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DETERMINANTS OF KEY ACCOUNT MANAGEMENT EFFECTIVENESS: THE CASE OF ETHIO TELECOM

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Addis Ababa

June, 2014

**DETERMINANTS OF KEY ACCOUNT
MANAGEMENT EFFECTIVENESS: THE CASE OF
ETHIO TELECOM**

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**A Study Submitted to Addis Ababa University School of Commerce
Marketing Management Graduate Program for the Partial
Fulfillment of the Requirements of Masters in Marketing
Management**

Addis Ababa

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STATEMENT OF CERTIFICATION

This is to certify that Mr. Dires Abebe who carried out his research work on the topic entitled **‘The Determinants of Key Accounts Management Effectiveness: The Case of Ethio Telecom’** is his original work and is suitable for submission for the award of Masters Degree in Marketing Management.

Certified by:

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Signature Date

STATEMENT OF DECLARATION

I, Dires Abebe, hereby declare that this thesis is originally produced by me with the guidance of Dr. Rashit Negi. I confirm also that all the references of other people's work referred and the ideas adopted are fully acknowledged at the reference section. 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.

.....

Dires Abebe

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ACKNOWLEDGMENTS

I would like to thank my advisor Dr. Rakshit Negi, whose thorough review; constructive comments; immediate response; and guidance made possible this study.

I should also extend my gratitude to my friends Temesgen Abie, Jember Tadele, Solomon Aklilu, Dawit Zelelew, Tesfahun Kiros, Haftom G/Silassie, Bezabh Ayalew and Meselework Yismu for their material provision and valuable support while distributing the questionnaire.

Finally, thanks to my beloved family and all the people around who helped me in my entire endeavor.

ABSTRACT

This study aims to address primarily the determinants of key account management effectiveness in the context of Ethio Telecom and additionally to assess the company's KAM implementation practice. A conceptual model of factors that affect KAM effectiveness was developed and hypothesized. The hypotheses were tested with data collected from 35 key players in the key account department of Ethio Telecom using structural equation modeling. To evaluate the company's KAM implementation practice, unstructured equation was used. The findings of this study show that from the postulated seven determinants of KAM effectiveness (strategy, solution, people, management, screening, government, and culture), the three (solution; management; and screening) were found significant determinants. In relation to the second objective, in Ethio Telecom a dominantly sales orientation KAM approach has been practiced in which the key account managers and sales executives give much emphasis on meeting targets. The criteria used to label 'key account' status are so open that any big business (in terms of capital, number of employee), or international organization or government administrative (higher level) can join the status that makes the number of key accounts increase overtime. The scope of the study is limited to a single telecom operator company in Ethiopia; but the findings can also have practical use in other industries that have business customers. The study is presented and analyzed from the perspective of the supplier. The findings provide the empirical application of the KAM model theorized by Zupancic (2008) by incorporating two additional external factors proposed to determine KAM effectiveness. The study contributes to the improvement of KAM implementation in Ethio Telecom particularly.

Keywords: *Key accounts, key account management, KAM effectiveness, KAM dimensions, and external factors,*

LIST OF ACRONYMS AND ABBREVIATIONS

KAM: Key Account Management

MCE: Management Center of Europe

SPSS: Statistical Package for the Social Sciences

SOHO/SME: Small Office Home Office/Small and Medium Enterprises

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CHAPTER ONE

1. INTRODUCTION

This chapter introduces the development of the concept of key account management (KAM), the problem that this research stands to investigate, the basic research questions to be addressed, the objective that the study wish to meet, the definition of key terms to be used throughout the study, the significance of the study, the scope that this study covered, and organization of the study.

1.1. Background

These days the business endeavor has called for enhanced relationship between suppliers and customers. Companies are paying their efforts on treating their customers. Key account management is one of the contemporary ways of treating and maintaining enhanced relationships with strategic business customers named as 'key accounts'. According to Millman and Wilson (1995, p.9), these are customers in a business-to-business market identified by a selling company based on their strategic importance. They are most important customers with whom it is crucial to develop and maintain an added value relationship.

KAM is a customer oriented approach in the modern relationship marketing arena that focuses on the supplier's major customers (Ojasalo, 2000). It is an important marketing strategy to identify, select, analyze and manage the most important corporate customers of a company (Zupancic 2008). So it is basically designed to serve customers by discriminating among themselves in terms of their strategic importance and profitability (Millman and Wilson, 1995). According to Jobber and Lancaster (2009), the discrimination may take the form of special pricing, customization of products, provision of special services, customization of services, and

information sharing. Macdonald and Woodburn (2007) also pointed that, some kind of differentiation is obligatory for key customers.

KAM helps to understand the characteristics and needs of key customers so as to serve as well as optimize the relationship. It plays a strategic role in building close relationships between supplier and customer organizations that add superior value to the customer's as well as to the supplier's business (Macdonald and Woodburn, 2007).

Accordingly, KAM has become a common practice in business-to-business interaction in most of the companies of the developed countries. It has attracted growing attention from both academics and from sales and marketing practitioners in recent years (Baddar and Brennan, 2009). According to Zupancic (2008), the idea of KAM is more than 30 years old and the degree of professionalization both in research and practice has risen over time.

However, the concept is still relatively immature among companies of the developing countries. As a result, implementation difficulties observed that further affects KAM effectiveness. Different researchers have identified factors that determine the effectiveness of KAM. The two models which are developed by Zupancic (2008) and Workman, Homburg and Jensen (2003,) are particularly substantial to mention. The former identified five dimensions which include strategy, solution, people, management and screening. While the latter, identified four formal dimensions of KAM that includes activities, resources, actors and formalization.

Both of these models essentially focused on internal/organizational factors. But external factors are also likely affects the success of KAM. Therefore, this thesis aimed at examining the determinants of KAM effectiveness in the context of Ethio Telecom based on those models; but by considering the external factors. On course of this, the practice of KAM implementation at the case study will be also assessed. The case study company introduced KAM approach with the consultation of France telecom recently (in 2010), and this research may represent a benchmark study of KAM implementation.

1.2. Statement of the Problem

Although key account management is perceived as an important approach for both a supplier and a buyer, it is not a common business practice in companies of the developing countries. If it exists, making key account management effective is a difficult job for those companies. Poor understanding of the concept and implementation of KAM approach are also the inherent problems.

According to Baddar and Brennan (2009), the concept is still relatively immature and the term is used to refer to many customers who have no actual strategic significance to the companies. Such difficulty is observed due the prevalence of the knowledge gap and lack of experiences in the area. Although there are no researches in Ethio Telecom in this case, the company will not be exceptional from these problems.

In addition to this, the adoption of KAM frameworks and models for the improvement of KAM effectiveness is also poor. In Ethio Telecom, no applicable KAM framework is adopted. This may probably hurt the relationships of the company and the key accounts. Due to this, its performance and profitability may be affected negatively. Workman et al. (2003) found that KAM 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.

The benefits of successful KAM implementations have been documented. It helps in achieving mutual trust, information sharing, a reputation of fairness, achieving investments into the relationship; maintaining long-term relationships; reducing conflicts; and meeting of sales targets and objectives (Irving 1995, as cited by Workman et al., 2003). Perhaps, Ethio Telecom will be beneficiary if it implements KAM effectively.

A number of factors have been suggested as important elements in determining the effectiveness of KAM approach. The two are particularly important to this study. One of the models is developed by Workman et al. (2003) that includes activities, actors, resources, and formalization which provides a systematic way to think about KAM. The other one is Zupancic's five

dimension framework which includes strategy, solution, people, management and screening (Zupancic, 2008).

Unfortunately, the empirical application of these models particularly that of Zupancic's five dimension integrated framework is not examined. KAM literature has been primarily conceptual and descriptive with relatively little hypothesis testing done and no empirical study of how dimensions of a KAM approach affect performance (Workman et al. 2003). Besides, most of the models focus only on the internal factors although external factors may have also a significant impact on KAM effectiveness. From the external factors, government and cultural influences are proposed to affect the link between organizational factors and KAM effectiveness.

To address these gaps, a conceptual model of KAM effectiveness was designed to test the hypothesis in the telecom industry in Ethiopia by considering external factors. So this study will try to test the empirical significance of the model in realizing KAM effectiveness.

1.3. Basic Research Questions

The study raised the following research questions:

- ✓ What are the dimensions that determine KAM effectiveness at Ethio Telecom?
- ✓ How those dimensions relate with KAM effectiveness?
- ✓ To what extent these dimensions affect KAM effectiveness?
- ✓ How KAM approach is implemented at Ethio Telecom?

1.4. Objective

The primary objective of this study is to examine the determinants key account management effectiveness in the context of Ethio Telecom and in due course to assess the company's KAM implementation practice. Specifically, the study aimed:

- ✓ To identify the dimensions of KAM effectiveness in the case of Ethio Telecom,
- ✓ To explore how those dimensions relate with KAM effectiveness,
- ✓ To analyze the role of each factor in determining KAM effectiveness,
- ✓ To evaluate the KAM implementation practice of Ethio Telecom.

1.5. Significance of the Study

This study intended to contribute, theoretically, to the literature on key account management particularly in developing economies like Ethiopia. It tries to test the application of the KAM dimension model developed by Zupancic by including additional external factors postulated to affect KAM effectiveness on the case of Ethio Telecom.

Empirically, the study seeks to examine the determinants of KAM in the contest of Ethio Telecom. The main research question to be addressed is: what determines KAM to be effective? This will have a practical significance first, to the case company's management as the study tries to address the above question in the company's context. It tries to evaluate the company's KAM implementation practice based on key account managers' and sales executives' response as well as on the basis of the literature. And this will be an important input to the company's management while setting strategies. Second, the study will be also a guide to other companies who want to establish an effective KAM unit since it presents the application of a KAM model and KAM implementation practice taking a case company- Ethio Telecom.

At last, as the concept of KAM is new particularly to Ethiopia and as this study is founded on recent KAM literatures, it will be essential for researchers who want to undertake further studies. It will shed light for them by briefing the concept and the empirical applications of KAM models. It will be an important reference and guidance for them as it addresses most important research

questions of KAM based on the researches of the gurus of KAM like Macdonald, Cheverton, Millman, Wilson, Woodburn, Ojasalo, Workman, Zupancic and others.

1.6. Definition of Terms

- **Key Account:** a key account is a customer in a business-to-business market identified by a selling company as of strategic importance. It is the most important customers with whom it is crucial to develop and maintain an added value relationship (Millman & Wilson, 1995: p.9).
- **Key account management:** it is a strategy in business to business marketing aimed at building profitable long lasting relationships with strategic customers by providing special offers and treatments to increase their satisfaction with dedicated personnel (Ojasalo, 2000; McDonald & Woodburn, 2007; Workman et al. 2003). Strategic account management, major account management, and key account management are the terms used interchangeably in marketing literatures. In this study, however, the term ‘key account management’ will be used as a general term since it is the most frequently used term among researchers and it seems to be more widely used in practice (Workman et al., 2003).
- **Key account management effectiveness:** it is the extent to which an organization achieves better relationship outcomes for key accounts in comparison with average accounts (Workman et al. 2003: p.7). It is measured by the performance achieved in maintaining long-term relationship, building mutual trust, investing into the relationship, achieving a reputation of fairness, achieving information sharing, reducing conflicts and as a result meeting sales targets and objectives (Irving 1995, cited by Workman et al, 2003 p. 20).
- **Key account management dimensions:** includes strategy, solution, people, management, and screening (Zupancic, 2008: p.326).
- **External factors:** in this study it includes government and culture which are postulated to affect KAM effectiveness in Ethio Telecom case.

1.7. Scope of the Study

This study focuses on the determinants KAM effectiveness and its implementation taking Ethio Telecom as a case study. The perspective presented and analyzed is from supplier's points of view.

1.8. Organization of the Paper

Following this introductory chapter, chapter two will continue with a literature review of key account management and a conceptual framework. Chapter three offers a more detailed explanation of the research methods used in this thesis. In chapter four, the findings of the case study are presented with answers to the research questions. Chapter five concludes the findings and gives managerial and theoretical recommendations as well as suggestions for future research. A list of references and appendices of the questionnaire and data analysis template can be found at the end of this thesis.

CHAPTER TWO

2. LITRETURE REVIEW

In this chapter relevant literatures will be discussed and the conceptual framework of the study will be presented. In the first section the motive for KAM approach, the associated risks with KAM, the favorable conditions to implement KAM, the commonly used criteria of key accounts selection from other customers, the steps to pass in selecting the strategic ones, the relational model, the types of organizational structures to pay special treatments to these customers, the major players in KAM, and the dimensions of KAM that determines its effectiveness are presented.

Under the second section, the conceptual framework which is developed based on the literature is described. It discusses how the model is formulated and the lists of hypothesis to test its applicability are also included.

2.1. Theoretical Literature Review

This section discusses the purpose of implementing KAM approach, the associated risks with KAM, the favorable conditions to implement KAM, the criteria used to select key accounts, the series of steps passed to select strategic ones, the KAM relational model, the different organizational structures used to treat key accounts, the major players in KAM, and the dimensions of KAM that determines its effectiveness.

2.1.1. Motives and Benefits of KAM

The trigger to establish KAM may be external or/and internal pressures. According to Cheverton (2008, p.9-11), KAM can be a defensive strategy of suppliers designed as a result of pressures from the outside. He mentioned five driving forces for this:

- Customers' consolidation in power and professionalism,
- Customers' demand for uniform approach (product design and price) and service delivery,
- An increasingly complex decision-making processes because of the increasing customer size and requirements,
- The development of new purchasing practices from the customers' side because of the existence of purchasing professionals who are using new sources of information, and
- The customers' challenge on supplier's own complexity – selling through multiple business units and with different sales representatives each with their different story on a single company.

On the other hand, KAM may be established as an aggressive strategy thinking that it may do something for the company such as the following internal motives:

- The need for prioritization of resources for markets that have sufficient growth opportunities -key accounts.
- Suppliers have recognized that products alone are no longer providing a source of competitive advantage; it is the relationships that marks secure position.
- The desire to sell solutions is perhaps the primary reason that demands the KAM approach. Selling solutions begins with clearly understanding of the customers' problem better than they understand it themselves and even before they know they even have it. Cheverton called this the 'Holy Grail' of KAM – the ultimate achievement because it is from such a position that all the best rewards of KAM flows.
- The desire to make a positive impact on the customer's business strategy through truly customer-focused value propositions using the right language.
- The pursuit of abnormal returns for abnormal efforts: KAM certainly involves abnormal efforts compared to 'traditional' selling which makes the supplier to expect an abnormal return and this said to be the universal rule of KAM as Cheverton pointed out.

Whatever the motive KAM may be established, a company may enjoy the following benefits as pointed by different researchers:

- KAM improves mutual understanding and benefit between the supplier and the customer (McDonalds and Woodburn 2007: p.284, Ryals and Davies 2013: p.33).
- KAM helps for the visibility of key account needs (McDonalds and Woodburn, 2007 p.284, Ryals and Davies 2013: p.33) and their challenges (Cheverton 2008, p.13) so that to satisfy with appropriate solutions (Baddar and Brennan 2009: p.613).
- KAM is important to achieve sales targets and quotas, expand market share (Baddar and Brennan 2009: p.613), maximize revenue (Ryals and Davies 2013, p.33), and increase profit (McDonalds 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 Woodburn, 2007: p.27).
- KAM is a means of prioritizing resources and investment which helps to better allocate company's resources in pursuit of greater effectiveness (McDonalds Woodburn, 2007 p.284, Cheverton ,2008: p.13)
- KAM helps to manage the company's future through sustainable long-term commitment (Ryals and Davies, 2013: p.33) and investments on its most important customers (Cheverton, 2008: p.13).
- Rewarding 'key account' status to good customers brings enhanced long-term customer relationships, greater loyalty and trust (Cheverton 2008 p.13, Ryals and Davies, 2013: p.33), distinctive image, and strategic partnerships with customers (Baddar and Brennan, 2009: p.614 and McDonalds and Woodburn 2007: p.284)
- KAM is also a competitive tool that helps to lock out competitors (Jones 2000, p.13, McDonald and Woodburn, 2007:p. 272). Cheverton (2008, p.13) pointed that KAM helps to win competitive advantage through new value propositions.

In KAM, the supplier is not the only beneficiary. As a relationship strategy; KAM has two-way benefits for the buyer and the seller. As described by McDonalds and Woodburn (2007: p. 284), building close relationships between supplier and customer organizations adds superior value to the customer's as well as to the supplier's business. In KAM alliances there is a very high level of buyer-seller collaboration, including joint planning, joint coordination, information sharing, avoidance of opportunism, and long-term commitment.

Jobber and Lancaster (2009, p. 284) has summarized the benefits that buyers can derive from KAM implementation. They can get improved service as a result of the special attention afforded by key account management organization; improved communication and co-ordination as a result of single point of contact on the supplier side (the key account manager or dedicated sales executive); can have a strong bargaining position to negotiate low prices and credit terms because of their importance to suppliers; avoidance of switching costs that comes from working long-term with suppliers; customized offerings designed to meet the specific needs of the customer; integrated systems such as in information communication technology (ICT) for delivery and billing; and cooperation on research and development which helps to develop new products and to promote jointly.

2.1.2. Risks of Key Account Management

Although KAM can drive lots of benefits for both buyers and suppliers; it is not a risk free approach. Jobber and Lancaster (2009 p. 285) pointed out some of the potential dangers that can face suppliers who adopt key account management. Firstly, when resources are channeled towards a limited number of accounts, the supplier runs the risk of increased dependence on, and vulnerability too, relatively few customers. Over-reliance on one (or a few) buyer(s) can lead to market problems whenever external factor like competition is stiff. The secondly risk is the risk of pressure on profit margins if a customer chooses to abuse its key account status. Thirdly, investing resources on a few key accounts may lead to neglect of smaller accounts.

In a similar manner, McDonald and Woodburn (2007: p.16) also highlighted the following risks associated with KAM in the selling company:

- ✓ The risk of being vulnerable to opportunism and not obtaining a satisfactory saving or return on investment in the relationship.
- ✓ The risk of committing to one partner at the exclusion of others and ‘backing the wrong horse’.
- ✓ The risk of misunderstanding the relationship and failing to achieve reciprocal security.

On the other hand, customers involved in key account management relationships may encounter some potential dangers (Jobber and Lancaster 2009: p. 286). The first possible risk is related to supply problem due to the reliance on a single seller. Besides, establishing 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.

Piercy and Lane (2006, p. 19-24) 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.

2.1.3. Favorable Conditions of KAM Implementation

KAM is not applicable for all businesses. According to Burnett (1992), as cited by Jobber and Lancaster (2009), the extent for the existence of the following circumstances determines a company to move towards setting up key accounts:

1. A small number of customers account for a high proportion of the supplier’s sales, i.e., about 20 percent of customers contributes 80 percent of the seller’s total revenue (Jones, 2009, p.13).
2. There is potential for differentiation of the product and/or service provided by the supplier in a way that is highly valued by the customer.

3. Customers exhibit complex buying behavior with large decision-making units applying varied choice criteria, often in multiple locations, meaning that a geographical organizational structure is inappropriate.
4. Multifunction contacts between supplier and customer are required.
5. Significant cost savings are possible through dealing selectively with a small number of large customers, and joint agreements of production and delivery schedules.
6. There is a danger of different salespeople from the supplier's sales force calling upon the same customer to sell different products or offer conflicting solutions to problems.
7. The establishment of in-depth communications and strong relationships with customers may lead to the opportunity of tailoring products and services to specific customer needs.
8. Customers are centralizing their operations. This makes easy to a key account manager to contact the respective body of the company.
9. Competition is improving its account handling by moving to key account management.
10. Competition is high.

2.1.4. Key Accounts Selection Criteria

Key Accounts are selected based on how important the selling company views the buying company in their strategic approach. Choosing all the right ones and none of the wrong ones is crucial to success. Companies can have only a handful of well managed key accounts in order to succeed, as it's possible to truly devote time only to few customers with strong partnerships. Each of us has hundreds of friends, but we only have capacity to devote real quality time and love to a handful may be four or five. The same principle applies to companies, who must decide extremely carefully which major customers they are prepared to allocate this scarce resource (McDonald and Woodburn 2007)

Companies should balance the number of key customers it can handle with number that represents enough business potential to make the initiative and the effort involved worthwhile (McDonald and Woodburn, 2007: p.29). Accordingly, the optimum number of key customers is somewhere between 15 and 35. About 50 key customers seemed to be the ceiling for successful KAM in even the largest corporations.

In selecting their accounts, companies use the following selection criteria frequently as identified by different researchers:

- Amount of potential and current annual sales to the account; Peals (1991, p. 5), (Baddar and Brennan, 2009: p.613) Workman et al. (2003, p. 18), Boles, Johnston and Gardner 199, p. 270). The larger the amount of revenue a customer generates, the higher will be the probability to be selected as a 'key account'. Perhaps, 20 percent of a company's customers may produce 80 percent of its revenue. So these customers can be entitled as 'key accounts'. Jones(2000, p.3)
- Size of customer (Boles et al., 199: p. 270, Baddar and Brennan, 2009: p.613),
- The capacity to develop the seller's image, Peals (1991, p. 5);
- Possibility of using the account as a reference/showcase (Workman et al., 2003: p. 18),
- Demand for special treatment by the account, (Workman et al., 2003: p. 18), and
- Earning about key technologies from the account (Workman et al., 2003: p. 18, Peals, 1991: p. 5).

2.1.5. Key Accounts Selection Steps

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.

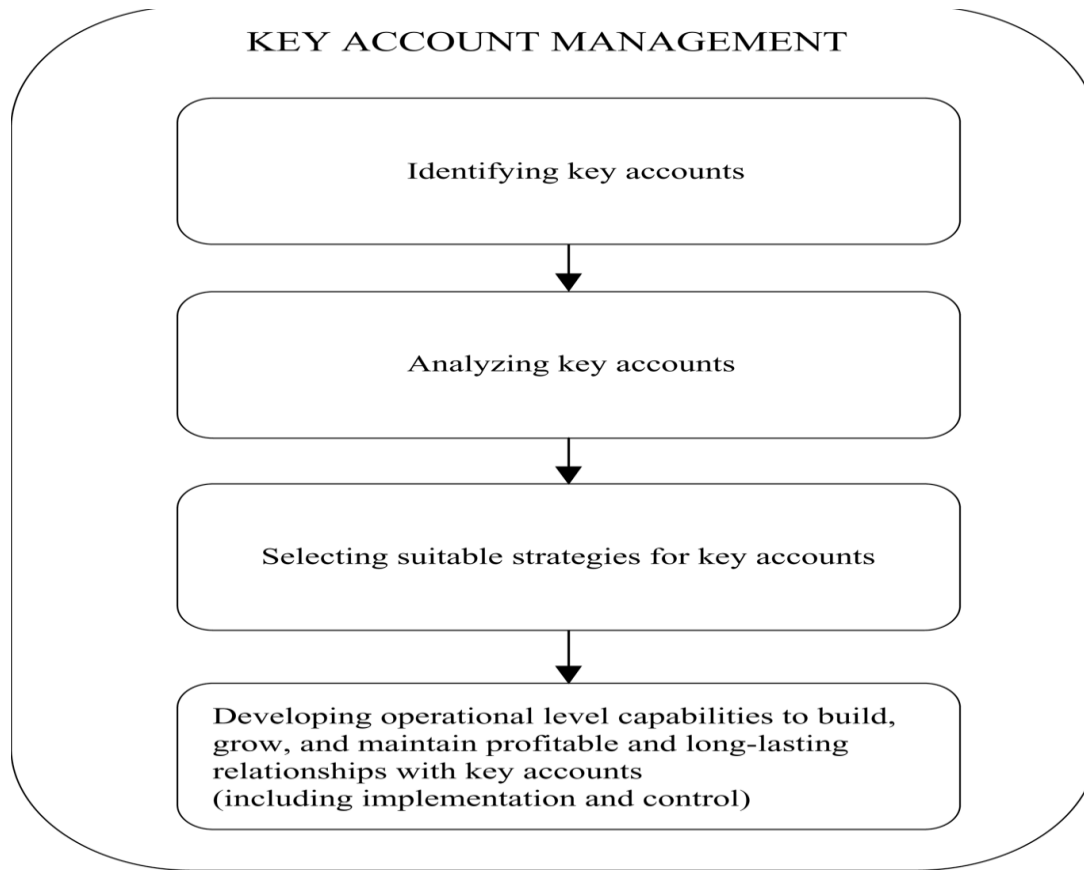


Figure 1: Elements of KAM (Source: Ojasalo, 2001: p.202)

- i. **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).

- ii. **Analyzing key Accounts:** according to Ojasalo (2000), 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.

- iii. **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 200: p.2011). 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 2007: p.84).

- iv. **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. Relational Model of Key Accounts Management

The model shows progression of a buyer–seller relationship. The six stage model was identified by Millman and Wilson (1995) and is presented as follow:

- i. **Pre-KAM:** describes preparation for KAM, or ‘prospecting’ (Jobber and Lancaster, 2009). It is the stage of identifying those accounts with the potential for moving towards key account status and to avoid wasting investment on those accounts that lack the potential. Pre-KAM selling strategies involve making products and services available while attempting to gather information about customers so that their key account potential can be assessed.
- ii. **Early-KAM:** involves the exploration of opportunities for closer collaboration by identifying the motives, culture and concerns of the customer. The selling company needs to convince the customer of the benefits of being a ‘preferred customer’. It will seek to understand the customer’s decision-making unit and processes, and the problems and opportunities that relate to the value adding processes. Product and service adaptations may be made to fit customer needs better. An objective of the sales effort will be to build trust based on consistent performance and open communications.
- iii. **Mid-KAM:** As the relationship develops, so do levels of trust and the range of problems that the relationship addresses. The number of cross-boundary contacts will also increase with the sales person perhaps taking a less central role. The account review process carried out at the selling organization will tend to move upwards to involve senior management because of the importance of the customer and the level of resource allocation. Since the account is not yet exclusive the activities of competitors will require constant monitoring.
- iv. **Partnership-KAM:** This is the maturity stage of the relationship where the buying organization regards the supplier as an important strategic resource. The level of trust will be sufficient for both parties to be willing to share sensitive information. The focus of activities moves to joint problem-solving, collaborative product development and mutual training of the other firm’s staff. According to Jobber and Lancaster (2009), a formalized partnership agreement of at least three years’ duration will be arranged. The buying organization will expect guaranteed continuity of supply, excellent service and top quality products. A key task of the account manager is to reinforce the high levels of trust to exclude potential competitors.
- v. **Synergistic-KAM:** Synergistic-KAM is the ultimate stage of the relational development model. Buyer and seller see one another not as two separate organizations, but as part of a

larger entity. Top management commitment manifests itself in joint board meetings and joint business planning, research and development, and market research take place. Costing systems become transparent, unnecessary costs are removed and process improvements are mutually achieved. For example, a logistics company together with one of its retail key accounts has six cross-boundary teams working on process improvements at any one time.

- vi. **Uncoupling-KAM:** This is where transactions and interactions cease. Breakdowns are more often attributable to changes in key personnel and breach of trust in relationship like product or service quality problems, fail to keep promises and any other performance issue.

2.1.7. Organization of Key Accounts Management

Macdonald and Woodburn (2007, p. 338) argued that key account management is essentially a boundary-crossing initiative. By its nature, KAM requires dedicated sales executive or key account manager or team to coordinate day-to-day interaction with key accounts which has significant implications on organizational structure and processes (Millman and Wilson, 1995, p.17). Besides, according to Macdonald Woodburn (2007, p. 338) key account management is essentially a boundary-crossing initiative. Therefore, suppliers might be able to resolve the issues of organization by adopting a more appropriate structure, or by installing processes that work across the existing structure.

In adopting KAM organization, there is an argument whether KAM activities should be retained under sales or set up as a separate entity at general management level (Millman and Wilson, 1995, p.17). Some companies have no even special organizational arrangements to handle their key accounts instead use their regular sales force. This might not require additional administrative costs but it ignored the special treatment and skill required to serve key accounts. Consequently, many companies adopted special organizational arrangements in different ways (Mulugeta 2011: p.175-177):

A. Assigning Key Accounts to Sales Executives

The use of sales executives to handle key accounts is a common practice among smaller firms that do not have the required resource to support a separate division or sales force. It is also common when the firm has relatively few key accounts. This is a kind of arrangement in which KAM activities are formally given to sales function. So it is a low cost approach. Besides, sales executives can provide flexible and responsive service to the key accounts.

But these executives become obsessed with getting all the business they can from their large customers without paying sufficient attention to the sales, operating or profit impact. Assigning this activity to executives may lead to deterioration of the coordination and effectiveness of the firm's overall selling and marketing efforts.

B. A Separate Key Account Division

Some other firms organize a separate division to deal with their key accounts. This allows the firm to integrate its activities to treat its major accounts. This is especially important in case where the larger sales volume is generated from fewer accounts.

However duplication of efforts and tremendous additional expense may involve. Moreover, it is risky to organize a separate division for few customers as the success or failure of the entire division is dependent on the existence of these customers.

C. A Separate Sales Force for Key Accounts

In this kind of organization, a separately responsible sales force will be established to deal only with the key accounts. In this case the key account manager will become familiar with each customer's needs and problems so that appropriate solution and treatment will be provided. It will help also the firm to select its most competent and experienced sales people for serving the

key accounts. Further, this can be taken as a motivational factor among the sales force of the company.

2.1.8. Key Accounts Management Players

According to Boles et al. (199, p. 270), most national account programs are initiated by one of the four individuals: head of sales, followed by the head of marketing, and then the head of strategic account programs. As might be expected, given the importance of national accounts, the CEO is the other key player in the national account selection process.

For Woodburn (2009, p. 33), five groups of people should be involved in KAM and must be targeted in a successful change program. These are key account managers, KAM unit, KAM team, associated functions, and senior management.

A. Key Account Managers

Key accounts are assigned a manager, often called a key account manager, who works as a contact point between the customer and the selling organization (Woodburn 2009, p. 33). It can be argued that the performance of these key account managers is paramount to the success of companies having key account programs (Mahlamäki and Uusitalo, 2009: p. 1).

A key account manager has the responsibility to plan and develop relationships with the key customer and coordinating and motivating the efforts and communications of the sales executives (Jobber and Lancaster, 2009: p. 283). Key account managers are held responsible by the customer for the delivery of what they have promised, so they need a process of two-way communication with operations by which they can brief operations with information they get from the customer, and operations can brief them as appropriate, about good and poor performance (Macdonald and Woodburn, 2007: p.239).

The key account manager has two roles: *implementation* of a business strategy with the customer, and facilitation of that implementation through building the relationship (Macdonald and Woodburn, 2007: p.281).

The implementation role is about deciding what should happen in an account and making sure the delivery. Implementation demands appropriate strategies and plans, which depend on a deep understanding of the customer, so all of that can be seen as part of effective implementation.

The facilitation role involves developing the relationships that will enable the business strategy. It goes beyond the relationship with the key point of contact in the customer, and requires relationships with other functions in the customer, cross-functional relationships.

Specifically, Macdonald and Woodburn (2007: p. 239) identified the following set of activities that key account managers have to do:

- Analyzing key accounts, developing strategy and planning
- Developing relationships with customers
- Developing business, capturing opportunities
- Selling and negotiating (Workman et al. 2003: p.10)
- Providing customer training
- Developing internal relationships
- Providing information.

However, key account managers are left with little hope of delivering what the customer wants and has been promised because the issues of structure and resource ownership (Macdonald and Woodburn, 2007: p. 317). So order to engage successfully with other functions in the supplier; the key account manager needs to have an acknowledged and accepted role that allows him/her to assemble the resources needed to implement the plan for the customer.

B. KAM Unit

This is a separate group of key account managers working in parallel with each other for different key customers (Woodburn, 2009: p. 33).

C. KAM Team

It includes the people in different functions or locations who are partly or wholly dedicated to a key customer and support the key account manager in the execution of the customer strategy (Woodburn, 2009: p. 33). Those people who are regularly involved in dealing with the customer should become part of the key account team. Key account teams are on-going groups of people with a consistent membership, working together around a particular customer or a very small number of customers (Macdonald and Woodburn, 2007: p.296-297).

Eight success factors of KAM teams are identified: defined organization, defined team roles and goals, good communication channels, exchange of ideas and knowledge, senior management support, local empowerment, customer understanding, and trust (Macdonald and Woodburn, 2007: p.304).

D. Associated Functions

The departments which host KAM team members or otherwise work with a key customer's business to deliver expectations (Woodburn 2009, p. 33).

E. Senior Management Team/Board

This consists of the board or other senior team that manages the company or SBU overall (Woodburn, 2009: p. 33). Senior management is responsible for a number of processes in successful key account management (Macdonald Woodburn, 2007: p. 238).

2.1.9. Dimensions of Key Account Management

Different researchers have identified the dimensions that determine the effectiveness of KAM. The two models which are developed by Zupancic (2008) and Workman *et al.* (2003) are particularly important to mention.

Zupancic had developed five dimensions of KAM: strategy, solution, people, management and screening. In his framework, ‘**strategy**’ encompasses the activity of analyzing the information about the key accounts and competitors serving the same key account and then realizing the strategy how the company should serve the key account.

‘**Solution**’ involves analyzing the special needs of the key accounts concerning the range of products and services, the current products and services being delivered to them, and then realizing a customized and/or an innovative solution (products and services) to add value and to realize the chosen strategy people deals with the skills, personal development programs, career-paths of the personnel.

According to Zupancic, ‘**people**’ deals with the skills, personal development programs, career-paths of the personnel. ‘**Management**’ deals with the analysis of the current way of working with key accounts, leadership approach with the people involved in KAM, and the realization of processes to serve key accounts. **Screening** deals with KAM effectiveness measuring systems, knowledge management, KAM effectiveness supporting tools, and flow of information.

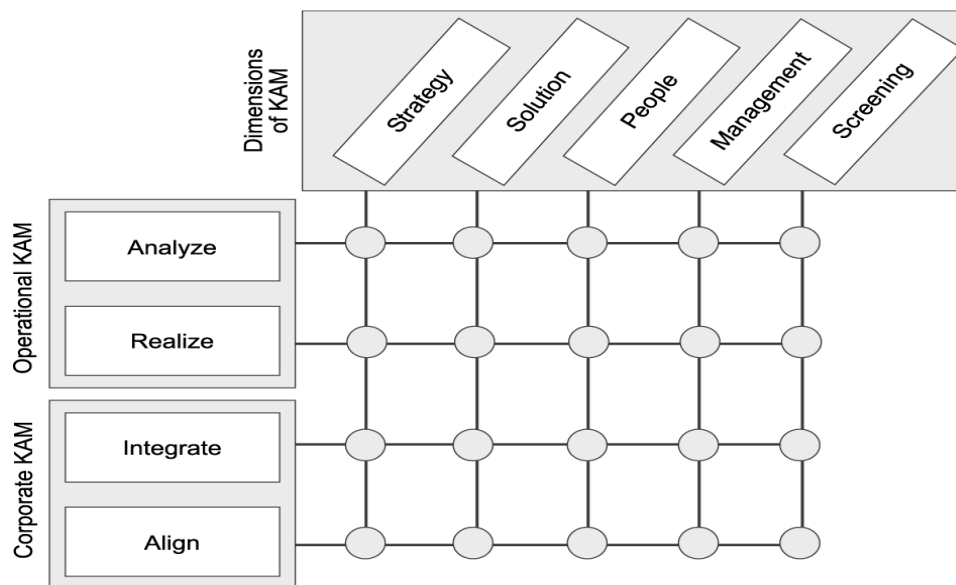


Figure 2: KAM framework (source: Zupancic 2008, p.326)

As depicted in the figure above, Zupancic formulated his framework based on operational and corporate KAM approach. Which is similar to Ojasolo's study who concluded that successful KAM requires appropriate handling at both the organizational and the individual level Ojasalo (2001, p. 199).

According to Zupancic (2008, p. 325), key account management starts with an analysis of the customer, the supplier's own situation and also the competitors' situation. These is the activity of "analyze" based on which the management of the key account starts to a plan and put into practice, described as "realize" KAM. Analyzing and realizing are tasks that should be done by the key account manager and usually a team. Content and knowledge of the first two groups are named "operational KAM" in his framework.

Zupancic described that, KAM requires specific conditions on corporate level. KAM is not a stand-alone activity in a company. Instead it has to be integrated into the organization "integrate". It is also necessary to "align" the corporate strategy, structure and culture with the KAM program. Content and knowledge of these two areas is named "corporate KAM" in the framework. He argued that corporate management, the head of sales/KAM or a dedicated project manager should be in charge for these activities.

In the figure, each dimension (strategy, solution, people management and screening) is crossed with the elements of the operational and corporate KAM (analyze, realize, integrate and align). This is based on the argument that operational and corporate KAM addresses different target groups (key account managers/teams and the corporate management) both can be provided with substantial support for their task. Key account managers and their teams will be supported with a kind of management process that covers the analysis of the relationship and the realization of a management process for KAM. The top management on the other side will be supported with a full overview of the levers a company can use to implement and optimize KAM.

Another model on KAM dimension is that of Workman *et al.* (2003) model. Here, there are four dimension of KAM: '**activities**', '**actors**', '**resources**' and '**formalization**'. These dimensions are hypothesized to explain KAM effectiveness in the model. The dimension of 'activities' is further divided into *activity intensity* and *activity proactiveness*. *Activity intensity* refers to the

extent to which additional activities are performed for key accounts. The types of activities are grouped under the 4P framework (i.e., product, pricing, promotion, and place), with the addition of communication and information sharing. Activity proactiveness, on the other hand, refers to the extent to which the supplier initiates activities.

Top management (involvement, support, and commitment) and use of KAM team (plan and coordinate for accounts solution) are considered as the ‘actors’ in the model. Under the dimension of ‘resources’, *esprit de corps* and *access to marketing and sales resources* are categorized. *KAM esprit de corps* is defined as the extent to which people involved in the management of key accounts feel obligated to common goals and to each other. It is related to the development of an organizational culture that supports customers. *Access to marketing and sales resources* is the extent to which a key account manager can obtain needed contributions to KAM from marketing and sales groups. The last dimension is ‘**formalization**’ which is defined as the extent to which an organization has established policies and procedures for handling its most important set of customers.

Finally, it may be important to compare and contrast the two models in such a way that, the second model is more general while the first one is more specific. For instance, ‘strategy’ and ‘solutions’ can be incorporated under the ‘activates’ dimension of Workman et al. as these are the major activates a supplier performs to its key accounts. ‘People’ dimension in Zupancic’s model is the most important ‘resources’ of the supplier in Workman et al. model. The ‘management’ and the ‘people’ dimension in Zupancic’s are the ‘actors’ in the Workman et al. model. ‘Screening’ dimension is similar with ‘formalization’ dimension of Workman et al. model.

2.2. Conceptual Framework

Among the different KAM models in the literature, this study uses the combination of the models constructed by Zupancic (2008) and Workman et al. (2003). Except the two extended variables (government and cultural influences) developed to consider external factors and to customize the model in the context of Ethio Telecom, all the other dimensions (the exogenous variables) are

adopted from Zupancic. 'KAM effectiveness', which is the endogenous variable, is taken from Workman et al. (2003).

These models are supported by other researchers. Zupancic's model, for instance, is supported by Kruger (2011); Nordberg (2011); and by Management Center Europe (MCE, 2013). Ihsan (2011) and Badder and Brennan (2011) also use the model of Workman et al. (2003) for further investigation.

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 MCE (2013). Specifically: strategy, people, management, organization, measurement, process and tools are considered as essential for successful KAM. 'Organization' and 'processes' are incorporated under 'management' dimension in Zupancic's KAM framework. 'Measurement' and 'tools' are incorporated in 'screening'.

Zupancic (2008, p.329) argues that the better a company fulfills each of the elements, the better the performance of its KAM program. This study preferred to use 'KAM effectiveness' instead of 'KAM performance' as the former is widely used in KAM literature such as by Workman et al. (2003). It is also well defined concept in KAM. So Zupancic's argument will be tested by taking his dimensions as the determinants of KAM effectiveness; as it has not yet tested empirically. Accordingly, the following modified model as well as hypotheses are formulated to test the applicability of the framework.

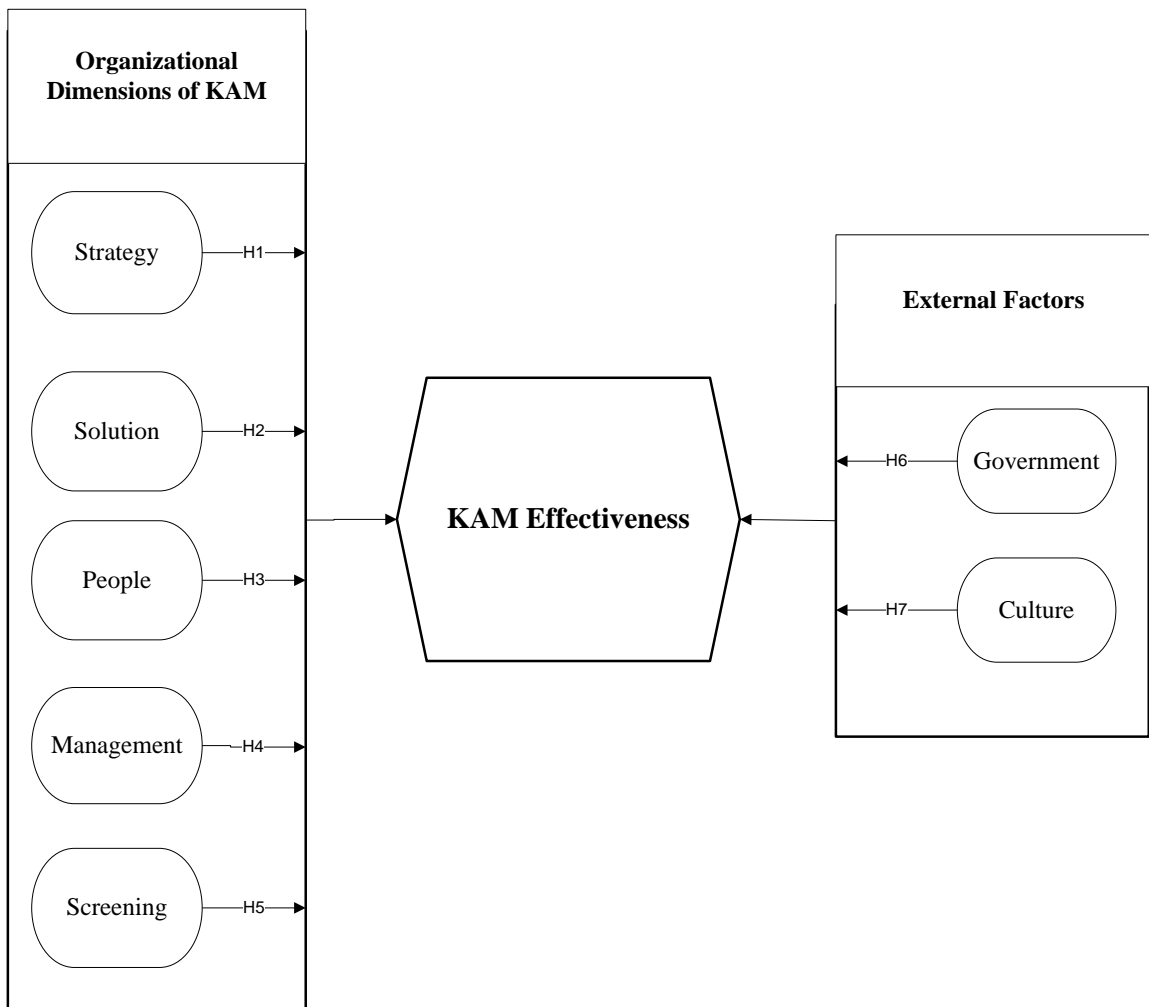


Figure 3: Hypothesized Determinants of KAM Effectiveness: A Conceptual Model

2.2.1. Conceptualized Determinants of Key Account Management

A. Strategy

Strategy refers to the specific choices a business will make to achieve a desired outcome, Kruger (2011, p.21). So KAM strategy is the means by which suppliers' objectives on KAM are achieved. In Zupancic's model, strategy covers both specific strategies for the selected key accounts and the strategies which focus on KAM within the overall corporate strategy. Key account management requires suppliers to deliver customized, innovative strategies to individual customers, (Macdonald and Woodburn, 2007: p. 27). Zupancic (2008: p.327) defined the KAM dimension of 'strategy' as the process of analyzing the information about the key accounts and competitors serving the same key account and then realizing the strategy.

According to Kruger (2011: p.21) KAM strategy addresses how the company serves its key accounts, how key accounts are selected and how management integrates and supports KAM in the organization. He pointed that strategy to invest in the business's own competencies, accounts knowledge and relationships with them is believed to determine KAM effectiveness.

For the objectives set out to achieve with KAM programs, the strategies may focus on (Jones, 2000: p.41):

- Renovation of the product/service to provide
- Revision the price at which it is sold
- Promotion of offerings to the key account in a different way
- Changing or expanding outlets and the way of distribution
- Obtain extra resources

In a nutshell, corporate KAM strategic plan, customized and/or innovative strategies, investment on key accounts' knowledge and relationships, and the marketing strategies related to product changes, price adjustments, IMC, and place of sales determines the effectiveness of KAM. So, we hypothesized as:

H₁. Strategy positively and significantly determines KAM effectiveness.

B. Solutions

The dimension of ‘solution’ starts with the clear understanding of customer needs and product requirements and then offering of customized solutions and innovated (Zupancic, 2008: p.327; Kruger, 2011). According to Zupancic (2008: p.327), solution is the process of analyzing the special needs of the key accounts concerning the own range of products and services, the current products and services being delivered to them, and then realizing a customized and/or an innovative solution (products and services) to add value and to realize the chosen strategy.

Jones (2000, p.77-80), suggested the following processes to provide solutions to key account customers:

- Probe problems - ask questions that explore the difficulties and dissatisfactions of key accounts in areas where product/service can help
- Estimate the **amount** that the problem costing key accounts in money terms.
- **Prioritize** the business problems - how big an issue is it for them?
- Establish **actions** about each problem.
- Present a **solution** to the problem.

Customers require business solutions (offers) that can be applicable, appropriate and affordable. According to Baddar and Brennan (2009), the job of the KAM is to solve all the customer’s problems, to act as a consultant not as a sales person, to create the need for the customer, to propose to the client business ideas that represent business solutions. Genuine KAM reaches deep inside a company to come up with the kind of breadth of offer and innovation that these key accounts seek (McDonalds and Woodburn, 2007, p. 28). Therefore, the higher the capacity of a supplier to deliver solutions and treatments, the more successful will be the KAM approaches.

H₂. Solution positively and significantly determines KAM effectiveness.

C. People

According to Zupancic (2008: p.327), people deals with the skills; personal development programs; and career paths of the personnel. It defines the people requirements to service the key account which includes the competency requirements, selection, training requirements and the view of management on the importance of key account people within the organization (Kruger, 2011). The people in KAM units consist of the key account management team that includes the key account manager and the sales executives.

As cited by Badder and Brennan (2009), McDonalds & Rogers (1998: p. 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. Integrity, resilience (persistence), selling (negotiating), likeability are the elements of personal qualities. Subject knowledge embraces product knowledge, understanding of business environment (markets), financial knowledge, computer literacy, and languages (cultural knowledge). Creativity (flexibility Strategic thinking), planning, boundary spanning (e.g. ability to look from different perspectives) are the subset of thinking skill. Communication skills, leadership skills, credibility, and administration skills are the sub categories of managerial skill.

Therefore, the personal skill of the personnel (key account manager and sales executives and other players in KAM unit); product knowledge; compensation, benefit, and carrier path programs of the company; competency requirements, recruitment and selection process; and trainings determine KAM effectiveness. And we hypothesize:

H3. People positively and significantly determine KAM effectiveness.

D. Management

Management includes aspects like structure, processes and coordination (Zupancic, 2008; Millman and Wilson, 1999). In his framework, Zupancic defined it as the analysis of the current

way of working with key accounts, leadership approach with the people involved in KAM, and the realization of processes to serve key accounts. According to Kruger (2011), it involves the processes required to manage key accounts, the internal coordination of resources, the formalizing of structures and remuneration policies for key account personnel.

So, key account management units should receive sufficient support from top level management (Brady, 2004.). Workman et al. (2003) also found that the relationship between top management involvement and KAM effectiveness is significant. Top executives need to be committed to the management of the firm's most strategic customers (Guesalaga, 2007: p.5).

Generally, senior managements' involvement, support, commitment, leadership approach, ability to motivate staffs, ability to allocate and coordinate resources, formalization of organizational structure, processes, and relationship with key accounts affects KAM effectiveness. On the basis of this logic, we hypothesize the following:

H₄. Management positively and significantly determines KAM effectiveness.

E. Screening

Screening deals with KAM effectiveness measuring systems, knowledge management, KAM effectiveness supporting tools, and flow of information. According to Kruger (2011), screening involves the processes and system requirements to measure KAM progress, protection of knowledge and reporting systems.

Thus, standard key accounts selection criteria, KAM profitability measurement systems, key accounts' satisfaction measurement systems, key accounts' performance assessment, existence of supporting tools, and the means of information flow determines KAM effectiveness. On the basis of these considerations, we hypothesize the following:

H₅. Screening positively and significantly determines KAM effectiveness.

2.2.2. Conceptualized External Factors of Key Account Management

KAM is not only influenced by the above listed internal or organizational factors. But also by external or environmental factors (Homburg *et al.*, 2002). These are moderators that affect the strength of the link between organizational factors and KAM effectiveness. These include competitors, government, culture, technology, and the economy (Ihsan, 201: p.80).

In this study government and cultural influences are proposed to affect the link between organizational factors and KAM effectiveness. Other factors such as competition, technology and economic factors are excluded intentionally, thinking that their effect is insignificant.

F. Government

The impact of government influence on KAM effectiveness may be important to be studied along with the organizational factors. As a governmentally owned company, the influence of government on Ethio Telecom's KAM implementation may be significant. Government may intervene in each activity of the company for its different motive and KAM will not be exceptional. Government as a powerful customer, its interest and regulations on KAM approach are considered to determine KAM effectiveness. Understanding this, we hypothesize the following:

H₆. Government indirectly and significantly determines KAM effectiveness.

G. Culture

The second environmental factor posited to moderate the relationship between organizational factors and KAM effectiveness is 'culture'. The culture of the customers: such as business

(marketing) knowledge, values and attitudes, manners and customs, material elements, education and social institutions can affect KAM implementation. So these elements may have a major impact on a number of key account management related issues, including how relationships start and develop, buyer-seller interactions, business networks, business negotiations, buying-decision process in the buyer's organizations, selling styles, personal and institutional credibility, and sales force management (Ihsan, 2011: p.80). On the basis of this logic, we hypothesize as:

H7. Culture indirectly and significantly determines KAM effectiveness.

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

This chapter discusses the research plan and method employed to answer the basic research question of the study. It presents the research type as well as the data source and collection procedure.

3.1. Research Design

This research employed mixed research design. It used both qualitative and quantitative data collection and analysis method. As Bhattacharjee (2012, p.109) pointed, both quantitative and qualitative data (mixed) in any design can be collected using a variety of techniques such as questionnaires, interviews, observations, documents (internal or external), third-party data, or any combination thereof. For instance, a highly structured survey questionnaire, intended to collect quantitative data, may leave some room for a few open-ended questions to collect qualitative data that may generate unexpected insights not otherwise possible from quantitative data alone.

Therefore, qualitatively this study used open ended questions, secondary data (the case company's reports and website) and participant observation being an active participant in the meetings and practically on the job. Quantitatively, structured survey questionnaire was designed to collect objective data using Likert scales with five anchors ranging from 'strongly disagree' to 'strongly agree'. With this method the empirical application of the conceptual model of KAM effectiveness was tested hypothetically taking the case of Ethio Telecom.

Our conceptual model is based the KAM framework developed by Zupancic (2008) and Workman et al. (2003). In his framework, Zupancic identified five dimensions of KAM: strategy,

solution, people, management and screening. He argues that the better a company fulfills each of the elements, the better the performance of its KAM program. But this was not tested empirically. Besides, external factors were not considered that may have indirect impacts on KAM approach. So, our research is both conceptual and empirical.

To test the empirical application, a case-study approach was selected because of its empirical enquiry that investigates a contemporary phenomenon with in its real life context, especially when the boundaries between phenomenon and context are not clearly evident (Yin, 1994, cited by Krznaric & Popovski, 2000: p.17). For this, we selected Ethio Telecom since it adopted key account management approach as a result of the transformation made from 2010 to 2013 with the support of one of the leading telecom operator in the world-France telecom.

3.2. Population and Sampling Techniques

The target population of this study consists of the key players of KAM in Ethio Telecom. It includes those in the management position and the non-managers of the department of key account management. The department, headed by Executive Officer, is responsible to coordinate key account managers. The key account managers headed each of the above listed sectors and coordinates sales executives. Sales executives have given the responsibility of acting as the single point of contact within Ethio Telecom for each account.

The total size of the population, which comprises the officer; key account managers; and sales executives, is about 48. Since this is too easy to manage, census is the technique used to conclude the study.

Table 1: Population Characteristics

Positions	Responsibilities	Number
Managers	Key Account Department Officer	1
	Key Account Manager	7
Non- Managers	Sales Executives	40
Total		48

Source: Reports of Key Account Department of Ethio Telecom (2014)

3.3. Data Sources and Tools

3.3.1. Data Sources

The study used both primary and secondary data sources. The primary data were collected from the company's employee using the structured questionnaire. Those in the management position (officers and managers) and sales executives were taken as key informants to complete the survey. They are the key players of KAM in the case study company and thus the most knowledgeable to answer both the structured and open questions.

Secondary data, internally from the official web site of the company; intranet; reports and bulletins and externally books; journals; and other research papers, were referred. These were interpreted and analyzed to evaluate the case company's KAM practice.

3.3.2. Data Collection Tools

Mainly the data collection tool employed was questionnaire. But participant observation was also used to infer the practice of KAM in the case company. As this method requires the direct involvement of the researcher (Bhattacharjee, 2012), we attended the meetings; report panels; observe the conversations between sales executives and key accounts in Ethio Telecom office.

To minimize the influence that might arouse due to the involvement, the observation was substantiated by incorporating others' ideas with open ended questions.

Questionnaire was selected because, firstly, it is economical in terms of researcher time, effort and cost than most other methods. Secondly, it is found to be more appropriate to gather the feelings and responses of respondents. It keeps away from interviewer bias, guiding and cues that can impact the legitimacy and reliability of the data collection. Thirdly, it is through questionnaires that standardized responses are gathered (Bhattacharjee, 2012).

Our questionnaire contained three parts. The first part is designed to collect respondents' background information. It includes questions about their education which may have an effect on their understanding of KAM approach, about their service year that helps to capture their experiences in managing and serving key accounts, about their position in KAM to know whether their role can affect KAM effectiveness, and the group of key accounts they serve to know if there are differences of KAM effectiveness across these segments.

The second part is the structured questions designed to measure each dimension and the dependent variable. 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), Gounaries and Tzempeikos (2012) and Macdonald and Woodburn (2007). These items were designed to explain each of the independent variables (strategy, solution, people, management, screening, government influences and socio-cultural influences) and the dependent variable (KAM effectiveness). Except the items for the dependent variable, which were totally adopted from Irving (1995), all other items of the independent variables were developed based on the definitions and explanations given by the above mentioned researchers.

Totally 49 items were developed to describe both the independent and dependent variables with five-point Likert scale (1= strongly disagree to 5= strongly agree) to prove each hypotheses. With this, the first three research questions will be addressed. The ultimate goal of the structured questions is to get objective literature based answers.

The third part is open ended question that is designed to collect data related to the implementation practice of Ethio Telecom. It helps to capture the ideas of the practitioners as this type of questionnaire gives them some sort of freedom to answers based on their experiences and observations. It is developed based on different KAM checklists developed by MacDonald and Woodburn (2007), Ojasalo (2001), Badder and Bernan (2009) and Jones (2000). It is believed that these questions will measure significantly the performance of KAM implementation at Ethio Telecom. By this, the fourth research question will be answered.

3.4. Data Collection Procedures

First, structured and open ended questionnaire were developed and constructive comments were given by the advisor. Then it was distributed to the target population physically to each one of the 48 respondents. About eight days were given to respond.

From the total respondents, 38 of them responded in the given time and thus the response rate became 0.79. From this, 35 were considered valid and were used in the final analysis. The 3 were eliminated because some errors in filling the structured question. From those who successfully responded, 32 were sales executives and the rest 6 were managers.

While administering the questionnaire, observations were undertaken on the relationship between the key accounts and the respective sales executives. Besides, three meetings of the department were attended.

3.5. Measurement of Reliability and Validity

Reliability refers to the quality of a measurement procedure to provide repeatability and accuracy. A construct is said to be reliable or consistent if it brings same result when we use it multiple times (Bhattacharjee 2012). Since we used multiple-item construct measure to the respondents, the extent to which respondents rate those items in a similar manner or in short the ‘internal

consistency' was estimated after the survey by including all the items. The internal consistency of the scale items was computed using the commonly applicable method called Cronbach alpha. Thus, the overall reliability of the scale was found to be 0.915 (Table 2) which indicates the acceptability of the items.

Partially, the scale consistency of the dimensions adopted from Zupancic (2008) namely: strategy, solution, people, management and screening is 0.914. Each of these scored 0.709, 0.545, 0.752, 0.879 and 0.801 respectively. The extended new dimensions of government and culture estimated to be 0.686 and 0.871 respectively.

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.

Table 2: Scale Reliability with Cronbach's Alpha

Dimensions	Cronbach's Alpha	No. of Items
Strategy	0.709	7
Solution	0.545	5
People	0.752	5
Management	0.859	10
Screening	0.801	8
Government	0.686	5
Culture	0.871	3
KAM Effectiveness	0.771	6
Overall Scale Reliability	0.915	49

Source: Survey questionnaire

3.6. Method of Data Analysis

In accordance with the type of data collected and the objectives set out, mixed method analyses (qualitative and quantitative) were used. The qualitative data collected using open ended

questions, documentation and participatory observations were interpreted using content analysis and descriptive statistics.

On the other hand, the quantitative data collected using the structured questionnaire were analyzed using different statistical tools in line with the research objectives. Assisted by the SPSS (version 20) package, descriptive statistics such as frequency, mean, skewness and kurtosis were used to describe the demographic information, to explain the importance of each dimension as rated by the respondents, to check normal distribution respectively.

The inferential statistics were also used to test the hypotheses and to answer the research questions raised, such as to measure associations between the dependent and the independent variables and the impact of independent variables on the dependent variable. Correlation was used to explore the association of independent variables (strategy, solution, people, management, screening, government and culture) with the dependent variable (KAM effectiveness). By this, the second research question will be addressed. Multiple linear regression was used to analyze the impact of each factor on KAM effectiveness. With this, our hypotheses will be tested. Thus, our third research question will be addressed.

CHAPTER FOUR

4. FINDINGS AND DISCUSSIONS

This chapter tries to analyze and discuss the data collected using the appropriate statistical techniques mentioned in chapter three. It addresses the research questions raised in the first chapter and tests the hypotheses postulated based on the literatures in chapter two. The first part of this chapter reports the demographic characteristics of the respondents. The second part is the main part of the chapter that analyzes the data collected using the structured questions. Finally, the data collected using the open ended questions will be analyzed to evaluate the KAM implementation practice at Ethio Telecom.

4.1. Respondent's Characteristics

This section summarizes the demographic characteristics of the respondents such as education, position, experience, and section.

To begin with the respondent's education profile, the majority (88.6 percent) of the respondents are first degree holders followed by master holders (8.6 percent) and lastly diploma (2.9 percent) holders.

Table 3: Respondent's Education Levels

Educational Levels	Frequency	Percent
Diploma	1	2.9
Degree	31	88.6
Masters	3	8.6
Total	35	100.0

Source: survey questionnaire

When we see the position of the respondents, 82.9 percent of them are non-managers and the rest 17.1 percent are managers.

Table 4: Respondent's Position

Positions	Frequency	Percent
Staff	29	82.9
Managers	6	17.1
Total	35	100.0

Source: survey questionnaire

With respect to service year, about half (51.4 percent) of the respondents have served key accounts for more than three years, followed by beginners (31.4) who have served key accounts for one year or less, 11.4 percent of them for more than a year but less than two years and the remaining 5.7 percent in between two and three years.

Table 5: Respondent's Service year

Service Year	Frequency	Percent
Less or equal to one year	11	31.4
Between one and two years	4	11.4
Between two and three years	2	5.7
Greater than three years	18	51.4
Total	35	100.0

Source: survey questionnaire

When we see the respondents' distribution across the sections (key accounts segments), it is more or less equal. The majority (20 percent) manages or serves key accounts from the private service sector, 17.1 percent treats those customers having complex and/or special projects; key accounts from financial institutions, international organizations & embassies and government administration have equal proportion (14.3 percent each); followed by public service enterprises handled by 11.4 percent of the respondents; and 8.6 percent of them serve key accounts from the production and manufacturing sector.

Table 6: Respondent's Section

Sections/Customer Segments	Frequency	Percent
Financial Institutions	5	14.3
International Organizations & Embassies	5	14.3
Government Administration	5	14.3
Public Enterprise	4	11.4
Private Enterprise Service	7	20.0
Complex & Special Projects	6	17.1
Production & Industries	3	8.6
Total	35	100.0

Source: survey questionnaire

4.2. Descriptive Analysis

It is also important to see the mean score of respondents from each of the segments of the key accounts. The mean summary of independent and dependent variables is shown in table 7 below. Most of the respondents from financial institutions agree (more approximately strongly agree, mean= 4.714) with the importance of ‘strategy’ that includes items: KAM strategic plan, customized and/or innovative strategies, product/service changes, price adjustments, promoting services, changing or expanding places of sales, and an investment on key accounts’ knowledge and relationships so as to make KAM effective.

Respondents from international organizations & embassies, complex & special projects, and government administration are second, third and fourth with the mean scores of 4.67, 4.4 and 4.3 respectively. Relatively lower strategy mean score was observed from respondents of private service enterprise (4.1014) and production & industries (4.0967) which are in fact slightly above the extent of ‘agree’. Totally, respondents agreed (mean score=4.399) that strategy is key in determining KAM effectiveness

Table 7: Means of KAM Effectiveness and its Dimensions

Respondent's Section	Strategy	Solution	People	Management	Screening	Government	Cu
Financial Institutions	4.71	4.56	4.48	4.56	4.25	4.20	
International Organizations & Embassies	4.69	4.56	4.72	4.52	4.38	4.12	
Government Administration	4.43	4.48	4.28	4.56	4.28	3.96	
Public Enterprise	4.35	4.60	4.50	4.60	4.35	3.25	
Private Enterprise Service	4.10	4.40	4.08	4.01	3.82	3.28	
Complex & Special Projects	4.40	4.33	4.20	4.28	4.09	3.03	
Production & Industries	4.17	4.27	4.47	4.30	4.00	3.67	
Total	4.40	4.46	4.36	4.38	4.15	3.62	

Source: Survey questionnaire

Similarly, 'solution' was also found important by the respondents of private service enterprises (4.6) followed by financial institutions and international organizations & embassies each of which scores 4.56. Totally, respondents from all segments believed on the significance of solution, specifically, identifying and analyzing the special needs and problems of key accounts, providing customized and/or innovative solutions, solving the key accounts' problems and dissatisfactions, immediate response to key accounts' requirements/ problems, and suggesting applicable and appropriate solutions (telecom services) in determining KAMM effectiveness at a cumulative mean score of 4.46.

They also confirmed that 'people' which incorporates personal skill; product knowledge; compensation, benefits, and carrier path programs; competency requirements, recruitment and selection process; and trainings affects KAM effectiveness at a total mean score of 4.36.

Management which includes: senior managements' involvement, support, commitment, formalization of organizational structure, leadership approach, relationship with key accounts, processes design to manage key accounts, management's ability to allocates, management's ability to coordinate resources, and management's ability to motivate staffs, was also rated as important factor particularly by the respondents from public enterprise (4.6), financial institutions (4.56), government administration (4.56), and international organizations & embassies (4.52) at the extent closed to 'strongly agree'. The cumulative mean score for this dimension is 4.38.

From the organizational dimension of KAM, comparatively lower aggregate mean score (4.15) was observed on screening that consists of standard key accounts selection criteria, evaluation of KAM profitability, measurement of key accounts' satisfaction, assessment of key accounts' performance/profitability, superior yield customer selection, reviewing key accounts portfolio and deselecting the unprofitable one, existence of supporting tools, and ensuring flow of information. The lower mean (3.82) was given by private service enterprise respondents and the higher mean (4.38) was given by respondents from international organizations & embassies.

Unfortunately, the extended external factors namely: government and culture gained mean scores between the extent of 'neutral' and 'agree' which implies that respondents are either uncertain or have moderate attitudes towards the impact of these factors on KAM effectiveness. Cumulatively, the two factors scored means of 3.62 and 3.96 respectively. Government items include: the extent of government's interest on KAM activities, the need to be treated as 'key accounts' by governmentally owned companies and institutions, impact of government's policies and regulation on the KAM approach, the issue of ownership over Ethio Telecom, and government interventions. Yet, if we see across the group, respondents from financial institutions (4.2) and international organizations & embassies (4.12) disclose their agreement on the impact of government activities over the KAM approach of Ethio Telecom.

Cultural items in our case include: business knowledge, education background and attitudes and values of key accounts. Here, respondents from international organizations & embassies, government administration, public enterprise, and private service enterprise score means 4.47, 4.2, 4.42 and 4.05 respectively which indicates that those respondents agree with the influence of culture on KAM effectiveness.

When we see the respondents' level of agreement on the dependent variable – KAM effectiveness: in a decreasing order higher means are scored by respondents from government administration (4.73), public enterprise (4.71), international organizations & embassies (4.63), and financial institutions (4.6). This implies that respondents are nearly strongly agreed that KAM effectiveness leads mutual trust, information sharing, reputation, strong relationships, conflicts reduction, and to meet sales targets and objectives. Whereas, respondents from production & industries (4.33); complex & special projects (4.25); and private service enterprise (4.21) rated means close to the extent of 'agree'.

Generally, KAM effectiveness is believed (at a mean score of 4.48) to bring the above listed blessings to Ethio Telecom. This comes again as a result of integrated activities on strategy, solution, screening by the actors: management and people (non- managers).

4.3. Correlation Analysis

The relationship between variables is detected with correlation coefficient. A correlation coefficient expresses quantitatively the magnitude and direction of the relationship between two variables. One of the most common correlation coefficients is called Pearson correlation (r). It varies from +1.0 to -1.0. The sign of the coefficient tells us whether the relationship is positive or negative. The numerical portion of the coefficient describes the magnitude of the relationship. A coefficient of ± 1.0 indicates that a perfect relationship exists between the two variables. Contrarily, a value of 0.0 indicates an imperfect relationship.

After checking the normal distribution, correlation was undertaken. Accordingly, KAM effectiveness was found significantly associated with all KAM dimensions except strategy and the extended external dimensions at $p < 0.01$. As shown in table 9 below, the correlation coefficient ranges from the lower coefficient value of solution (0.544) to the higher value of management dimension (0.633). People and screening are also associated significantly (at $p < 0.01$) with KAM effectiveness with coefficient values of 0.552 and 0.553 respectively.

Significant correlation coefficient values among predictor variables (KAM dimensions and external moderators) were also reported (Table 8) which shows association among each other. For instance, strategy is related with solution and people with coefficient values of 0.637 and 0.51 at $p < 0.01$ and with management and screening with values of 0.416 and 0.344 at $p < 0.05$ respectively. Solution is also associated significantly at $p < 0.01$ with strategy (0.637) and people (0.448) and with management (0.428) and screening (0.403) at $p < 0.05$. Likewise, people is related with strategy (0.510), solution (0.448), management (0.704) and screening (0.515) at $p < 0.01$ significance level and with culture (0.372) at $p < 0.05$ significance level. The relationship of management with people (0.704) and screening (0.599) was found significant at $p < 0.01$ and with strategy (0.416) and solution (0.428) at $p < 0.05$ significance level. Besides, the screening dimension is correlated with management (0.515) and people (0.599) at $p < 0.01$ significance level and with strategy (0.344) and solution (.403) at $p < 0.05$ significance level.

Unluckily, significant association was not detected between government in one side and the remaining KAM dimensions (including the external variable - culture) on the other side. Culture, on the other hand, was found related with people dimension (0.372) at $p < 0.05$ significance level.

Table 8: Pearson Correlations Coefficients

Variables	KAM Effectiveness	Strategy	Solution	People	Management	Screening
Strategy	.323					
Solution	.544**	.637**				
People	.552**	.510**	.448**			
Management	.633**	.416*	.428*	.704**		
Screening	.553**	.344*	.403*	.515**	.599**	
Government	.216	.192	.177	.273	.259	.107
Culture	.078	.301	.261	.372*	.188	.174

Source: Survey questionnaire

Notes: **-Correlation is significant at the 0.01 level (2-tailed), *-Correlation is significant at the 0.05 level (2-tailed).

4.4. Regression Analysis

According to Daniel, L. (1991, p.421), a correlation between two variables does not imply that one event causes the second to occur. Therefore, to know how the dimensions of KAM and the external variables determine KAM effectiveness and thus to test the hypotheses, multiple regression was carried out. But before running the regression, the assumptions of normality of the distribution, independency of residuals, and multicollinearity of variables should be analysed.

Normal distribution is detected based on skewness and kurtosis statistics. Skewness is a measure on the asymmetry of a distribution. Whereas, kurtosis measures the extent to which observations cluster around a central point. The acceptable range for normality for both statistics is between (-) 1.0 and +1.0. As depicted in table 8, except the skewness statistics of culture (-1.518) all variables are within the acceptable range for normality (-1.0 to +1.0). The kurtosis statistics for all variables except solution (-1.241) and culture (3.597) are within the suggested range of normality (-1.0 to +1.0).

Table 9: Normality of Distribution Using Descriptive Statistics

Variables	Mean	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Strategy	4.3997	-.501	.398	-.663	.778
Solution	4.4571	-.009	.398	-1.241	.778
People	4.3600	-.789	.398	-.114	.778
Management	4.3800	-.729	.398	.075	.778
Screening	4.1497	-.257	.398	-.415	.778
Government	3.6171	.197	.398	-.791	.778
Culture	3.9629	-1.518	.398	3.597	.778
KAM Effectiveness	4.4762	-.823	.398	.959	.778

Source: survey questionnaire

Next, multicollinearity was checked. Multicollinearity is a situation when a high correlation is detected between two or more predictor variables. Statisticians say that the greater the

multicollinearity (higher than 0.70) between two variables, the less precise are the estimates of individual regression parameters. This is because when two or more variables are highly correlated, they all convey essentially the same information. As shown in table 9 above, the collinearity among all independent variables (except between people and management i.e., 0.704 at $p < 0.01$) is below the recommended value.

Multicollinearity can be also detected with tolerance values and Variance Inflation Factor (VIF) for each independent variable. Multicollinearity exists when tolerance is below 0.10 and the average VIF is larger than 2.5. As shown in table 10 (model 3), the tolerance and average VIF of management, solution and screening is 0.597, 0.8, 0.639 and 1.675, 1.25, 1.566 respectively. Thus our model fits the requirement and collinearity is not a problem.

Multiple regression assumes also residual are independent. Residuals are the prediction errors or differences between the actual score for a case and the score estimated by the regression equation. The Durbin-Watson statistic is used to test for independent of residuals. It measures how residuals are related each other across cases. No serial correlation implies that the size of the residual for one case has no impact on the size of the residual for the next case. The value of the Durbin-Watson statistic ranges from 0 to 4. As a general rule, the residuals are independent (not correlated) if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50 - 2.50. In our case (shown in the model summary table of annex 2), Durbin-Watson is 2.249 which is within the acceptable range.

After checking normality of distribution, independency of residuals and multicollinearity, multiple regression was carried out. A stepwise multiple linear regression method was followed to get the smallest possible set of predictors in the model. Besides, to obtain a weighted least-squares model, data points from the different sections of the respondents were weighted by the reciprocal of their variances. This makes the observations with large variances to have less impact on the analysis than observations associated with small variances.

The independent variables estimated to predict KAM effectiveness were strategy, solution, people, management, screening, and the other two external variables: government and culture. Using all these predictors, the stepwise multiple regression analysis resulted three models. In the

first model, the only significant predictor variable found at $p < 0.05$ was management (model 1-table 10). This model explained 41% of the variance (Adjusted R square = 0.414 and R square = 0.431) (Table 10). All other variables namely: strategy, solution, people, screening, government and culture were excluded (annex 2).

In the second model (step 2 of table 10), solution was found as a significant additional predictor together with management. The inclusion of solution into the model resulted 7% (adjusted R square = 0.482) increase in to the variance being explained (R square = 0.513).

The final model (model 3) included screening to the set of the significant predictors (management and solution) at $p < 0.05$ significance level. This model accounted for 53% (adjusted R square = 0.53, R square = 0.572 and R square change = 0.059) of the variance that increased the variance explained by 5% (see the model summary table of the third row in annex 2). As depicted in the ANOVA table (steps three of annex 2), the significance value of the F statistic is 0.000 which is less than 0.05. It means that the variation explained by the model is not due to chance. This also shows that there is a significance relationship between the independent variables and the dependent variable. The strength of the relationship is based on the R statistic, which is 0.756 (step three of the model summary table shown at annex 2) indicating a strong relationship.

Table 10: Regression Coefficients

Model	Predictors	Unstandardized Coefficients	Standardized Coefficients	Beta	t-value	Sig.	C
		B	Std. Error				
1	(Constant)	1.437	.596		2.412	.022	
	Management	.687	.137	.657	5.002	.000	1
2	(Constant)	.124	.798		.155	.878	
	Management	.546	.143	.521	3.818	.001	.
	Solution	.436	.189	.316	2.311	.027	.
3	(Constant)	-.007	.763		-.009	.993	
	Management	.375	.159	.359	2.357	.025	.
	Solution	.383	.182	.277	2.109	.043	.
	Screening	.269	.130	.304	2.066	.047	.

Notes: $R^2 = 0.431$, Adjusted $R^2 = 0.414$, F-value (1, 34) = 25.024, $p < 0.05$ (Model 1);

$R^2 = 0.513$, Adjusted $R^2 = 0.482$, F-value (2, 33) = 16.024, $p < 0.05$ (Model 2);

$R^2 = 0.572$, Adjusted $R^2 = 0.530$, F-value (3, 32) = 13.788, $p < 0.05$ (Model 3).

Consequently, from all the seven predictors, in three steps, the regression analysis reached at three significant factors (solution, management and screening at $p < 0.05$ significance level, t -value all greater than the suggested value, i.e., 1.96) which were hypothesized as determinants of KAM effectiveness. From the three significance predictors, solution ($\beta = 0.383$) emerged as the most important determinant of KAM effectiveness, management ($\beta = 0.375$) appeared second, and screening ($\beta = 0.269$) third. Thus the three hypotheses, namely: H_2 , H_4 and H_5 postulated as solution, management and screening respectively determine KAM effectiveness, get supported.

On the other hand, the remaining four (strategy, people, government and culture) variables were found insignificant ($p > 0.05$) to determine KAM effectiveness. Subsequently, H_1 , H_3 , H_6 and H_7 that posit strategy, people, government and culture determine KAM effectiveness failed to get supported.

To investigate the reason not to find significance level of prediction by these variables, a simple regression analysis was undertaken by splitting each of the variables to predict KAM effectiveness alone. As a result, people was found significant at $p = 0.000$ which explained alone 31.7 % ($R \text{ square} = 0.337$ and adjusted $R \text{ square} = 0.317$ Annex 3) of the variation in KAM effectiveness. The direction of the relationship with KAM effectiveness was also found positive that a unit change in people dimension would result 0.486 unit change on KAM effectiveness. So, the reason not to appear as a significant predictor in the multiple regression is most probably attributed to the strong correlation with management dimension, which is 0.704 at $p < 0.01$ significance level. Due to this, the stepwise regression analysis excluded the people dimension and included management dimension which relatively explain and contribute more to the dependent variable ($\beta = 0.678$, adjusted $R \text{ square} = 0.431$ Annex 3).

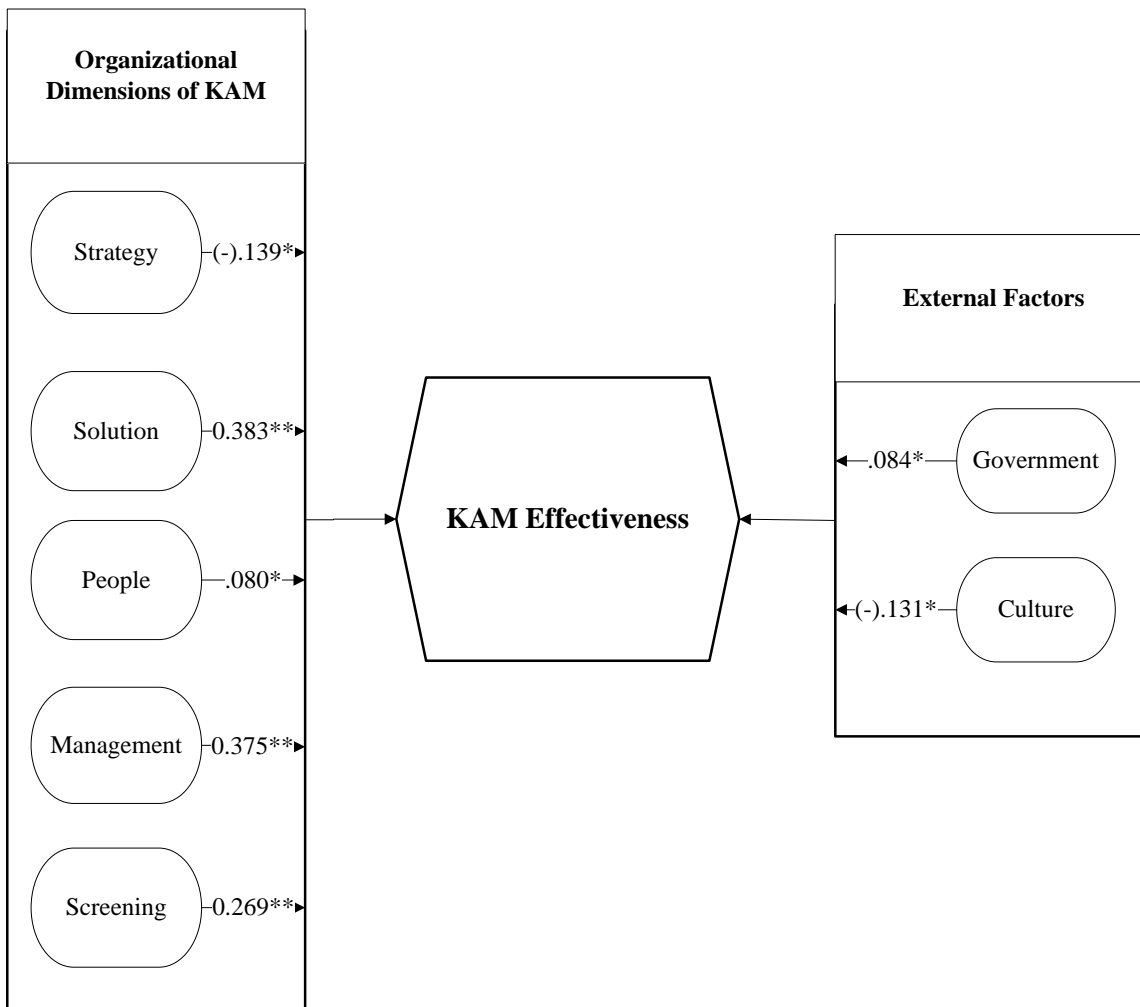


Figure 4: Results of Hypothesis Testing (N=35)

Notes: *R Square*= 0.572, *Adjusted R Square*= 0.53, *F-value*=13.788, $p < 0.05$ (Model 3)

* $p > 0.05$ =insignificant

** $p < 0.05$ =significant

4.5. Assessment of KAM Implementation at Ethio Telecom

This section tried to evaluate the KAM practice of the case company based on the data collected using open ended questionnaire and secondary sources such as the reports of the company. The evaluation focused on the KAM organization, level of understanding about the KAM approach, KAM implementation motives, roles played by the key account actors-key account managers and sales executives, key accounts selection criteria, and the favorable condition to deploy KAM approach.

4.5.1. KAM Organization at Ethio Telecom

Ethio Telecom conducts its sales function by two separate divisions namely enterprise and residential divisions that serve enterprise (corporate) and residential (individual) customers respectively. Further, enterprise customers are served by two departments: key accounts management (KAM) department and small office home office/small and medium enterprises (SoHo/SME) department. KAM department has the mandate to serve top clients that accounted the larger share of Ethio Telecom's revenues.

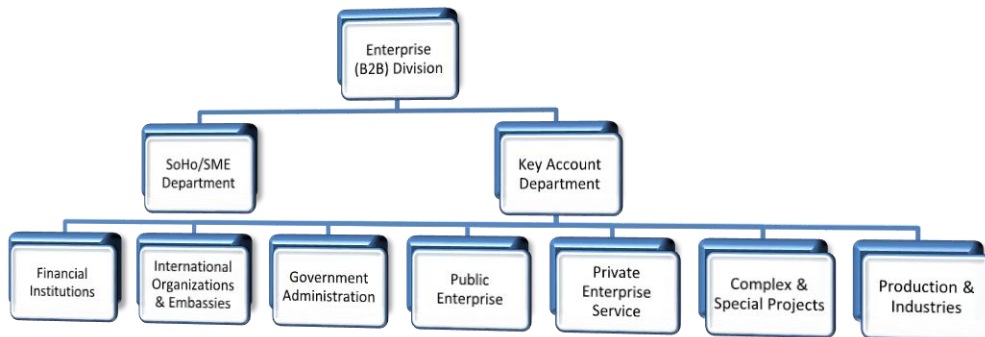


Figure 5: KAM organizational Structure of Ethio Telecom (Source: company's report)

The department, that totally manages about 1080 key accounts, consists of seven sections clustered based on the nature of the key accounts business sector. Each category is headed by key account managers who are seven in number. There are about forty sales executives under each of the seven key account managers.

4.5.2. Roles of Key Account Managers at Ethio Telecom

A list of roles developed based on Macdonalds and Woodburn (2007) were provided to the seven managers to rate. 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, preparing sales targets and quotas, developing relationships with customers, identifying key accounts need, setting plans and strategies, and tailoring offers to key accounts were found to be the most frequently rated roles of the managers. Table 11 gives the summary.

Table 11: Key Account Managers' Role at Ethio Telecom

List of Roles	Frequency	Percent
Coordinating sales executives	3	100
Solving/escalating customer problems and requirements	3	100
Preparing sales targets and quotas	3	100
Developing relationships with customers	3	100
Identifying key accounts need	2	67
Setting plans and strategies	2	67
Tailoring the offers to key accounts	2	67
Providing customer training	0	0

Source: open survey questionnaire

Note: Total exceeds 3 (number of managers responded for this specific question) or 100 percent since respondents could provide more than one response.

Identifying key accounts' need; setting plans and strategies; and tailoring 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 not rated. This may be associated with the early stage of the development of KAM relationship at the company and lack of understanding on the very nature of KAM.

4.5.3. Roles of Sales Executives at Ethio Telecom

Sales executives are the other key players in the key account management department of Ethio Telecom. Under the key account manager, their basic responsibility is to act as the single point of contact for each key account. On average, they have been assigned 44 clients that range from the minimum 4 (but these are clients that have many branches like Commercial Bank of Ethiopia, Awash Bank, Dashen Bank etc.) to the maximum 105 key accounts. Respondents from financial institutions and international organizations & embassies serve fewer key accounts because the former sector is characterized by many branches in Ethiopia and the latter needs special attention perhaps because the government wants to maintain the country's image. According to their responses, the average contact time with their assigned accounts is seven times in a month. The following table summarizes the tasks accomplished by the sales executives.

Table 12: Sales Executives' Role at Ethio Telecom

Roles of Sales Executives	Frequency	Percent
Responsible to present and sell services to key accounts	27	97.10
Facilitating, solving/escalating customer problems and special needs	24	82.76
Developing relationships with customers	23	79.31
Providing product trainings to key accounts	10	34.48

Source: open survey questionnaire

Note: Total exceeds 29 (number of managers and sales executives responded for this specific question) or 100 percent since respondents could provide more than one response.

As shown in the table above, the most important task for the sales executives is to present and sell services to key accounts which are also the traditional job of sales people. Every sales executive is given targets accomplished weekly, monthly and annually aimed at increasing the customer base and the sales volume based on which their performance is measured. So they focus on meeting their targets through frequent visits, calling ups and event organizations. This is a typical characteristic of key account selling focusing on sales which is a similar practice that Milliman and Wilson (1995: p.20) found in their research. They concluded that much of what executives call 'KAM' lacks a strategic perspective and is in most respects still in the realms of key account selling.

Ensuring service compliances and facilitating for the solution of key accounts' problems and requirements are the second important task of the sales executives. For this task, they are supported by the hot line 980. They are also tasked to build closer relationship with customers for sustaining the company's revenue. They train their key accounts about the company's services although this is a less rated role; perhaps this may be because, the company has a sales support team.

4.5.4. Understanding of KAM at Ethio Telecom

An open survey was conducted to assess the KAM implementation practice of Ethio Telecom. The first question forwarded for both key account managers and sales executives was aimed at examining their understanding of the term key account. Most of the respondents (13 in number) understand key accounts as 'customers subscribed for many telecom services and thus who generate more revenue'. Other 12 respondents understand 'key accounts' in terms of the customers' potential to buy Ethio Telecom products by considering their capital, number of branches and employees. The last two responded that, key accounts are customers with complex demand so that who need special treatment.

4.5.5. Driving Factors of KAM Implementation at Ethio Telecom

Key account managers were asked to highlight the driving factors that trigger Ethio Telecom to implement key account management. Thereby, the following responses were reported (table 13).

Table 13: Reasons for implementing KAM at Ethio Telecom

Driving Factors of Key Account Management	Frequency	Percent
To achieve sales targets and quotas	4	100
For sustainable long-term relationship	4	100
To develop and maintain a distinctive image	4	100
To understand and solve the requirement and problems of customers	4	100
To gain trust and establish loyalty	3	75
To build strategic partnerships with customers	3	75
To improve mutual understanding	3	75
To prioritize the allocation of the resources	3	75

Source: Own computation using open survey

Note: Total exceeds 4 (number of managers responded for this specific question) or 100 percent since respondents could provide more than one response.

Based on Cheverton's (2008) KAM strategy classification, all of the above objectives are categorized under 'aggressive KAM strategy' which implies that KAM establishment at Ethio Telecom is the result of the company's own internal forces-seeking the listed benefits. KAM was not established as a result of competition or customers' pressure. Perhaps, this happens because of the monopolistic nature of the telecom market in the country. As per Burnet's (1992) view, KAM acts as a competitive tool as the approach improves customer handling. In Ethio Telecom case, KAM was not designed to take advantage over the competitors. Customers also have no bargaining power to put a pressure on the single supplier so as to establish defensive KAM

strategy. They don't have alternatives service supplier to demand for uniform approach (product design and price) and service delivery.

4.5.6. Key Accounts Selection Criteria at Ethio Telecom

Based on the responses given by key accounts manager and sales executives, the most important criteria used by Ethio Telecom to label an organization as a 'key account' include (in a decreasing order of importance): Size of customer (amount of capital, number of branches and employees), volume of current and potential revenue collected from the account, government interest or focus area (as a governmentally owned company most governmental administrative organizations and those that the government gives greater attention have greater probability to be treated as a 'key account'), internationality of the customer (in Ethio Telecom all international organizations, embassies, and NGOs have got the status), national/public importance of the customer, and demand for special treatment by the account.

Table 16: Key Accounts Selection Criteria Used By Ethio Telecom

Selection Criteria of Key Accounts At Ethio Telecom	Frequency*	Percent
Size of customer (amount of capital, number of branches and employees)	32	92.43
Volume of current and potential annual sales to the account (Revenue collected from the account)	23	65.71
Government interest or focus area	22	62.86
Internationality of the customer	20	57.14
National/public importance of the customer	18	51.43
Demand for special treatment by the account and its power	14	40.00

Source: open survey questionnaire

Note: Total exceeds 35 (number of managers and sales executives responded for this specific question) or 100 percent since respondents could provide more than one response.

In this regard, respondents were asked whether the existing key accounts pass through these criteria and thus deserve for the treatment. Subsequently, 28 respondents replied. Of these 15 (53.6%) responded 'yes' but the rest 13 (47.4%) replied 'no'. They pointed that there are customers who were selected to meet customer base target, some others were selected because they are international organizations and still others were selected because governmentally owned. It was also understood that there has been no practice of deselecting the unprofitable (key account with poor performance) to SOHO/SME although the reverse is true. At Ethio Telecom the number of key accounts has been increasing over time.

4.5.7. Favorable Conditions to Implement KAM at Ethio Telecom

According to Burnett's (1992) the extent of fulfilling ten conditions determines a company's decision of implementing KAM approach (described in chapter two). Taking these favorable conditions as checklists, a thorough evaluation on the grounds appropriate to implement KAM at Ethio Telecom was undertaken. The evaluation is based on the inferences from the response of the respondents, own observation of the telecom market as well as based on the company's reports.

As shown in table 14 below, Ethio Telecom can fulfill most (about sevens) of the favorable conditions to go for KAM approach. Moreover, as key accounts need to use telecom services (telephone, internet and secure data transfer) regularly without interruptions; strong relationship should be established for consistent new connection, installation and maintenance services. Thereby, moving to KAM approach is the better option available particularly in the telecom market. Yet, the absence of competition in the telecom market may delay service improvements that would come after KAM establishments.

Table 14: Evaluation of Conditions to Implement KAM

Checklists	Ethio Telecom's Status
Small number of customers account for a high proportion of the supplier's sales (20/80)	Ethio Telecom reported that enterprise customers accounted the larger portion of the company's total revenue.
Potential for differentiation of the product in a way that is highly valued by the customer	Telecom services have been valuable for any organization's operation. But still, there is a possibility of making it more valuable to the customers by upgrading the network quality, adding values with the main services
Complex buying behavior of customers	As a result of diverse requirements and multiple branches of key accounts, Ethio Telecom established a separated section (complex and special projects section) to deal with.
Multifunction contacts between supplier and customer	Frequent contact is the inherited nature of the telecom market as the transaction is not ended on a spot. The buyer wants consistence service (installation, maintenance, upgrade and support). The supplier also wants to assure its revenue.
Significant cost savings are possible through dealing selectively with a small number of large customers	NA*
The need to establish in-depth communications and strong relationships	Communications and relationships are vital for upselling, cross selling, maximizing the consumption amount and keeping customers connected with the already subscribed services. Ethio Telecom has dedicated sales executive for each account and a reserved hotline-980.
Customers are centralizing their operations	Although in multiple locations, Ethio Telecom key accounts have centralized operations at the head offices, for instance banks. Sales executives have single counterparts from the headquarters.
Fear of different salespeople calling upon the same customer	Fearing this Ethio Telecom assigned dedicated sales executive to each key account.
Competition is improved by moving to KAM	No competition;
Competition is high	There is no competition in the telecom market

Source: Burnett (1992), company report, own observation and respondent's response

Note: NA=data not available

CHAPTER FIVE

5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter presents the summary of findings from which conclusions are drawn and this will precisely answer the basic research questions of the study. The limitation of the study and suggestions for further study will be indicated. Finally, recommendations to the case study company will be forwarded.

5.1. Summary of Findings

The demographic profile of the respondents indicated that Ethio Telecom has educated key account managers and sales executives in which 97.2 percent of the respondents have first degrees and above. Of these, about half (51.4 percent) of the respondents have served key accounts for more than three years and the rest below three years. They serve key accounts segmented as public service enterprises (20 percent of the respondents), complex and/or special projects (17.1 percent), financial institutions (14.3 percent), international organizations & embassies (14.3 percent), government administration (14.3 percent), and production & manufacturing enterprises (8.6 percent).

Varied mean scores are reported across the seven sections. To some extent, similar and higher mean scores are observed at financial institutions, international organizations & embassies, and government administration in the dependent variable – KAM effectiveness and in all the independent variables- KAM dimensions except the external factors. On the other side, similar but relatively lower means are scored at private service enterprises, complex & special projects, and production & manufacturing enterprises. Yet, in all the variables except government and culture a cumulative mean that ranges from 4.15 (screening) to 4.48 (KAM effectiveness) was scored.

Specifically, respondents agreed at a mean score of 4.40 that strategy, which incorporates KAM strategic plan; customized and/or innovative strategies; product/service changes; price adjustments; promoting services; changing or expanding places of sales; and an investment on key accounts' knowledge and relationships, determines KAM effectiveness. Similarly, respondents from all segments agreed on the significance of solution that combines identification of the special needs and problems of key accounts, provision of customized and/or innovative solutions, solving the key accounts' problems and dissatisfactions, immediate response to key accounts' requirements / problems, and suggesting applicable and appropriate solutions (telecom services) in determining KAM effectiveness at a cumulative mean score of 4.46.

'People', which includes personal skill; product knowledge; compensation, benefits, and career path programs; competency requirements, recruitment and selection process; and trainings, is also supported by the respondents to affect KAM effectiveness at a total mean score of 4.36. 'Management', which includes senior managements' involvement, support, commitment; formalization of organizational structure; leadership approach; relationship with key accounts; processes design to manage key accounts; management's ability to allocate and coordinate resources; and management's ability to motivate staffs, was also rated as important determinant of KAM effectiveness at total mean score of 4.38.

From the organizational dimension of KAM, comparatively lower aggregate mean score (4.15) was observed on screening that consists of standard key accounts selection criteria, evaluation of KAM profitability, measurement of key accounts' satisfaction, assessment of key accounts' performance/profitability, superior yield customer selection, reviewing key accounts portfolio and deselecting the unprofitable one, existence of supporting tools, and ensuring flow of information. But the extended external factors namely: government (3.62) and culture (3.96) gained mean scores between the extent of 'neutral' and 'agree' which implies that respondents are either uncertain or have moderate attitudes towards the impact of these factors on KAM effectiveness.

Respondents are in between the extent of 'agree' and 'strongly agree' (4.48) in that KAM effectiveness leads mutual trust, information sharing, reputation, strong relationships, conflicts

reduction, and to meet sales targets and objectives. This comes again as a result of the integrated activities on strategy, solution, screening by the actors- management and people (non- managers).

The correlation coefficient statistics shows that KAM effectiveness (dependent variable) is associated with solution (0.544), management (0.633), people (0.552) and screening (0.553) at a significance level of $p < 0.01$. But no significance association was found between strategy and KAM effectiveness. Besides, none of the extended external factors were found related with KAM effectiveness.

Significant relationships were also detected among the independent variables. All KAM dimensions except the extended external factors are correlated each other at different significance levels (at $p < 0.05$ and $p < 0.01$). For instance, solution is associated with strategy (0.637) and people (0.448) at $p < 0.01$ significance level and with management (0.428) and screening (0.403) at $p < 0.05$. Relatively, stronger correlation (0.704) is scored between people and management at $p < 0.01$ significance level. From the extended external factors, it is only culture which is related (0.372) with people at $p < 0.05$ significance level. But no significance association is found between government and other factors.

After testing the normal distribution of independent variables, independency of residuals and multicollinearity in which all found within the acceptable ranges, a multiple linear regression using stepwise method was carried out to get the smallest possible set of predictors in the model. Besides, to obtain a weighted least-squares model by making the observations with large variances to have less impact on the analysis, data points from the different sections of the respondents were weighted by the reciprocal of their variances. The KAM dimensions, namely: strategy, solution, people, management, screening, and the other two external variables: government and culture were the identified predictor variables of KAM effectiveness.

Accordingly, the regression analysis reached at three significant factors in three steps. The third step (model 3) included solution, management and screening dimensions. The model explained 53 percent ($R^2 = 0.572$, adjusted $R^2 = 0.53$, and $F\text{-value} = 13.788$) of the variation at KAM effectiveness. The F statistic is 0.000 which is less than 0.05 which implies that the variation explained by the model is not due to chance. The R statistic is 0.756 that indicates the

strong relationship between the independent variables and the dependent variable. The β statistics for solution, management and screening are 0.383, 0.375, and 0.269 respectively with $p < 0.05$ significance level. Thus our three hypotheses, (H_2 , H_4 and H_5) postulated as solution; management; and screening respectively determine KAM effectiveness, were retained. All other predictors namely: strategy, management, screening, government, and culture are excluded from the model and the respective hypotheses (H_1 , H_3 , H_6 , and H_7) were rejected.

Finally, our study tried to evaluate the KAM practice of the case company by using open ended questionnaire and secondary sources such as the reports of the company. The evaluation focused on the KAM organization, level of understanding about the KAM approach, KAM implementation motives, roles played by the key account actors-key account managers and sales executives, key accounts selection criteria, and the favorable condition to deploy KAM approach.

Accordingly, Ethio Telecom manages about 1080 key accounts clustered in to seven sections based on the business nature of the key account. Each section is headed by a key account manager. Under the managers, totally about 40 sales executives are assigned to serve from 4 to 44 clients based on the size of the key account's business. In a decreasing order of importance, managers are responsible for coordinating sales executives, solving or escalating customer problems, preparing sales targets and quotas, developing relationships with customers, identifying key accounts need, setting plans and strategies, and tailoring offers to key accounts. Similarly, the most frequently rated tasks of sales executives includes (in decreasing order): presenting and selling services (traditional job of sales people) through frequent visits, calling ups and event organizations, ensuring service compliances and facilitating for the solution of key accounts' problems, building closer relationship with customers for sustaining the company's revenue, training their key accounts (less rated role).

From those who responded for the question, 48.2 percent understand key accounts as "customers subscribed for many telecom services and thus who generate more revenue", 44.4 percent of the respondents understand 'key accounts' in terms of the potential to buy Ethio Telecom services on the basis their size (capital, number of branches and employees). The last 7.4 percent responded that key accounts are customers with complex demand so that who need special treatment.

Achieving sales targets and quotas, sustaining long-term relationship, developing and maintaining a distinctive image, understanding and solving the requirement and problems of customers, attaining trust and establishing loyalty, building strategic partnerships with customers, improving mutual understanding, and prioritizing the allocation of the resources were found the most frequently rated (decreasing order) objectives that Ethio Telecom is derived to implement KAM. According to Cheverton (2008) all of these motives are derived from the company's intent.

It was also found that the size of a customer (amount of capital, number of branches and employees), volume of current and potential annual sales and revenue collected from the account, the government's interest or focus area, internationality of the customer, the national importance of the customer, and demand for special treatment by the account are the selection criteria used to label a customer as 'key account'.

At last, based on Burnett's (1992) recommendation of ten conditions to decide for implementing KAM approach; through assessment was undertaken taking those conditions as checklists. As a result, Ethio Telecom fulfills most of the checklists.

5.2. Conclusion

The primary objective of the study was to examine the determinants of key account management effectiveness in the context of Ethio Telecom. Accordingly, five organizational KAM dimensions (strategy, solution, people, management and screening) and other two additional external factors (government and culture) were hypothesized to determine KAM effectiveness. The descriptive statistics show that all the independent variables, except the two additional external variables, scored a cumulative mean greater than 4.15 as measured using a five-point Likert type scale. This implies that these variables are important in determining KAM effectiveness.

Considering this report, correlation statistics was undergone to check the relationship with KAM effectiveness (dependent variable). Then, it is assured that significance association is existed between KAM effectiveness and solution, management, people and screening. But KAM effectiveness has no significance association with strategy and with the extended external factors. The independent variables are also interrelated except the additional factors. Particularly, the stronger association of people and management indicates their interdependence.

To investigate whether the independent variables determine KAM effectiveness, regression was carried out. Thereby, it revealed that solution, management and screening are the significant dimensions that positively determine KAM effectiveness. These variables explained 53 percent of the variation in KAM effectiveness and are 75.6 percent related.

The second objective of the study was evaluating the KAM implementation practice of Ethio Telecom. Regarding to the roles of key account players, we came to conclude that the company is in the realms of key account selling rather than key account management. This shows that the company is at the early stages in the development of strategic account management. This is because key account managers and sales executives focus more on meeting targets (sales and customer base) to sustain the company's revenue than giving solutions to customer problems and investing on strategic relationships. But their understanding of the KAM concept is good as almost all the respondents give a definition similar to the literature. So, the problem may be attributed to the strong sales orientation of the top managers as well as their poor understanding on KAM approach.

All the objectives of KAM implementation are derived from the company itself. It means that KAM is the aggressive strategy of the company. Perhaps the absences of competition in the telecom market as well as lack of consolidated customer power might put an effect on the reason not to establish a defensive KAM strategy. The combination of the two strategies fasten the positive reward of KAM approach as Cheverton(2008) pointed.

In Ethio Telecom, the criteria used to label 'key account' status are so open that any big business (in terms of capital, number of employee), or international organization or government

administrative (higher level actually) can enjoy. This makes the number of key accounts higher which is against the recommended size as McDonald and Woodburn (2007) put.

Based on the conditions set out by Burnett's (1992), Ethio Telecom has favorable conditions to implement KAM and enjoy strategic relationships with customers. This is because it fulfills most of the conditions.

5.3. Recommendations

As drawn in our conclusion, solution, management and screening determine KAM effectiveness significantly. Considering this, KAM practitioners particularly the case company's top and middle managers as well as the key players in the key account department- key account managers and sales executives shall do specifically the following activities:

- They should identify and analyze their key accounts' requirements, special needs, problems and area of dissatisfactions then proactively respond immediate and appropriate solutions through customization and/or innovation.
- The management should actively involve, support, and be committed enough in managing key accounts. Formalized KAM organizational structure and working processes shall be designed. A leadership approach that improves the relationship with key accounts should be also followed. It should also develop the capability of allocating and coordinating resources and the ability to motivate the dedicated key account management team. The personnel are very much dependent on the management's support, active involvement, and motivational factors.
- Activities related to screening such as setting standard key accounts selection and deselecting criteria, reviewing key accounts portfolio, adopting KAM performance and key accounts' satisfaction measurement tools, availing supporting tools, and ensuring flow of information should be done for KAM to be effective.

Finally, the management of Ethio Telecom shall revise its KAM approach and promote the concept so as to escape from the dominantly sales orientation approach-key account selling to the modern relationship marketing approach- key account management that broadly require selection of strategically important customers and nurturing the relationship for future sustainable cooperation. Standardized selection criteria and series of steps shall be passed to label a customer as 'key account'.

5.4. Limitations and Direction for Future Study

Our study tried to examine the determinants of KAM from the supplier's point view only. But a different result can be found from the customers' point of view. So this may be a future area of problem to be investigated.

Probably, the applicability of KAM model can be tested better by increasing the sample size through including other companies that have adopted the approach. Because, our limited number of population certainly affected the result found.

Further tests on the applicability of the KAM model shall be also conducted by incorporating more items and factors that possibly explain KAM effectiveness since our model only covers 53 percent of the variation in the dependent variable. For instance, from external factors 'competition' is postulated by different authors in facilitating KAM effectiveness positively. Thus, its effect shall be studied.

Regarding to the our second objective, evaluating company practice, also better result might be gained using additional data collection tools such as interview and by incorporating middle and top managers and also other supporting units such as marketing and network divisions. Therefore, these things should be considered in future researches.

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ANNEX

Annex 1: Questionnaire

Addis Ababa University School of Commerce Marketing Management Graduate Program

Questionnaire

Dear Respondents,

This questionnaire is designed to study **The Determinants of Key Accounts Management (KAM) Effectiveness** on Ethio Telecom context for the partial fulfilment of the requirement of Master in Marketing. I would be delighted if you help me in filling this questionnaire. Your response is highly crucial for the success of this study. I want to assure you that your response is kept confidential and the output is for academic purpose.

Part I: Respondent's information

Please put 'X' in the box

1. Education back ground? Diploma 1st degree Masters PhD
2. Position? Staff Manager above Manager
3. How long you have been assigned to manage/serve key accounts?
 \leq 1 year 1- 2 years 2-3years \geq 3 years
4. The section you are working (for managers and staffs): Financial Institutions
International Organizations & Embassies Government Administration
Public Enterprise Private Enterprise Service Complex & Special Projects
Production & Industries

Part II: Key Account Management (KAM) Dimensions

Please circle a number (1= if you are strongly disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= strongly agree) based on your level of agreement/disagreement in the following statement in the context of **ETHIO TELECOM**.

Measurement items of KAM Determinants	Level of A	
	Strongly Disagree	Disagree
1. Strategy		
1.1.Having key account management (KAM) strategic plan is important to make KAM effective	1	2
1.2.Having customized and/or innovative strategies to individual key accounts makes KAM effective	1	2
1.3.Product/service changes to meet the needs of the key accounts is vital for KAM effectiveness	1	2
1.4.I think making price adjustment is important for KAM to be effective	1	2
1.5.Promoting services to the key accounts helps for KAM effectiveness	1	2
1.6.Changing or expanding place of sales makes KAM effective	1	2
1.7.Investing on key accounts' knowledge and relationships can significantly determine KAM effectiveness	1	2
2. Solution		
2.1.I think identifying and analyzing the special needs and problems of key accounts helps KAM to be effective	1	2
2.2.A customized and/or innovative solutions (services) is crucial to realize KAM effectiveness	1	2
2.3.The capacity to solve the accounts' problems and dissatisfactions determines the success of its KAM approach	1	2
2.4.The time to respond to our key accounts' requirements/ problems affects the success of KAM	1	2
2.5.Providing applicable and appropriate solutions (telecom services) is a decisive factor of KAM effectiveness	1	2
3. People		
3.1.My personal skill is important for effective KAM approach	1	2
3.2.My product/service knowledge affects the KAM approach	1	2
3.3.The compensation, benefits, and carrier path programs affects my performance of key accounts handling	1	2

3.4.Competency requirements, recruitment and selection process of sales executives affects KAM approach	1	2
3.5.Trainings help me to handle and treat better key accounts	1	2
4. Management		
4.1.I think senior managements' involvement in KAM activities and decisions is essential for KAM effectiveness	1	2
4.2.Senior management support is important for KAM effectiveness	1	2
4.3.Senior management commitment is important for KAM effectiveness		
4.4.Formalizing the organizational structure of KAM determines its effectiveness	1	2
4.5.The leadership approach of the managements determines KAM effectiveness	1	2
4.6.The relationship with key accounts determines KAM effectiveness	1	2
4.7.Designing processes to manage key accounts determines KAM effectiveness	1	2
4.8.Management's ability to allocates the required resources (budget, time, personnel) for the KAM function is crucial	1	2
4.9.Management's ability to coordinate resources determine KAM effectiveness	1	2
4.10. KAM will be effective if the management motivates the staff	1	2
5. Screening		
5.1.Standard key accounts selection criteria is important for the success of KAM	1	2
5.2.KAM profitability should be assessed regularly	1	2
5.3.Key accounts' satisfaction should be measured	1	2
5.4.The key accounts' performance/profitability should be measured	1	2
5.5.I think customers selected for special treatment (as key account) should be those who can give a superior yield	1	2
5.6.I think the portfolio (group of key accounts) should be reviewed and deselecting the unprofitable one is important.	1	2
5.7.The existence of supporting tools determine KAM effectiveness	1	2
5.8.The flow of information to key accounts determines KAM effectiveness	1	2
6. Government Influence on KAM Effectiveness		
6.1.Government's interest is high on KAM activities of Ethio Telecom	1	2
6.2.Some governmental owned companies and institutions are treated as 'key accounts' simply because they belong to the government	1	2
6.3.The government's policies and regulation affects the KAM approach	1	2
6.4.I think KAM would be more effective if Ethio Telecom was privately owned	1	2
6.5.I think KAM would be more effective if there is no government intervention	1	2
7. Cultural influence on KAM Effectiveness		
7.1.The business knowledge of our key accounts affects the effectiveness of KAM	1	2
7.2.The education background of our key accounts affected the effectiveness KAM	1	2
7.3.The attitudes and values of our key accounts determines KAM effectiveness	1	2
8. Overall KAM Effectiveness		

8.1.I think effective KAM is essential to achieve mutual trust with key accounts	1	2
8.2.I think effective KAM helps to ensure information sharing with key accounts	1	2
8.3.I think effective KAM is crucial to gain reputation from key accounts	1	2
8.4.I think effective KAM is key to succeed on relationships with key accounts	1	2
8.5.Effective KAM can reduces conflicts with key accounts	1	2
8.6.Effective KAM helps to meet sales targets and objectives	1	2

Part III General Questions

1. How do you understand a key account? Who is your key account?

2. What special offer/treatment you deliver to your key accounts? _____

3. What are the criteria to select a customer as a 'key account' at ethio (Please put 'X' in those box/es that contains your choice/s)?

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

Size of customer (capital, number of branches, number of employees)

Demand for special treatment by the account

The power of the customer

Internationality of the customer

National/public importance of the customer

Government interest or focus area

Earning about key technologies from the account

The customer's ability to develop the image of Ethio Telecom

Possibility of using the account as a reference/showcase

Any other criteria _____

4. Do you think that all the currently selected key accounts deserve for 'key account' status and special treatment? Why? _____

5. How do you identify your 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

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 your offers/solutions and treatments? Why? _____

8. Do you think that the current KAM organizational structure of ethio affects the KAM approach? _____

Below are questions attempted by Staffs Only:

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 choice/s)?
- Responsible to present and sell services to key accounts
- Developing relationships with customers
- Facilitating, solving/escalating customer problems and special needs
- Providing product trainings to key accounts
- Any other role _____
12. Do you think that you handle and treat well your accounts? Yes No
13. What are your constraints (if no)? (Please put 'X' in those box/es that contains your choice/s)?
- Poor facility and working condition
- Absence of adequate training
- Lack of supporting tools
- Lack of coordination with other units
- Absence of motivational factors
- Inaccessibility of infrastructure (resources)
- Any other _____

Below are the questions attempted by Managers and Officers Only:

14. What drives Ethio Telecom to implement key account management (Please put 'X' in those box/es that contains your choice/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 reason: _____

15. What do you expect from the sales executives who are assigned to the key accounts?

- Meeting the targets and the quotas set
- Building relationship with the key accounts
- Solving and escalating customers problems and requirements
- Facilitating after sales services
- Calling and visiting customers

Any other: _____

16. How many key accounts does Ethio Telecom serve? _____

17. How frequently you evaluate existing accounts with a set out criteria?

- Semiannually Annually Not at all or any other _____

18. Is there a practice of making a 'key account' to 'SME/SoHo' after evaluation?

- Yes No

19. Is there a practice of making a 'SME/SoHo' to 'key account' after evaluation?

- Yes No

20. Have you a global/corporate strategy to all of your key accounts? Yes No

21. Have you a customized strategy to each of your key account based on their requirements or business nature? Yes No

22. How do you involve yourself in managing key accounts? How do you support and motivate sales executives?

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

Analyzing key accounts, developing strategy and planning

Developing relationships with customers

Tailoring the offers to key accounts

Coordinating sales executives

Solving/escalating customer problems and requirements

Preparing sales targets and quotas

Setting plans and strategies

Providing customer training

Any other role _____

24. As a key account manager (officer), have you exercised your role(s)? What are your constraints (if not)? (Please put 'X' in those box/es that contains your choice/s)?

Delegation matrix span

Limited human and material resource

Absence of motivation among employees

Infrastructural problems

Any other role _____

I thank you for completing the questionnaire!

Sincerely,

Dires Abebe

Annex 2: SPSS Output of Multiple Regression Analysis

Variables Entered/Removed^{a,b}

Model	Variables Entered	Variables Removed	Method
1	Management		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
2	Solution		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
3	Screening		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a. Dependent Variable: KAM Effectiveness

b. Weighted Least Squares Regression - Weighted by Respondent's Section

Model Summary^{d,e}

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.657 ^a	0.431	0.414	0.76707	0.431	25.024	1	33	0	
2	.716 ^b	0.513	0.482	0.72109	0.081	5.342	1	32	0.027	
3	.756 ^c	0.572	0.53	0.68688	0.059	4.267	1	31	0.047	2.249

a. Predictors: (Constant), Management

b. Predictors: (Constant), Management, Solution

c. Predictors: (Constant), Management, Solution, Screening

d. Dependent Variable: KAM Effectiveness

e. Weighted Least Squares Regression - Weighted by Respondent's Section

ANOVA^{a,b}

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.724	1	14.724	25.024	.000 ^c
	Residual	19.417	33	.588		
	Total	34.141	34			
2	Regression	17.502	2	8.751	16.830	.000 ^d
	Residual	16.639	32	.520		
	Total	34.141	34			
3	Regression	19.515	3	6.505	13.788	.000 ^e
	Residual	14.626	31	.472		
	Total	34.141	34			

a. Dependent Variable: KAM Effectiveness

b. Weighted Least Squares Regression - Weighted by Respondent's Section

c. Predictors: (Constant), Management

d. Predictors: (Constant), Management, Solution

e. Predictors: (Constant), Management, Solution, Screening

Coefficients^{a,b}

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.437	.596		2.412	.022		
	Management	.687	.137	.657	5.002	.000	1.000	1.000
2	(Constant)	.124	.798		.155	.878		
	Management	.546	.143	.521	3.818	.001	.816	1.225
	Solution	.436	.189	.316	2.311	.027	.816	1.225
3	(Constant)	-.007	.763		-.009	.993		
	Management	.375	.159	.359	2.357	.025	.597	1.675
	Solution	.383	.182	.277	2.109	.043	.800	1.250
	Screening	.269	.130	.304	2.066	.047	.639	1.566

a. Dependent Variable: KAM Effectiveness

b. Weighted Least Squares Regression - Weighted by Respondent's Section

Excluded Variables^{a,b}

Model	Beta In	t	Sig.	Partial Correlation	Collinearity Statistics	
					Tolerance	
1	Strategy	.079 ^c	.566	.575	.100	.899
	Solution	.316 ^c	2.311	.027	.378	.816
	People	.214 ^c	1.113	.274	.193	.463
	Screening	.348 ^c	2.270	.030	.372	.652
	Government	.033 ^c	.241	.811	.043	.957
	Culture	.019 ^c	.130	.897	.023	.873
2	Strategy	-.173 ^d	-1.046	.304	-.185	.555
	People	.106 ^d	.557	.581	.100	.427
	Screening	.304 ^d	2.066	.047	.348	.639
	Government	.032 ^d	.250	.804	.045	.957
	Culture	-.158 ^d	-1.062	.296	-.187	.683
	Strategy	-.139 ^e	-.875	.388	-.158	.548
3	People	.080 ^e	.438	.665	.080	.425
	Government	.084 ^e	.681	.501	.123	.920
	Culture	-.131 ^e	-.916	.367	-.165	.676

- a. Dependent Variable: KAM Effectiveness
- b. Weighted Least Squares Regression - Weighted by Respondent's Section
- c. Predictors in the Model: (Constant), Management
- d. Predictors in the Model: (Constant), Management, Solution
- e. Predictors in the Model: (Constant), Management, Solution, Screening

Residuals Statistics^{a,b}

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	3.5625	5.1295	4.4601	.37695	35
Residual	-.63657	.85068	.01608	.33448	35
Std. Predicted Value ^c	.	.	.	.	0
Std. Residual ^c	.	.	.	.	0

- a. Dependent Variable: KAM Effectiveness
- b. Weighted Least Squares Regression - Weighted by Respondent's Section
- c. Not computed for Weighted Least Squares regression.

Annex 3: SPSS Output of Simple Regression for People and Management Dimensions

Variables Entered/Removed^{a,b}

Model	Variables Entered	Variables Removed	Method
1	People ^c		Enter

a. Dependent Variable: KAM Effectiveness

b. Weighted Least Squares Regression - Weighted by Respondent's Section

c. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.580 ^a	.337	.317	.82828

a. Predictors: (Constant), People

ANOVA^{a,b}

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.501	1	11.501	16.765	.000 ^c
	Residual	22.640	33	.686		
	Total	34.141	34			

a. Dependent Variable: KAM Effectiveness

b. Weighted Least Squares Regression - Weighted by Respondent's Section

c. Predictors: (Constant), People

Coefficients^{a,b}

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.308	.516		4.474	.000
	People	.486	.119	.580	4.094	.000

a. Dependent Variable: KAM Effectiveness

b. Weighted Least Squares Regression - Weighted by Respondent's Section

Variables Entered/Removed^{a,b}

Model	Variables Entered	Variables Removed	Method
1	Management ^c		Enter

a. Dependent Variable: KAM Effectiveness

b. Weighted Least Squares Regression - Weighted by Respondent's Section

c. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.657 ^a	.431	.414	.76707

a. Predictors: (Constant), Management

ANOVA^{a,b}

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.724	1	14.724	25.024	.000 ^c
	Residual	19.417	33	.588		
	Total	34.141	34			

a. Dependent Variable: KAM Effectiveness

b. Weighted Least Squares Regression - Weighted by Respondent's Section

c. Predictors: (Constant), Management

Coefficients^{a,b}

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.437	.596		2.412	.022
	Management	.687	.137	.657	5.002	.000

a. Dependent Variable: KAM Effectiveness

b. Weighted Least Squares Regression - Weighted by Respondent's Section