9163	.39797

Source: Primary Data (2017)

As it can be seen from the above table item 21 has highest mean score 4.9163 of agreement level and the opinions of respondents regarding the idea of Customers selected for special support (as key account) should be those who can generate superior income for the enterprise and play great role in generating foreign currency for the country. This indicates that, the enterprise should give attentions to key account and working more on establish long term relationship. The respondents has less standard deviation value of 0.20148, this indicate that there is less dispersion among respondents agreement level or their opinion is have no much variations about the subject matter of item 21.

Similarly the items of the questioner responded by respondents with higher level of agreement includes, formalizing the organizational structure is important for key account management (KAM) with a mean score of 4.6635; Standard key account (key customers) selection criteria is important for the success of Key account management with a mean score of 4.4635; having key account management approach is important to the company with a mean score of 4.3333, the compensation, benefits, and carrier development programs of ESLSE is important KAM with a mean score of 4.3333, Key account management (KAM) is essential to achieve mutual trust with key accounts with a mean score of 4.2857, Key accounts' satisfaction should be measured regularly with a mean score of 4.1635; Key account management (KAM) is key

to create successful relationships with key accounts with a mean score of 4.0635, Customizing Services to meet the needs of key accounts is vital for KAM effectiveness with a mean score of 4.0390 Key account management (KAM) helps to ensure information sharing with key accounts with a mean score of 4.0370 and investing on key accounts relationships significantly important to KAM with a mean score of 4.0000.

Meanwhile, the rest of items of the questionnaire are responded with less positive agreement by respondents, except for the item number 18, which raised the idea of “The leadership style of the management is important for key account management in the case of Ethiopian shipping and logistics service enterprise.” The respondents are neither agree nor disagree and seized neutral stand point with a mean score of 3.0000.

4.3.3 Aggregate Analysis of KAM in the case of ESLSE

Table4.28: Aggregate Analysis of KAM

KAM practice	Key players (respondents)	N	Mean	Std. Deviation
		92	3.8506	.20148

Ethiopian Shipping and Logistics Service Enterprise’s key players of Key account managements (respondents) have an overall positive and less dispersed response to the importance and key account management practice of the enterprise with a mean score of 3.8506 (which is close to 4). However the key players (respondents) were not strongly agree with the importance and key account management practices of ESLSE. This responses can be caused due to Key account management is being an emerging phenomenon. According to Baddar and Brennan (2009), the concept KAM is new concept and immature term used to refer to many customers who have no actual strategic significance

to the companies and not refer to customers who have strategic significance to the companies. This problem is originated due to an inherent problem of misunderstanding the concept and implementation of KAM, and lack of experience in the area. However the fact is that a positive response is an indicator of future possibility of KAM to be effectively implemented by ESLSE.

4.3.4 KAM Implementation and practice at ESLSE.

This part of the study is attempted to evaluate the Key account management practice of the Ethiopian shipping and logistics services enterprise based on the data collected using open ended questionnaire, interview with managers, company report and brochure. The evaluation focused on the KAM organization, level of understanding about the KAM approach, KAM implementation motives, roles played by the key account actors, special services ESLSE provided to its key accounts and key accounts selection criteria.

4.3.4.1 The Special Service ESLSE Provided to Key Accounts

Ethiopian shipping and logistics services enterprise established by council of Ministers regulation number 255/2011 mainly to provide coastal and international marine and internal water transport, freight forwarding agency, multimodal transport, shipping agency and air agency, stevedoring services, shore handling, dry port, warehousing, and other logistics services for import and export cargos.

All these mentioned services are provided to ordinary as well as key accounts. The special services or support the enterprise provided to its key accounts includes, it provided up to 25% freight/ transport fee discount for inland transportation, provided priorities over ordinary customers, in processing documentations and fulfilling formalities, priorities for custom and port clearances, provided priorities in loading, priorities in water and inland transport, credit facilities, container rent without advance payment, transporting cargos up to their warehouse (door to door service).

4.3.4.2 Roles of Key Account Managers at ESLSE

With the open ended questions and interview undertaken with managers a list of roles developed based on Macdonalds and Woodburn (2007) were provided to the seventeen managers to rate what the managers roles must be in handling key accounts. A blank space was also provided to fill if they have any other role. Accordingly (in an order of importance), coordinating sales executives, solving or escalating customer problems, setting plans and strategies, developing relationships with customers, preparing sales targets and quotas, tailoring services to key accounts, Developing relationships with customers, identifying key accounts need, and Providing customer training were found to be the most frequently rated roles of the managers.

Table 4.29: Key Account Mangers' Role at ESLSE

List of Roles	Frequency	Percent
Coordinating sales executive	17	100
Solving/escalating customer problems and requirements	17	100
Setting plans and strategies	17	100
Developing relationships with customers	17	100
Preparing sales targets and quotas	12	70

Tailoring the offers to key accounts	10	58
Identifying key accounts need	10	58
Providing customer training	5	29

Source: Primary Data (2017)

Note: respondents provide more than one response.

Identifying key accounts need and Tailoring the offers to key accounts, which are the attributes of the modern KAM approach were rated lesser than preparing sales targets and quotas which is a traditional activity of sales managers. Surprisingly, providing trainings to key accounts regarding the services of the company was least. This may be generated from knowledge gap and the reflection of the enterprises' early stage in KAM development.

4.3.4.3 Roles of Senior Officers and Coordinators at ESLSE

These non-manager staffs of the enterprise are the other key players in the key account management of Ethiopian Shipping and logistics Service Enterprise. Their basic responsibilities are selling the services to key accounts, providing information and solving key customers problems. On average, they have been assigned 12 key accounts that range from the minimum 8 to the maximum 40 key accounts. Respondents from corporate services sector served more key accounts than the other sectors because all payments and receivables generated by the three operational sectors, handled by corporate services sector. According to their responses, the average contact time with their assigned accounts is four times in a month. The following table summarizes the tasks accomplished by the sales executives.

Table 4.30: Senior Officers and Coordinators Role at ESLSE

Roles of Sales Executives	Frequency	Percent
Responsibilities for sell services to key accounts	70	93
Providing information to key accounts	70	93
Facilitating, solving/escalating customer problems and special needs	45	60
Developing relationships with customers	8	10

Source: Primary Data (2017)

Note: senior officers and coordinators who provide the above listed roles are accounted for 75. The percents of the respondents frequency is computed by take 75 as a denominator.

As shown in the table above, the most important tasks for the senior officers and coordinators are Responsibilities for sell services to key accounts and providing information to key accounts. And which are also the traditional jobs of key account service providers. Facilitating, solving/escalating customer problems and special needs and developing relationships with customers were rated third and fourth, important task of the senior officers and coordinators. Respondents might think these activities are the responsibilities marketing and special support division and other managers.

4.3.4.4 Driving Factors of KAM implementation at ESLSE

Key account managers were asked to highlight the driving factors that trigger Ethiopian Shipping and logistics Service Enterprise to implement key account management.

Table 4.31: Reasons for implementing KAM at ESLSE

Driving Factor of Key Account Management	Frequency	Percent
Sustainable long-term relationship	17	100
Gain trust and establish loyalty	17	100
Build strategic partnerships with customers	17	100
Improve mutual understanding	15	88
Understand and solve the problems of customers	13	76
Achieve sales targets and quotas	11	64
Develop and maintain a distinctive image	10	58
Prioritize the allocation of the resources	5	29

Source: Primary Data (2017) Own computation using open survey questionnaire provided only for managers.

In Ethiopian Shipping and logistics Service Enterprise case, key accounts don't have alternatives service supplier and KAM was not designed to take advantage over the competitors, as far as it is the only multimodal operator in the country. However the reasons rated by managers listed in table above indicated that Ethiopian shipping and logistics service enterprise designed long-term and mutually benefit strategy to implement key account management.

4.3.4.5 Key Accounts Selection Criteria at ESLSE.

Ethiopian Shipping and logistics Service Enterprise case the selection criteria that are rated by managers are listed below. Based on the responses given by key accounts manager and staffs, the most important criteria used by Ethiopian Shipping and logistics Service Enterprise to label an customers as a 'key account' are list with the level of their importance to the enterprise i.e. National/ Public importance of the customer, International business of the customer, Government interest, Volume of current and potential annual sales to the account (Revenue collected from the account), Size of customer (capital, number of branches and employees) and Demand for special treatment by the account. Other factors provided by the researcher to be rated but not selected by the respondents includes: Adopting key technologies from customers,

Customers abilities to build the image of ESLSE and Possibility of using the account as reference.

Table 4.32: Key Accounts Selection Criteria Used by ESLSE

Selection Criteria	Frequency	Percent
National/ Public importance of the customer	88	95
International business of the customer	81	88
Government interest	80	86
Volume of current and potential annual sales to the account (Revenue collected from the account)	76	82
Size of customer(capital, number of branches and employees)	52	56
Demand for special treatment by the account	35	38
Adopting key technologies from customers	0	0
Customers abilities to build the image of ESLSE	0	0
Possibility of using the account as reference	0	0

Source: Primary Data (2017)

4.4.4 Interview summery

An unstructured interview was conducted with managers to assess the KAM practice of Ethiopian Shipping and logistics Service Enterprise. The first question forwarded for managers was regarding their understanding of the key account. Most of the respondents (7 in number) understand key accounts as ‘major customers who are imported cargos in large volume and play great role in generating the enterprises’ revenue, Other 10 respondents understand ‘key accounts’ in terms of the customers’ who have certification of authorized economic operators from ministry of trade, bonded warehouse users, manufacturers who substitute import products and exporters of coffee and other products.

While conducting interview, managers were asked whether the existing key accounts of Ethiopian Shipping and Logistics Service Enterprise pass through

these criteria to be nominated as key accounts of the enterprise and deserve special treatment. 4 (out of 17) managers were responded 'yes' but the rest 13 replied 'no'. Managers who were responded no reason out that in some circumstances the enterprise providing special service to customers who are nominated by other government bodies as authorized economic operators, key investors, bonded warehouse users, key government organizations or national project offices.

Regarding the current key account management organizational structure of Ethiopian shipping and logistics service enterprise is appropriate for key account management. Most of them are replied no and reason out that it is structured under freight forwarding sectors and it lacked power to influence parallel sectors' managers and staffs to handle and appropriately treat key accounts business. They recommended that, it can be better if the division structured under CEO, in order to give it more power to influence special service providers departments, divisions and staffs. And others replied that there are no well-established teams in all sectors to provide special services only to key customers.

On discussion Most of the managers of the enterprise believed that providing these special services to key accounts (major customers of the enterprise and local and international investors) benefited not only the key customers (the special services saved thousands of dollars to key accounts and their priceless time) but also the country as a whole (the government used it as a means of attracting new investor as well as maintaining the existing one). From the discussion held with managers, the researches understand that Government has great concern for the logistics sector and has a significant role in the provision of the services. For future research the government role can be takes as one dimension to measure it impact on the effectiveness of key account management

CHAPTER FIVE

5. Summary, Conclusion and Recommendations

This chapter presents the summary of findings from which conclusions drawn and that would precisely answer the basic research questions of the study. The limitation of the study and suggestions for further study is indicated. Finally, a recommendation to the case study company is forwarded.

5.1. Summary of Findings

The demographic profiles of the respondents were analyzed and indicated that Ethiopian shipping and logistics services enterprise have well educated staffs and managers. 94% of them are first degree holders and above. 75% of the respondents were served key accounts more than four years and the rest below four years. The respondents are belongs to four working sectors and CEO office, most of them (about 50%) are from freight forwarding sectors which is mainly engaged in completing Djibouti port clearances and inland transport of customers cargo and the rest are 25% from shipping services sector, 12% from port and terminal services sector, 9.8% from corporate services sector and 3.3% from CEO office.

Accordingly, Ethiopian shipping and logistics services enterprise manages more than 110 key accounts served by four sectors and CEO office. There were also about five directors, twelve division managers and more than seventy key staffs in fours sectors who provide the special services and support to key accounts of the enterprise. The enterprise totally served more than 110 key accounts who are nominated as key account of the enterprise, which include manufacturing companies (specially producing import substitute products), exporters of coffee, seed oils, garments, flowers and other products, any

company who has a certification as authorized economic operator from ministry of trade, Service Providing Government Organization i.e. Ethio-telecom, Ethiopian electric power corporation, key project offices i.e. Ethiopian renaissance dam construction project offices etc. key account personnel, On average, assigned 12 key accounts that range from the minimum 8 to the maximum of 40 key accounts.

The responsibilities of managers include, Coordinating sales officers and coordinators, Solving customers' problems and requirements, Setting plans and strategies, Developing relationships with customers, Preparing sales targets and quotas, customizing the offers to key accounts, Identifying key accounts need and Providing training to customer. Similarly, the most commonly rated tasks of senior officers and coordinators were, selling special services to key accounts, facilitating and solving key customer problems and their special needs, developing relationship with key customers.

Based on the responded questionnaire, 7 managers understand key accounts as 'major customers who are imported and exported cargos in large volume and play great role in generating the enterprises' revenue, Other 10 respondents understand 'key accounts' in terms of the customers' who have certification of authorized economic operators from ministry of trade, bonded warehouse users, manufacturers who substitute import products and exporters of coffee and other products.

The objective of the enterprise to implement key account management include sustaining long-term relationship, gaining trust and establish loyalty, building strategic partnerships with customers, improving mutual understanding, understanding and solving the requirement and problems of customers, achieving sales targets and quotas, developing and maintaining a distinctive image and prioritizing resources allocation.

regarding the criteria the enterprise used to screen customers and nominate them as key account were, national importance of the customer, internationality of the customer, the government's interest, volume of current and potential annual sales, revenue collected from the account, Size of customer, Demand for special treatment by the account.

5.2. Conclusion

The primary objective of the study was to assess the practice of key account management in the context of Ethiopian shipping and logistics services enterprise. Evaluation of KAM implementation practice of Ethiopian shipping and logistic services enterprise conducted and the finding indicated that

The major concluding remarks of the study are the following.

- Ethiopian Shipping and Logistics Service Enterprise's key players of Key account managements (respondents) have an overall positive and less dispersed response to the importance and key account management practice of the enterprise.
- KAM bring mutual trust, information sharing, reputation, strong relationships with key accounts and enable ESLSE to achieving its objectives.
- The enterprise was in the realms of key account orientation and long term relationship rather than merely focus on generating revenue.

- The enterprise was at a better stage in formulating its objectives regarding KAM but it was at the early stages in the implementation.
- Regarding Understanding of the KAM concept, the staffs gave a definition similar to the literature.
- the most important criteria used by Ethiopian Shipping and logistics Service Enterprise to label an customers as a 'key account' are National/ Public importance of the customer, International business of the customer, Government interest, Volume of current and potential annual sales to the account.
- Ethiopian shipping and logistics service enterprise designed long-term and mutually benefit strategy to implement key account management
- Ethiopian shipping and logistics service enterprise KAM Structure is organized under freight forwarding sectors and it lacked power to influence parallel sectors' managers and staffs to handle and appropriately treat key accounts business.

5.3 Recommendations

Based on the findings of the study, the following measures are recommended for ESLSE in order to exploit the benefits sought in implementing KAM.

- The enterprise should measure Key accounts' levels of satisfaction regularly and act accordingly,

- The enterprise should identify Standard key account (key customers) selection criteria and review it regularly,
- The enterprise should assess and improve Key accounts (key customers) management approach,
- The management of the enterprise should actively involve, support, and be committed enough in managing key accounts.
- The enterprise should motivate the dedicated key account manager and staffs.
- Ethiopian shipping and logistics service enterprise KAM should be organized under CEO office to influence parallel sectors' managers and staffs to handle and appropriately treat key accounts business.

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ANNEX

Annex 1: Questionnaire

Saint Merry University College
Marketing Management Graduate Program
Questionnaire

Dear Respondents,

This questionnaire is designed to conduct the study on the **Key Account Management Practice** in Ethiopian Shipping and Logistics Services Enterprise context for the partial fulfillment of the requirement of Master's Program in Marketing Management. Therefore I would be gratefully if you could support me in filling this questionnaire completely. Your response is very essential for the accomplishment of this study successfully. I want to assure you at this point that your response will be kept confidential and the output is used for academic purpose.

Part I: Respondent's Personal Information

Please put '**X**'

1. Education background?

Diploma 1st degree Masters PhD

2. Position?

Senior officer Coordinator Division Manager Director
Deputy CEO

3. How long you have been assigned to manage/serve key accounts?

≤ 1 year 1-2 years 3-4 years ≥ 4 years

4. The sector you are working on:

CEO office Shipping Freight Forwarding
Corporate Services Port and Terminal

Part II Key Account (key customer) Management Determinants

Please encircle number (1) if you are strongly disagree, (2) disagree, (3) neutral, (4) agree, (5) strongly agree based on your level of agreement/ disagreement in the following statements in the context of Ethiopian Shipping and Logistics Services Enterprise.

Measurement items of key Account Management Practice		Level of Agreement				
		y Disagree	disagree	Neutral	Agree	Strongly Agree
1	Having key account management approach is important to the company?	1	2	3	4	5
2	Key account management (KAM) is essential to achieve mutual trust with key accounts.	1	2	3	4	5
3	Key account management (KAM) helps to ensure information sharing with key accounts.	1	2	3	4	5
4	Key account management KAM is crucial to gain reputation from key accounts.	1	2	3	4	5
5	Key account management (KAM) is key to create successful relationships with key accounts.	1	2	3	4	5
6	KAM can reduce conflicts with key accounts.	1	2	3	4	5
7	KAM helps to meet sales target and objectives.	1	2	3	4	5
8	Customizing Services to meet the needs of key accounts is vital for KAM effectiveness.	1	2	3	4	5
9	Investing on key accounts relationships significantly important to KAM.	1	2	3	4	5
10	Identifying the special needs of key accounts (key customers) helps the company to achieve its objectives.	1	2	3	4	5
11	The competency to solve the accounts' problems and dissatisfactions determines the success of KAM approach.	1	2	3	4	5

12	Key account players skill is important for Key account (key customer) management effectiveness.	1	2	3	4	5
13	The compensation, benefits, and carrier development programs of ESLSE is important KAM.	1	2	3	4	5
14	Competency requirements, recruitment and selection process of KAM serving staffs important for KAM.	1	2	3	4	5
15	Managements' involvement in key account management (KAM) activities and decisions is essential for KAM.	1	2	3	4	5
16	Management support is important for key account management.	1	2	3	4	5
17	Formalizing the organizational structure is important for key account management (KAM).	1	2	3	4	5
18	The leadership style of the management important for key account management.	1	2	3	4	5
19	Standard key account (key customers) selection criteria is important for the success of Key account management.	1	2	3	4	5
20	Key accounts' satisfaction should be measured regularly.	1	2	3	4	5
21	Customers selected for special support (as key account) should be those who can generate superior income.	1	2	3	4	5

Part III General Questions

1. What is your understanding about key accounts? Who are ESLSE'S key accounts? _____

2. What special services/supports you deliver to ESLSE'S key accounts?

3. What are the criteria used by ESLSE to select customers as a 'key accounts'? (Please put '**X**' in those box/es that contains you choice/s)

Volume of current and potential annual sales to the account
(Revenue collected from the customer).

Size of customers (capital, number of branches, number of employees).

Demand for special treatment by the account.

International business of the customer.

National/public importance of the customer.

Government interest.

Adopt key technologies from accounts.

Customer ability to build the image of ESLSE.

Possibility of using the account as reference/showcase.

Any other criteria _____

4. Do you think that all currently selected key accounts deserved to have 'key account' status and get special support? _____
why? _____

5. How does ESLSE identify its key accounts' needs/requirements? (Please put 'X' in those box/es that contains your choice/s)?

- By understanding their business nature.
- Through visiting
- Through calling
- Based on their request and problem
- Government order

Any other _____

6. Do you think that you provide appropriate solution to their problems/ requirements? _____ why _____

7. Do you think that your key accounts are satisfied with services/solutions and treatment? _____ why _____

8. Do you think that the current KAM organizational structure of ESLSE is appropriate for the Key account management effectiveness? _____ why _____

Questions responded only by Coordinators and Senior officers?

9. How many key accounts are assigned to you? _____

10. How frequently you meet with a single account in a month on average? _____

11. What is/are your role/s in KAM? (Please put 'X' in those box/es that contains your choices/s)?

- Responsible for sell services to key accounts
- Developing relationships with customers
- Facilitating and solving key customer problems and their special needs
- Providing service trainings/information to key accounts

Any other roles _____

12. Do you think that you handle and treat well your key accounts?

Yes No

13. What are the constraints that limit you to serve your key accounts in best way?

- Lack of coordination with other departments.
- Poor working conditions.
- Absence of motivational factors.
- Absence of adequate training.
- Inaccessibility of infrastructure (resources).

Any other constraints _____

Questions Responded Only By Managers?

14. What drives/motivates ESLSE to implement key account management (special support provision? (Please put 'X' in those box/es that contains your choices/s)?

- To achieve sales targets and quotas.
- For sustainable long-term relationship.
- To gain trust and establish loyalty.
- To develop and maintain a distinctive image.
- To build strategic partnerships with customers.
- To improve mutual understanding.
- To understand and solve the requirement and problems of customers.
- To prioritize the allocation of the resources.

Any other _____

15. What do you expect from the staffs, who handle key accounts (key customers)?

- Meeting the plan and the targets set.
- Building relationships with the key accounts.
- Solving key accounts (key customers') problems and requirements.
- Facilitating after sales services.
- Calling and visiting customers.

Absence of motivation among employees.

Infrastructural problems.

Any other _____

I thank you for completing the questionnaire!

Sincerely,

Fesha Gebru