



KEY CUSTOMER RELATIONSHIP MANAGEMENT AND SERVICE DELIVERY PLAN

Case: Service Methodology Plan

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ABSTRACT

This thesis was commissioned by Company X. The purpose of this thesis was to study the usage of a service process plan, Service Methodology, a globally consistent value and service delivery methodology used throughout Company X Corporation. More specifically, this study focused on investigating the usage of Service Methodology in Company X and how well the account managers using it were adapting to the new service plan.

The study is divided into two parts. The first part deals with research theories related to customer orientation topics such as market segmenting, customer satisfaction and most importantly, key customer relationship management.

The second part included interviews with six account managers who had different levels of experience in using Service Methodology in Finland. Those interviews provided background information about each account manager's previous actions with their clients which are suitable for Service Methodology as well as information on how easy they found the process and what they would wish to see changed in the current process of Service Methodology.

The goal was to provide useful information for Company X on how they could ease the process of Service Methodology within Company X as well as give suggestions on how Company X Corporation could develop the plan to get maximum profit out of the process.

The interviews clearly showed that while the account managers supported Service Methodology and the idea of a unified key account management plan, there are development possibilities to Service Methodology itself as well as the way the process is executed in Company X.

Key words:

Account management, Key account management, Key customer relationship management, Customer satisfaction, Market segmentation

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TIIVISTELMÄ

Tämän opinnäytetyön tilaaja on Company X Oy. Opinnäytetyön tavoitteena oli tutkia Company X Corporationin maailmanlaajuisesti käytetyn yhtenäisen arvo- ja palvelusuunnitelma metodologian Service Methodologyn käyttötapoja. Tämä tutkielma keskittyi tarkemmin selvittämään Service Methodologyn käyttöä Company X Oy:ssä ja kuinka sitä käyttävät asiakkuudenhoitajat sopeutuivat uuteen palvelulupaukseen.

Tutkimus on jaettu kahteen osaa. Ensimmäinen osa käsittelee teorioita liittyen asiakaslähtöisyyteen kuten markkinasegmentointia, asiakastyytyväisyyttä ja tärkeimpänä avainasiakkuuksienhallintaa.

Tutkimuksen toisessa osassa käytettiin lähteinä Company X:n kuutta asiakkuudenhoitajaa joilla on kokemuksia Service Methodologyn käytöstä. Haastattelut antoivat taustatietoa heidän aiemmista Service Methodologyn piiriin kuuluvien asiakkuuksien hoidosta ja toimintatavoista sekä mielipiteitä siitä, kuinka helppo Service Methodology prosessi heidän mielestään on ja mitä he haluaisivat nähdä muutettavan nykyisessä Service Methodology prosessissa.

Tarkoituksena oli saada hyödyllistä tietoa kuinka Company X voisi helpottaa Service Methodology prosessia sisäisillä toiminnoillaan ja antaa kehitysehdotuksia kuinka Company X Corporation voisi kehittää palvelusuunnitelmaansa saadakseen siitä täyden hyödyn.

Haastattelut osoittivat selvästi, että vaikka asiakkuuksien hoitajat kannattivat yleisesti Service Methodologya ja ajatusta koko yritykselle yhtenäisestä avainasiakkuuksienhoitomallista, Service Methodologyssa itsessään sekä Company X:ssä käytettävässä prosessissa on kehitettävää.

Avainsanat:

Asiakkuudenhallinta, Avainasiakkuudenhallinta, Asiakkuussuhteiden hallinta, Asiakastyytyväisyys, Asiakassegmentointi

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1 INTRODUCTION

1.1 Background

The commissioner of this thesis is an insurance broking and risk management service provider Company X Ltd (later Company X). Company X is a subsidiary company of the London based Company X Corporation which operates in over 120 countries (Company X 2012).

Company X Corporation has launched a worldwide service delivery plan, Service Methodology, to ensure clients receive unified and transparent services. Briefly, Service Methodology is a consistent value and service delivery methodology for risk advice and broking services. Customized Service Methodology plans are created based on each client's needs and priorities and additionally the plan includes a survey and a scorecard which ensure that the client has the chance to evaluate the implementation of the plan. (Company X 2012)

Properly managing the clients is becoming more and more important for a company. The recognition of changes in buyer-supplier relationships is important because the customers today prefer having fewer suppliers, but that viewpoint presumes that those suppliers are offering collaborative open dealings instead of the traditional tactical sales. (Burnett 2001, 24)

Key account management is an approach adopted by companies aiming to build a selection of strategic, long term clients by offering them a service or product package which is tailored to their specific needs. It is a natural extension of market segmentation and it helps integrating a company's marketing, sales and service functions. In addition, it helps focusing on the company's priorities and planning resources accordingly and cost-effectively. (Burnett 2001, 3)

1.2 Objectives and research questions

The main objective of this study is to examine the opinions of the key account managers concerning Service Methodology and, furthermore, give suggestions on

how Company X could suitably and effectively develop the plan to get maximum profit out of the process based on those opinions.

Therefore the main research question is:

1. How can Company X maximize the benefits from Service Methodology?

Additional research questions are:

2. How is Service Methodology perceived by the account managers?
3. How easy is Service Methodology to use?
4. What does using Service Methodology bring to Company X and to its customers?

There are some aspects that are considered as limitations to this study. This study only focuses on reflections and opinions of a small pool of people working for Company X. Service Methodology plan is a globally used methodology but this study focuses on the issues regarding Company X. In addition this thesis will not cover financial or economical aspects as the study does not debate on whether Service Methodology has had an effect on the finances on Company X. Lastly, this thesis' purpose is to provide suggestions for improving Service Methodology as a whole and the process of making individual plans. The implementation of those suggestions is left to the hands of the commissioner.

1.3 Research methods and observation

Because of the nature of the study, this thesis is done utilizing qualitative research methods. The thesis is also an exploratory study. Hair et al. (2003, 57) describe exploratory research as a discovery-oriented and useful research tool if there is little information about the subject.

Furthermore, this thesis is done as a case study. The case study method was chosen because of the commissioning contract with Company X. Moreover, case

study was chosen as this study seeks to answer questions such as “how” and “why”, as well as not having a clear separation between the phenomenon and context (Baxter & Jack 2008). Case study also allows that the data is collected using multiple methods as is done in this study (Silverman 2005, 121).

There was no official account management process in use at Company X before Service Methodology and to find out the existing ways of client service process, structured in-depth interviews are conducted using open-ended questions as requested by the commissioner. Structured individual interview was chosen to ensure some sort of unity for the answers since there are certain questions which are required to be able to receive all needed information about the current process. Interviews are conducted face to face to ensure each interviewee has the same environment.

The interviews are structured to a certain point, in other words, they are focused interviews. A list of questions is covered as sort of questionnaire form but the structure is not strict and there is room for changes and additions to the interview. The idea is that the interview would provide some flexibility, in comparison to merely doing a survey, to get the most reflective and in-depth answers. (Ruusuvuori & Tiittula 2005, 11)

The interviews are recorded because the scope of the questions is so wide and the answers are easier to collect from a recording when doing a focused, conversational style interview. Therefore, the recording operates as notes and as an interpretation tool. Recording the interview also frees the interviewer’s time from writing down notes to focusing on interacting with the interviewee to get more detailed answers. (Ruusuvuori & Tiittula 2005, 14)

To understand Company X and Service Methodology better, material from Company X Corporate intranet pages is gathered. In addition, as an employee of the case company, the author uses observation as a data collection method. By being a part of everyday dealings within the case company, the author has an access to data which might be denied from outside researchers as well as being able to use every day interaction with the organization and the account managers who were interviewed for this study to gain other aspects of the situation.

1.4 Thesis framework and structure

To understand Service Methodology better, it is important to study and comprehend the fundamental related theories of key customer relationship management, as well as business market segmentation and client satisfaction.

This thesis is structured in seven main chapters. The introduction gives insight to general information about the subject as well as information about the thesis. The second chapter will focus on general marketing and customer relationship management aspects and issues. The third chapter will present the brief history and current situation of broking and risk management services in Finland. The fourth chapter goes on to present the case company, Company X Ltd. The fifth chapter will focus on Service Methodology plan in the case company. This section will give insight to the brief history of the company's international account management tool, the practices of the program and opinions of the account managers using it. The sixth chapter will offer conclusions of this qualitative study and proposals for further research. The thesis will be summarized in the seventh chapter.

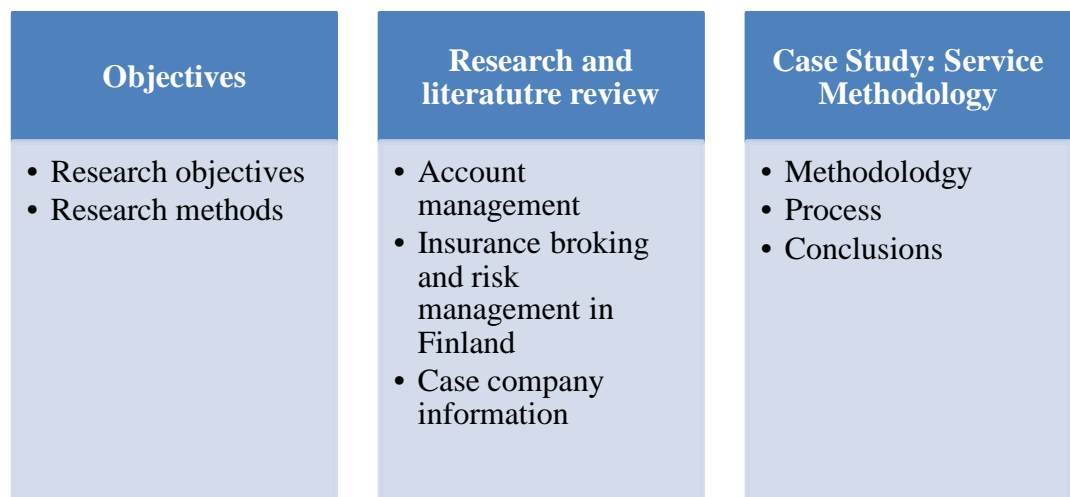


FIGURE 1. Framework for the study

2 MARKET AND ACCOUNT MANAGEMENT

The meaning of service quality has become increasingly important in business life. New products and marketing strategies are quickly followed by other companies and therefore the level of service quality has become a significant differentiation factor. Essentially, quality is interpreted by the client since only they can tell whether the service was what they expected. (Ylikoski 2000, 117-118)

2.1 Segmentation in marketing

Segmenting is a base for implementing customer relationship management and the concept of key account management (Burnett 2001, 8). At this stance, it is important to find out who the customers really are and what demographic backgrounds they have. Industrial market segmentation is a process that offers the company an opportunity to exploit its marketing resources effectively and subsequently implement their marketing strategies and overall objectives (Croft 1994, 54).

In theory, each client is its own market segment but in reality, potential clients are divided into larger market segments which consist of a group of organizations or people who share similarities in respect to variables the supplier considers relevant (Kotler 2003, 180). Market segmentation is a tool for marketing since it focuses on identifying consumer's needs and wants, and aims to match the company's resources to the segments (Croft 1994, 54).

Business market segmentation has not yet been as well developed as consumer segmentation. However, market segmentation, also known as industrial segmentation, is an important asset for any company, albeit the degree of usage, especially in business to business markets, can vary greatly based on the activities of the company, as well as its needs. (Hutt & Speh 2007, 173-174) While certain areas of consumer segmentation can be applied to industrial segmentation, there are several other variables for the use of business marketers (Kotler 2003, 180).

2.2 Customer relationship management

Customer relationship management is a continuous learning process and its general idea is to increase the company's knowledge and understanding over their customers. As company's basic operation, customer relationship management has come here to stay. As with all relatively new phenomena, the practices of customer relationship management are still forming. Advances with technology facilitate the diverse possibilities customer relationship management provides. (Mäntyneva 2001, 8)

When it comes to customer management, there can never be too much information, whether it is hard numbers and facts or soft information like feelings and intangible factors. The information can be collected in many different ways and by many different people from diverse group of client representatives and outside sources. However, this information becomes useless without a structured, continuously updated software application which can collect both hard and soft facts. (Burnett 2001, 184)

The benefits of customer relationship management can be divided into two groups. Firstly, it increases the company's knowledge level over their client and provides understanding of why the purchase was made. Secondly, customer relationship management enhances the efficiency and effectiveness of sales and marketing, which in return increases the overall profitability of marketing. However, increasing the efficiency of sales and marketing does not happen by itself but with determined customer-oriented operation model and process development. (Mäntyneva 2001, 12)

2.2.1 Customer relationship life cycle

Customer relationship develops over time when the customer is committed to using the supplier's services and the supplier sustains the commitment. As the relationship develops, changes in the way both parties relate to each other occur, as well as changes in marketing tactics. As the relationship deepens, marketing becomes focused on maintaining and developing the relationship rather than the

early stage's goal of introducing services and alluring clients. (Ylikoski 2000, 178-179)

The life cycle of customer relationship can be divided into four phases: obtaining, capturing, increasing and maintaining the relationship. Each phase has their individual attributes, which are to be kept in mind when planning practices and objectives of the relationship. (Mäntyneva 2001, 18)

TABLE 1. Account management life cycle in different phases (Mäntyneva 2001, 19. Translated by the author)

Phase	Obtaining	Capturing	Increasing	Maintaining
Objective	Acquiring potential clients	Increasing new client's profitability by further sales	Developing customer relationship	Maintaining existing customer relationships
Ground for approach	Demographic profile	Previous purchases	Realization of potential	Clients purchase history and profile
Need orientation	Assumed needs	Expressed/ signaled needs	Real needs	Real needs
Personalization of marketing	Less personalized	Attempt of personalization	Personalization essential	Personalization essential
Contents of quotation	Product/ Service based	Based on clients existing needs	Based on client's existing needs and wishes	Based on previous actions
Successful closing probability	Low	Medium	Good	Relatively high

As Table 1 suggests, there are several changes in the way the relationship should be managed at different stages. While trying to obtain the client, the supplier has often little information about the client and is therefore forced to base the marketing material on assumed needs. Because it is impossible to know what a

potential client's situation is and what it needs in reality, marketing efforts are in often met with disinterest. (Mäntyneva 2001, 18-19)

After the client has been captured in some form, it is easier for the supplier to base the marketing on the past purchases as well as other possible information obtained from the client about their business. The account managers are expected to approach the client to find out whether there are any needs that the supplier could help with and attempt to focus on marketing their products or services accordingly. As the relationship develops further, it is continuously more and more important to meet the customer's needs and wishes, and to personalize the marketing for the specific client. In the third phase, the supplier should already be in good position with the client to be able to do that. (Mäntyneva 2001, 18-19)

The fourth phase in Table 1, maintaining the relationship, is vital. Often suppliers become too comfortable once they have created a seemingly steady relationship with the client, and they forget to actively promote further services. Marketing is still important at this stage since the customer is more likely buy a service they need from a company they are already in business with than to look for another supplier. However that assumption requires that the client is happy with their current supplier's delivery. (Mäntyneva 2001, 18-19)

A good buyer-supplier relationship is the kind in which both parties benefit from and also wish to continue, depending on what kind of services are in question. The time and resources that have been used to capture and increase the customer relationship would be wasted if the customer decided to take their business elsewhere. There are financial profits to be gained from long-term relationships with customers, however, even a loyal customer is not necessarily a profitable customer immediately due to the resources that are used to capture client and increase the relationship. The cost to manage the customer relationship decreases over time when the supplier has more information about the client and is able to serve the client more efficiently based on that information. A loyal, satisfied client is also often more willing to pay the price of the quality services they receive. (Ylikoski 2000, 182-183)

2.2.2 Customer relationship management applications

The vast advances in information technology within the past two decades have helped to manage customer relationships in a more efficient and transparent way and make customer relationship management, or CRM, really part of organization strategy. CRM software solutions aid to maintain client information, records and contacts and other hard facts in the supplier organization. There are diverse CRM software products which are generally used for saving client information as well as directing, analyzing and developing company's own functions. Often the programs are planned to aid integrating marketing campaigns and sales activities. (Burnett 2001, 252)

The following are often registered and managed through CRM software (Mäntyneva 2001, 68):

- Client register, contact information, segmentation
- Sales contacts, sales budgets, sales forecasts, quotation control
- Marketing campaign planning and execution, email campaigns
- Time recording management, workflow management

While client information management has been quite structured in the back-office (also known as enterprise resource planning, ERP) functions such as finance, inventory and manufacturing for a long time, the front office representatives have been more reluctant to integrate software solutions into their everyday client management. (Burnett 2001, 251)

Front and back office software applications, ERP and CRM, are now often merged together to synchronize the information between those different needs to have as smooth workflow as possible. SAP, Microsoft Dynamics and Oracle are good examples of adopted CRM software which have been integrated worldwide to manage business operations and customer relations. SAP is traditionally known as ERP software and not for its CRM features. Microsoft Dynamics and Oracle are commonly known software solutions which have integrated ERP and CRM features, while Salesforce.com is mostly known as a CRM tool focusing on sales management. (Goldenberg 2008, 140-143)

There are several benefits to using CRM applications, both tangible and intangible. The biggest benefits of using CRM are organized sales and marketing information, improved productivity and enhanced customer service. In addition, customer information, such as contacts and background, are located in one place and usually available for all employees. This helps to improve productivity and customer service because marketing material can be directed based on the information as well as speed up response time for customer enquiries. (Goldenberg 2008, 4)

CRM does not come without its own set of challenges. Not only is it a huge investment when launching, there are also other issues which may arise if the organization is not entirely committed to the usage. The overall support from the top management, as well as internal policies concerning information flow is essential to having fully incorporated CRM software. The lack of strategy involving sales, marketing and customer service makes it difficult to build a beneficial CRM application because that is exactly what CRM focuses on. If the company does not know how to capitalize CRM application, it all goes to waste. In addition it is important that the members of the organization are well trained and have the know-how to use the application. Training the users and making sure they understand why it is important and how it can help them is crucial because in the end if the users are reluctant, the possible advantages of CRM disappear. All these challenges can be resolved if the organization puts the effort to diminish them, after all, the benefits outweigh the challenges of using CRM software. (Goldenberg, 2008, 11-13)

2.3 Customer satisfaction

Any service or product provider's business success is dependent on the satisfaction of its customers. Complaints are a way of finding out which parts of the service the client is not happy about. But while complaints are important information, they do not give the whole picture of the client's perception of their level of satisfaction. To measure customer satisfaction, there are various reviews

that a company can implement to be able to see whether or not their clients are happy with the delivery. (Ylikoski 2000, 155)

Customer satisfaction is an important indicator of the company's performance and the likelihood that the client would take their business elsewhere. Auditing service performance properly means that the supplier must engage in systematic and continuous measurement efforts. The most effective way to listen to the customer is through both customer satisfaction surveys, as well as acquiring direct feedback. This is because surveys are often either ignored entirely or answered without much thought put into them. If that happens, the real viewpoint is not necessarily obtained. Direct feedback and satisfaction surveys are both essential parts and are therefore inadequate alone. (Ylikoski 2000, 150) Direct feedback is acquired from the client with their own words and often it is done in the moment of the service. Especially in service industry direct feedback is relatively easy to receive if wanted. (Ylikoski 2000, 155)

Surveys are made to improve customer satisfaction and to monitor how actions based on the results affect that score. There are four main goals for customer satisfaction surveys (Ylikoski 2000, 156):

1. Defining fundamental factors affecting customer satisfaction
2. Measuring the current customer satisfaction level
3. Producing suggestions for actions
4. Monitoring the development of customer satisfaction

Achieving an operational system for monitoring customer satisfaction requires profound ground work and consistent planning (Ylikoski 2000, 157).

Organizations can create their own customer satisfaction forms and questions to gather information from their clients. Typically the forms follow the same type of guideline (Ylikoski 2000, 160-164):

1. "Adjusting questions" – To make sure the answerer qualifies for the target group, however, if the survey is sent only to the existing clients, this part is not necessary.

2. Overall grade for satisfaction – Often a basic grading, for example from 1 to 10.
3. Organization's performance regarding the fundamental factors for customer satisfaction – Measuring how the clients perceive the level of performance regarding the fundamental factors, often executed as a 5 or 7 step scale.
4. Future purchases – Questions whether the customer is interested in the supplier organizations services in the future and whether they would be inclined to recommend the service to others.
5. Information about the usage of the service – To divide the customers to segments, for example to casual and regular customers.
6. Customer's background information – Relevant information, for example about age, gender or income level, especially if the client is a private person.

The collection of data can be executed in several ways, including mail or telephone but nowadays it is becoming more and more popular to do the surveys online, whether it is a direct email request or a feature on the company's webpage. The company has to decide how widely they wish to execute the survey. For business to business companies it is much easier to send out the survey to their entire client base than it is for companies whose customers are mainly private persons. When it is not possible reach all customers, a statistic sample group of the clients should be chosen and targeted to ensure the responses represent the whole clientele. On the other hand, companies can choose to conduct a certain survey to more specified segment of customers such as key accounts or new customers. (Ylikoski 2000, 165)

The collected data should then be analyzed, preferably with the help of statistical analysis, especially if there are a large number of the respondents, since it facilitates the process of finding out the fundamental information (Ylikoski 2000, 165-166). The easiest way to measure the data properly is to use a service provided by other companies who provide constructed model templates and methods of measurement. One of the most widely used client satisfaction methods is the Net Promoter Score, or NPS, which is an internationally recognized and

commonly applied management tool to indicate performance level. NPS system is based on the idea that every company's clients can be divided into three categories: Promoters, Passives, and Detractors. (Satmetrix 2012)

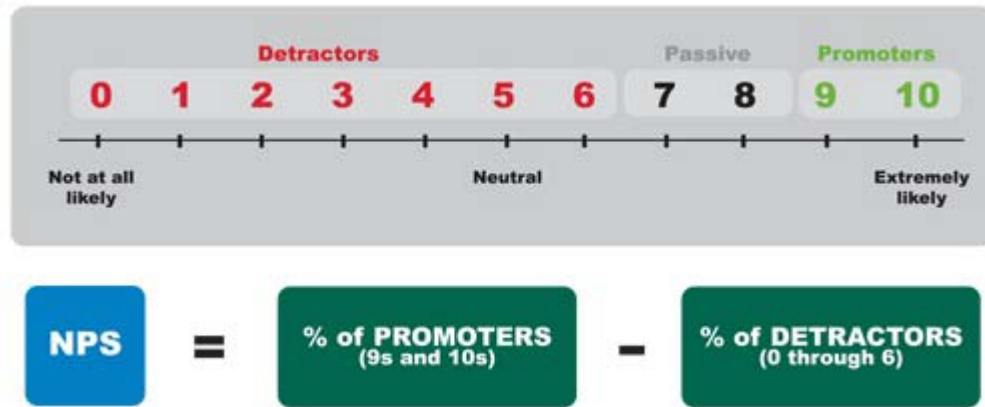


FIGURE 2. The NPS score categories (Satmetrix 2012)

Figure 2 shows the principle measurement of NPS metrics. The Promoters (score 9-10) are loyal customers who not only continue to stay as a client but they also refer the company to others. Passives (score 7-8) are satisfied customers but in danger of being lured away by a competitor because they have no special bond with the current supplier. Detractors (score 0-6) are unhappy customers who are not only in danger of taking their business to a competitor, they are also likely to share their bad experiences and tarnish the supplier's reputation. (Satmetrix 2012)

2.4 Key account management

Key account management, also known as key customer relationship management, focuses on the company's most important clients which are usually the ones that bring most profits to the supplier. Key customer relationship management is founded on the idea that the company is engaged in a customer-driven organizational culture and its main function is to organize the company in a way that maximizes the profit from specific clients. (Burnett 2001, 10)

Key customers are usually viewed as the ones who contribute, or who have the potential to contribute the most profits to the supplier company. In many cases this is the selection which the key account decision is based on, however there can be other factors influencing that decision depending on the industry. (Burnett 2001, 65)

Key customers are managed by key customer/account managers. While there can be an account team which ultimately handles all customer functions, usually one person is responsible for the overall management of the client's issues. The job description of a key account manager varies between industries and organizations but in general they must have a good understanding over business life, as well as being well coordinated and willing to council and listen to the clients. (Burnett 2001, 22-23)

The need for key account management varies depending on the industry and organization. Key customer management is relevant if there are a few major customers dominating the market demand, such as supermarkets. The need for key customer management also arises if the customers think there are significant differentiations in the products/services of the suppliers, and also if the product/service is easily tailored to the customers' needs. Key account management helps with the tailoring process since its main purpose is to understand the client better. A major signal for a need of engaging in key account management is that the competitor companies are already using it in their account management. (Burnett 2001, 15-16)

Key account management may be less important if the buyer's decision of the product/service is based on the price and they do not think there is product differentiation. If the market is known for not having long loyalties to their trading partners, trying to create a long-term relationship with the customer might be a waste of time and money. Also, if the supplier is a monopoly in the market there is not an actual need for key customer relationship management. However, it is important not to neglect the clients as competitors may arise in the future, and also, it is always positive for a company to value its customers. (Burnett 2001, 16-17)

Burnett (2001, 24) offers an 11 step adoption and implementation plan for companies that wish to use key account management concepts. The steps are listed in Table 2.

TABLE 2. 11 Steps of adoption and implementation of key account relationship management (Burnett 2001, 24)

1. Understand your corporate objectives and evaluate your core competences
2. Generate the overall business plan
3. Prioritize your customer and prospect database and identify key customers
4. Agree development, maintenance and target strategies for your key customers
5. Calculate and organize your key customer workload resources
6. Get senior management commitment and motivate customer team members
7. Prepare detailed individual key customer development plans
8. Set up a key customer profitability measurement system
9. Establish a key customer information system
10. Establish key customer satisfaction measurement systems
11. Collaboratively negotiate the business for mutual stability and gain

With customers thinking they want fewer but preferred suppliers, it opens up possibilities for developing key customer relationships if companies are ready to recognize the opportunity.

2.4.1 Benefits and challenges of key account management

The reasons to engage in key customer relationship are various. One of the main reasons to engage in key customer relationship management is to maintain the current customers. Taking a current client for granted can turn out to be an expensive mistake because not only is income lost when a customer leaves, attracting new customers can be up to five times more expensive than maintaining

them. Therefore it is important to continuously improve the service level and keep competitors at bay. Keeping close communication with the client means that the supplier can react faster if a competitor is trying to close in on their client.

(Burnett 2001, 12-13)

Suppliers should seek to deliver added-value to their clients with their products or services and that may include making sure the pricing is done properly. In addition, key account management can be used as a mean of spreading risk and reducing vulnerability so that the company is not dependable from a small number of their biggest clients. Having a key account management plan in place usually means the company has several key accounts and in that case, losing one of them will not crumble the supplier's finances. (Burnett 2001, 13-14)

Engaging in key customer relationship does not come without its own set of problems. Major changes might be required in the way the organization approaches client portfolios and in general attitude towards customer relationships. If the supplier only has a few key customers, there is a risk of being too dependent on them and to be vulnerable to change as mentioned earlier. Key customers are often big corporations who have very skilled and knowledgeable buyers with whom the key account manager is dealing with. They know what they want and know how to demand service quality. However, if the supplier's product/service meets the needs of the buyer, the professionals can be easier to deal with than the less informed ones. Additionally, there is a risk that too intense focus on current key accounts results to neglecting prospective key accounts which could lead to losing those accounts to competitors who see their potential. (Burnett 2001, 17)

2.4.2 Customer development

Developing a key customer relationship requires a system that allows suppliers to collect information about the client as well as sharing information back to the client. The transparent relationship created by that information flow is not only to look good in the eyes of the customer but in fact it helps the supplier to really understand the client and their business as well as develop the relationship in parts

that it is not necessarily working as hoped in more creative manners. (Burnett 2001, 184)

Individual customer development plans give reasons to discuss client business information which may not arise in normal buyer-supplier discussions. The value of getting clients talking about their business goals is not to be forgotten, since it can create additional sales and therefore maximize the profit from the customer relationship. Additionally, intangible factors, such as feelings and reflections, are essential part of a customer relationship, however they often forgotten because they do not seem to be as important as the tangible hard facts. A structured, multi-factor based plan for customer development helps to create an individual relationship with each key customer as well as giving a reason to collect important and useful information about the client. (Burnett 2001, 184-185)

Burnett (2001, 187) introduces a customer development plan model. The development plan is constructed from several pieces which are shown in Figure 3.

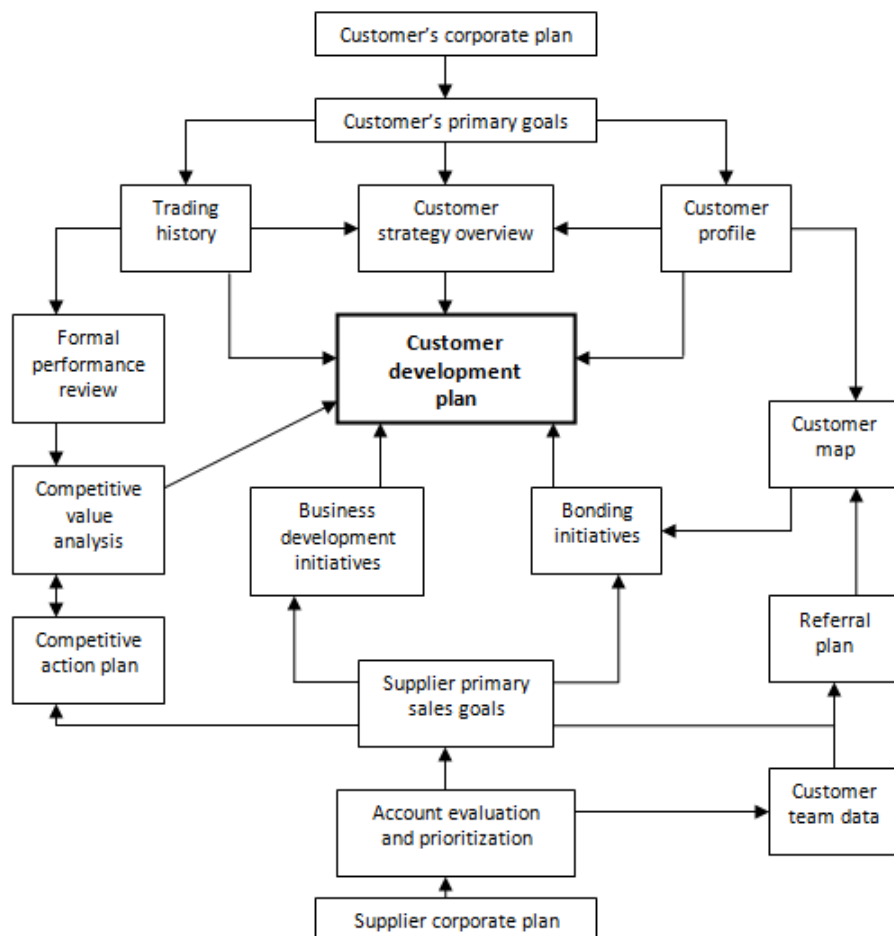


FIGURE 3. The customer development planning process (Burnett 2001, 187)

Customer profile can include any basic, straightforward information about a specific client including contact information, size and relevant business information (Burnett 2001, 186).

Customer trading history is an important record of client's previous purchases and it should also include a forecast of future trends regarding the client's purchases based on the past as well as other indicators such as expressed needs (Burnett 2001, 186).

Client's specific primary business goals concerning, for example, expansion, product development, marketing and finances are helpful in the forecasts as well as overall customer development. (Burnett 2001, 188)

Customer strategy overview assesses the current strategic relationship between the supplier and the customer. This should include assessment of the supplier's strengths regarding the client as well as vulnerabilities, but the most important development part is the opportunities which, in fact, are the gap between the supplier's performance and the client's expectations and needs. Those opportunities are the things the supplier should process in their primary sales goals. (Burnett 2001, 188-198)

Primary sales goals are the business objectives concerning the specific client within certain time period. The supplier's primary sales goals should be consistent with the client's business goals and the goals are broken down into initiatives which are placed into either of the two categories; business development initiatives or bonding initiatives. Business development initiatives are the specific action plans for each sales goal. These actions can concern for example products or promotional campaigns which have measurable results. Bonding initiatives, on the other hand, are less measurable as they strive to develop and strengthen the customer relationship and the supplier's status in the customer relationship from an ordinary supplier to a preferred supplier. (Burnett 2001, 189-190)

Customer team data is a list of the supplier's personnel who are involved in the specific client's matters, as well as development review dates. The personnel list should consist of people from all relevant functions including main customer co-ordinator, sales team and internal and external support team members. The

review dates can be set from weekly meetings to 6 month span and they are meant for evaluating the progress of the action plan for the specific client. (Burnett 2001, 191)

According to Burnett's development plan, formal performance review meetings should regularly take place between the supplier and the customer. The review session should cover the factors the client perceives as the most important criteria they require from their supplier and how they think the supplier has performed in them and what are the future actions. (Burnett 2001, 191)

Competitive action plan is a summary of things that should be covered to prevent the client from seeing the competitors as viable alternatives. To be able to compete, the supplier must identify the competitors' products, prices, strengths, weaknesses and other relevant information that could be seen as a competitive edge. Based on the information, the supplier can identify components which might help the competitor to allure the client to their service, and plan accordingly to neutralize the competitor's advantage and ultimately win business from them. (Burnett 2001, 192)

The referral plan is a record of sales referrals which can be utilized with clients. Using the material and connections from current customer base is an effective way to increase business opportunities. While asking for a client to give referrals is not as customary in Europe as it is in North America, there is value in the relationships which can be used to benefit the supplier's business agenda and therefore should not be forgotten. (Burnett 2001, 193-194)

3 RISK MANAGEMENT AND INSURANCE BROKING IN FINLAND

3.1 Insurance Broking

Insurance brokers have become a stable part of Finland's insurance markets within the last 20 years. Legislation concerning brokers as insurance dealers was enforced in 1994 and the act clarifies insurance broker status, responsibilities and operating principles and it helped the expansion of insurance broking in Finland. Earlier the insurances were bought directly from representatives of the insurers. Following the act in 1994, four insurance broking firms were registered as well as one independent representative. (Määttä & Forsman 2005, 10) The insurance broker business in Finland is governed by Financial Supervisory Authority and a broker is independent from any insurance company.

Most of the biggest insurance broking firms offer services for both life and non-life insurance services. Insurance brokers work with a fee compensation which is based on the amount of work and the duties which are agreed upon in the service agreement. (Määttä & Forsman 2005, 107)

A service agreement between the broker and the client is to be done. The service agreement states what has been agreed on to be the broker's duties, and it often serves as the foundation for the broker's fee as well. The broker proves their status as a representative of the client, also known as principle, to external partners with letter of appointment. It is a document solely signed by the client stating that the broker is eligible to operate in their behalf. (Määttä & Forsman 2005, 29)

Figure 4 illustrates the responsibilities of an insurance broker as well as their role between the client and the insurance company. While the client receives the insurance policy, it is customary that all dealings go through the broker, including tendering.

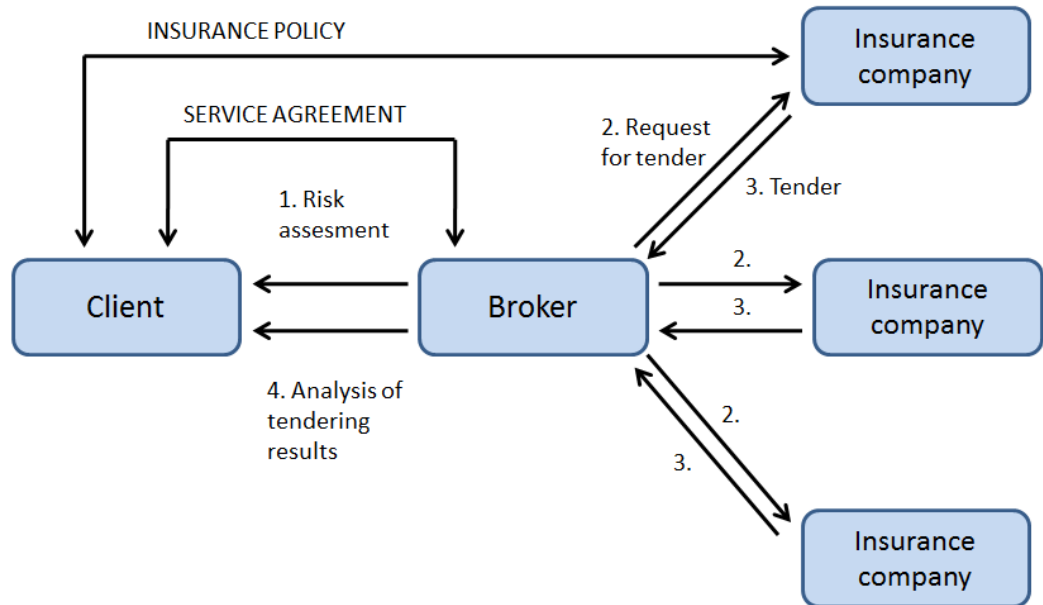


FIGURE 4: Broker's role and responsibilities (Määttä & Forsman 2005, 12.
Translated by the author)

The broker's typical tasks include evaluating client's risks, tendering lines of insurances, comparing insurance policies and choosing or recommending the best insurance for the client's needs. Often the broker also tends the client's insurances. (Määttä & Forsman 2005, 13) Major operators in insurance broking business in Finland are Company X, Competitor A, Competitor B, Competitor C and Competitor D.

3.2 Risk Management

Preparing for diverse risks is systemized into a process called risk management. Risk management focuses on evaluating different kinds of threats a company can face which can negatively affect their business activities. Companies, and especially their management level, must make sure that risks which can prevent business goals from being reached are recognized and managed. (Rantala & Pentikäinen 2003, 57)

Risks can originate from outside as well as inside the company. Risks can be accidents or strategic, operative or financial risks. Some risks are easily

recognized and their probability and significance are easily evaluated but in the global business world there are more and more risks which are difficult to forecast. (Rantala & Pentikäinen 2003, 57)

Regular risks for organizations include liability risk, project risk, property risk, interruption risk, credit risk, human resources risk and transport risk. Risks can be divided into static and dynamic risks. Static risks are unchangeable risks like fire, burglary and business interruption risks, and they are usually insurable. Dynamic risks are the ones that can change drastically depending on economic cycles and overall circumstance and they are not insurable. Dynamic risks are often described as business risks such as change in product demand, product price fluctuations and changes in competition. (Rantala & Pentikäinen 2003, 56)

There are different ways to approach risk management. A company might be proactive and minimize the possibilities for a risk, for example when building a new factory. If the factory is built in the way that it is fire safe in terms of construction material, it is a risk management decision. Damage control for occurred risks is also part of risk management. A plan for how to recover from unexpected conditions such as cases of fire or broken machinery can be made to ensure minimal loss for business interruption. (Rantala & Pentikäinen 2003, 80)

Risk management, in its main core, is constructed of four parts (Rantala & Pentikäinen 2003, 83):

1. Identifying risks – Company's all internal process stages are examined to find out possible risks, as well as identifying external supplier and network risks.
2. Analyzing risks – The probability and consequences of risks are calculated.
3. Planning protective measures – Examining and planning for possibilities to avoid or minimize risks with preventive actions based on risk findings in the previous step. The remaining risks are either insured or to be left as the company's liability.
4. Approving the plan – Corporate management is responsible for reinforcing the risk management plan.

Risk management is considered to be one of the standard routines of corporate management. Risk management can be assigned to a person or a unit who is responsible for making sure risk analyses are up to date. Maintaining the information should be continuous work and should not be considered to be a one-off process. (Rantala & Pentikäinen 2003, 83)

The process of risk management planning and analyzing can be outsourced to specialists. In Finland, major service providers of this kind of risk management consulting include Competitor E, Competitor A and Company X.

4 CASE COMPANY: COMPANY X LTD

Company X is a business to business service provider and is specifically focused on risk management, insurance broking and consulting. Company X handles both life insurance and non-life insurance services for their clients. Company X is part of a global corporation, Company X plc, which operates in over 120 countries. (Company X 2012)

Company X was founded in 1994 and has grown to be the largest risk management and insurance broking firm in Finland. There are two offices, the main office in Helsinki and a secondary office in Oulu. In 2011, Company X's turnover was EUR ██████████ operating with over █████ employees. (Company X 2012)

Company X offers insurance management, consultancy, training, risk management, electronic and claims services for their clients. Company X's main clientele is the top 500 companies in Finland and more specifically the concentration is on the top 100 companies. Out of those top 100 companies, approximately █████ are either Company X's continual clients or project-based clients.

To maintain the growing trend of the past few years, Company X is looking to expand its operations continuously by adding workforce, as well as innovating new services to current and prospective clients. In addition Company X is in the process of launching a new CRM application. There has been an online based client information and workflow platform called Boost, which was created to cover Company X's needs, however it cannot be fully considered as a CRM application.

The new Microsoft Dynamics based CRM will be developed in several phases. The first phase is to replace their current application, while the future phases will include other unspecified features to complete the CRM. The new CRM will help gather information about the clients and ease overall customer relationship management, as well as improve efficiency. In addition, it will help the workflow changes occurred by the organization structure transform when Company X

incorporated middle office functions in favor of previously used back office structure to reduce the workload of account managers.

As a subsidiary company of a large international corporation, Company X is required to report its financial information to the corporation. Company X is part of the EMEA division and it reports the Holland office who then reports to the headquarters in London.

Marketing-wise, Company X is fairly independent to do as it wishes. The corporation provides the logos, brand colors and fonts but designing and making the brochures is left for each daughter company to execute as they please. In 2009 Company X Corporation signed a four-year deal to become the main sponsor of an English football team. The sponsorship started at the beginning of 2010-11 season and lasts until the end of 2013-14 season. (Ogden 2009) Subsequently, the team, and football in general, has been used considerably in all of Company X's marketing material.

TABLE 3. Marketing Mix: The 4 C's of Company X

Consumer	Consumer, in this case, is a company. Since Company X deals in a service sector, client satisfaction is important. Company X continuously tries to find new services to facilitate the existing clients as well as to attract new ones.
Cost	Company X aspires to offer the best price-quality ratio compared to its competitors without entering a price war. The goal is to be known as the quality service provider, but not necessarily the cheapest option.
Communication	Company X communicates with its clients and prospect directly, not as much through the mass media. However, Company X Corporation is the main sponsor of a football team which offers plenty of visibility and a strong brand image.
Convenience	As part of a large global company, Company X can offer its network's services all around the world to aid the client.

4.1 Competitor information

The biggest competitors in similar insurance broking business are Competitor A, Competitor B, Competitor C and Competitor D. Out of those four brokers, Competitor A, Competitor B and Competitor C offer both life insurances and non-life insurances. Competitor D, however, is only focused on life insurances.

As Table 4 suggests, Company X has the largest number of employees as well as having the biggest turnover (EUR ██████████) out of the five. The closest competitor in terms of fees and personnel is Competitor A. Competitor D, being the only example of being exclusively a life insurance broker, is significantly smaller. When compared to 2010 figures, Competitor B has made noticeable growth from EUR ██████████ while the rest have only small fluctuation (Financial Supervisory Authority, 2011).

TABLE 4. Basic information about biggest line and non-life insurance brokers in Finland, in 2011 (Financial Supervisory Authority, 2012)

	Company X	Competitor A	Competitor B	Competitor C	Competitor D
Founded					
Registered brokers					
Overall no. of personnel					
Fees received from principals EUR					

Table 5 represents the premiums of insurances mediated by Company X, Competitor A, Competitor B, Competitor C and Competitor D in 2011. The information is divided into non-life and life insurances as well as non-statutory and statutory premiums. Table 5 suggests that Company X in fact does have the largest market share.

4.2 Key account management in Company X before Service Methodology

Before Service Methodology, there was no commonly used client service plan in Company X. The decision of making a plan for the client was left to the individual account managers and consequently there were various ways of handling large clients. Therefore six interviews with account managers were conducted to find out examples of previous key account management styles. The account managers to be interviewed were chosen by the chief commercial officer of Company X.

According to the interviewees, in some cases, the base for managing the client was left to rely on the service agreement, an appendix of the contract between Company X and the client. However, the service agreement generally only lists the duties of Company X in a very simple manner as it does not involve any sort of formal plan.

Some account managers had their own ways of planning future actions for each large client. To review the past year, all of the interviewees had ways to display the key actions to the client. Some had more of an informal way of presenting the information with a few slides along with another agenda in a meeting, while others delivered more formal annual review report. The policy of how formal the plan was depended on the account manager as well as the size of the company.

A few mentioned having created their own action plans which were, in fact, required from Company X in the service agreement with the particular client. However, most of the interviewees had been more focused on reviewing the past actions rather than planning for the future.

For some of the major international clients, there was a stewardship program that was used to process the past actions. A stewardship meeting was held once a year between the strategic account manager from Company X and the main contact from the client, and a report was made to summarize what had been accomplished, the changes in client's business, goals, future plans and timetables as well as an overall performance evaluation. The stewardship program was in many ways quite similar to the new Service Methodology plan, however, even with the few new matters that were meant to be brought up every year, the main focus of the stewardship program was to look back on the year.

None of the interviewees had a fixed number of meetings with the clients. Most of them mentioned they scheduled a meeting before the renewals of insurance policies to make sure everything is still in order and check for possible changes but aside from that they mainly meet when the clients require. Some of the clients require only one meeting per year while some of the biggest clients call for a monthly meeting.

Company X uses the NPS performance indicator, which was introduced in subchapter 2.3, to get feedback from all of their clients. Besides the usage of NPS, only two of the account managers that were interviewed said they had an annual review meeting which included an evaluation of Company X's performance. Mainly, the other's relied on receiving feedback when the client felt there was a need for it. Depending on the client and the length of the relationship, the feedback communication varied from no feedback communication to open discussion to whenever needed.

5 CASE: SERVICE METHODOLOGY PLAN

5.1 Background and methodology

Service Methodology is Company X Corporation's globally uniform approach to ensure each client receives personalized service based on their individual business needs. The Service Methodology was first announced in 2009. Company X Corporation interviewed their clients around the world to understand the needs and values of their clientele to be able to create as specific plan as possible. (Coccia 2009)

The companies that are eligible for the Service Methodology are the ones which bring an annual [REDACTED] or more in fees to Company X annually.

The four-step methodology of Figure 5, starting with an assessment and ending with a review, creates transparent view of the work performed, and holds Company X accountable for delivering promised value to client. Service Methodology process and plan is based on 10 attributes in Figure 6 that risk decision makers consider they value most in a risk advisor and insurance broker such as Company X Corporation.

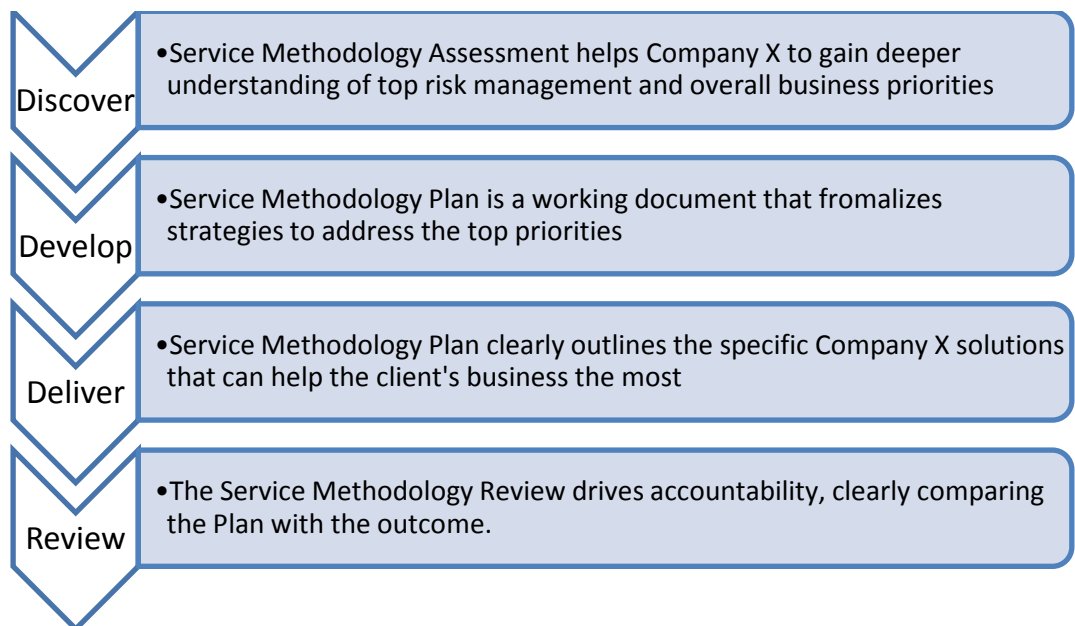


FIGURE 5. The four-step methodology (Company X 2012)

A focus on optimizing your total cost of risk	A program designed entirely around your needs	A dedicated team and a world of resources	Local access to the best markets in the world	Constant investment in new ideas and solutions
A comprehensive understanding of the full cost of your risks, rather than just the size of your insurance premium.	A risk/insurance program that brings the right combination of flexible solutions to address your unique priorities	A local team who know your business, and can seamlessly bring you any specialists you need	The most appropriate insurer for your business, and confidence in their ability to perform.	Innovative solutions for existing and new business challenges
The strength of the world's leading broker on your side	Powerful benchmarking	Industry-leading service wherever you need it	Your feedback driving our performance	Open and honest dialogue about the value we add to your business
A partner who is powerful enough to defend your interests	Accurate benchmarking of your risk program and insurance costs compared to peers	Great service from a team who deliver what you need when and where you need it	Confidence that your broker is really listening to you and changing what they do as a result	A risk/insurance program that adds value to your business, at a good price

FIGURE 6. The 10 Service Methodology Elements (Company X Intranet 2012)

The chief commercial officer of Company X has been the main contact for Service Methodology in Finland and was the one who attended and international information gathering to learn about the method and its process. Service Methodology was officially introduced to the rest of Company X in spring 2010. While the first Service Methodology plan was started in January 2010, the launch in general was slow to start - it wasn't until fall 2011 that most of the major clients were part of the Service Methodology process.

The first formal introduction to Service Methodology was in one of the monthly sales update meetings which are open for all Company X employees. Service Methodology was brought up in those meetings regularly from then on by the sales department or by the account managers who shared their experiences about executing the plan for their clients. In addition, a training session was offered for everyone who wanted to take part in it and the sales department continuously offers assistance if needed. However, only about 2-3 people have come to ask for help from the sales department so far, excluding the people who have asked for

help with the technical aspects such as sending the assessment survey. Additionally, intranets of Company X as well as Company X Corporation contain templates and instructions for the process.

Most of the interviewees said they attended at least one monthly sales meeting which dealt with Service Methodology but apart from that, they mainly learned how to compose the plan by themselves or within the service team with the help of the material on the intranet. All the interviewed account managers seemed to think that even though they may have been uncertain about the process and the plan in the beginning, it got easier while making it. While saying that there was enough information at hand to help, most of the interviewees would have hoped to have more of experience sharing about making of Service Methodology, in order to ease the start of the process.

5.2 Service Methodology plan and process

As already mentioned earlier in Figure 5, Service Methodology process entity is divided into four major categories; discover, develop, deliver and review. The 12 months long timetable is outlined in Figure 7.

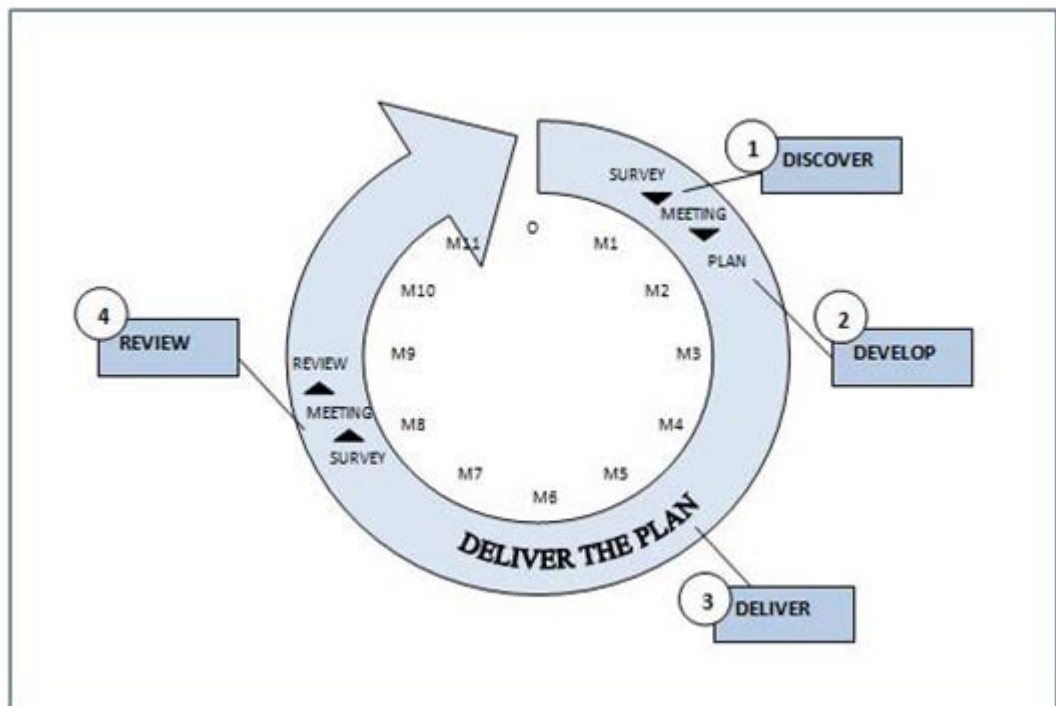


FIGURE 7. The Service Methodology Lifecycle (Company X Intranet 2012)

In the discovery phase, the first step is to introduce the Service Methodology to the client. All of the interviewees said they had introduced the plan briefly in a face to face meeting with the client. Some said they used the marketing material for Service Methodology in intranet to ease the presenting. Most of the interviewees' clients reacted the new service plan positively or neutrally. Some clients had already had service plans which they thought covered the issues of Service Methodology and didn't see the need to change things but were nonetheless up for the change once it was explained that Service Methodology was the formal way. In a few cases, the accounts had been transferred to a new account manager and the clients were not necessarily happy with the way their previous account manager had dealt with their customership, and were pleased to know there would be more formalized plan.

After the initial introduction, most clients are sent an email link to the assessment part of the process which is executed via SalesForce.com or alternatively, the account manager can choose to conduct an interview with the client. The assessment questionnaire, which is filled by the client, covers questions about their organization's business goals, risk management and insurance goals, the importance of the main elements of Service Methodology and Company X's performance in those elements as shown earlier in Figure 6. In addition, the assessment handles feedback on Company X's performance in other business areas, the likelihood of the client recommending Company X to others and choosing services of which the client would like to hear about more.

In the cases of the interviewees, some companies only had one contact who answered the questions, some had as many as three. The interviewed account managers agreed that sometimes getting the answers required several reminders to the contacts who were too busy to take the time to answer them. Furthermore in many cases the answers then seemed to be hastily thought out with inconsistent short answers in open questions. Several account managers proceeded to go through the questionnaire with the client in a face to face meeting to get more thorough answers.

In the development phase, the plan is to be made. After the client has given the answers to the assessment part, the account manager or the service team together

place the answers to the plan template as directed. The plan template itself covers the issues in the assessment. It first introduces the elements of Figure 6 and begins with the comparison of the answers to the elements based on what elements clients feel are most important and how Company X performs in them. The plan goes through the issues brought up in the assessment one by one and ends with a summary.

Most of the interviewees reviewed the draft they had made of the plan with their clients, either by sending it to them by email and asking them to go through it on their own or process it together to make sure the plan supports the ideas and wishes of the client.

After the plan is made and returned to the client, the process has come to the delivery phase. According to the timetable in Figure 7, there is a six month period for the account manager or the account team to make sure the things that were agreed upon in the plan are put into action in a way they feel is the best. After the delivery period becomes the review part, where the client is to answer another set of the questions and the results from the assessment is compared to the results of the review. Ideally the score of the performance review would improve from the first assessment. The plan is to be renewed yearly.

Depending on whether an interview is conducted, the account managers estimated that Service Methodology takes from 15 minutes to 4 hours of the client's time. If the client does the assessment part as an online survey, they might spend less than 30 minutes on Service Methodology. However, if the assessment is done via interview or the draft is reviewed with the client, the process might take some hours. It all depends on how much the account manager promotes it.

The time Company X spends on the Service Methodology consists of more parts than it does from the point of view of the client. When starting from going through the material to learn how to do it, the process can take up to two work days all together. But according to the interviewees, as the account managers become more accustomed to it, the easier and faster it gets. While every plan is unique, the template is the same and when it becomes familiar and it becomes easier to adjust the answers correctly, less time is required. The interviewed

account managers estimated that after doing a few plans, it takes between 5 to 8 hours to compose a finished Service Methodology plan, depending on the size of the client.

5.3 Benefits and limitations of Service Methodology

There are several ways the client as well as Company X can benefit from Service Methodology. For the client, the service plan gives a level of transparency of the actions and workload of Company X. In the contact person's view, the plan also gives a formal representation of what the buyer organization is actually paying for when working with Company X. As the name indicates, the plan is a promise to the client of the value and the service level and the client can hold that as a measure of delivery. Service Methodology plan, and a successful execution of it, is also a way to justify Company X's service fees to the client.

When discussing the assessment and the plan, the clients have time to give honest answers about their needs, wants and expectations. Just opening the communication channel about the client's business goals while discussing the plan can help the account managers to identify issues where Company X might be useful in, and essentially, help the client fill a void. Once possible needs are recognized, it's easier for Company X to offer specific services that have not necessarily ever been brought up before that might be useful to the client. This can of course be seen as a benefit to Company X as well, since it eases the additional sales stance. However, essentially the focus is on the client and their needs.

The feedback that account managers receive from clients when talking about the plan and finding out the reasons behind the assessments the clients gave was seen as important and significant by the interviewees. Feedback is an important tool for client satisfactory and Service Methodology attempts to open the communication channel between the service provider and the client. Discussing the things that are not necessarily fulfilling the client's needs helps account managers to adjust their work accordingly. Especially if something is wrong with the service, the information should reach the account manager so that changes can be made. Also it is good to remember that positive feedback can be helpful not only because it is

nice to hear positive comments, but also because it is better to know which areas should be focused on to improve the service rather than to accidentally try to fix parts that are already work. Some interviewees said they already had a good communication channel when it came to giving feedback but for some it was a welcome change.

Service Methodology and its structure is a way of keeping a certain level of service throughout the company and it serves the brand positively to have a unified approach to large clients. Also the structure eases changes within Company X. When account managers change, Service Methodology can be excellent place to begin to get to know the client and what has been done and, furthermore, what has been planned for the future. This also applies if client's contact person changes. They also have a clear plan which they can study to get an overall view of the actions between the client and Company X. The smoother the transition, the better for everyone involved.

Service Methodology is the first of its kind offered by an insurance broking firm in Finland. This service plan, which focuses on the client's opinions and needs, has a chance to give Company X a competitive edge when persuading prospects. Presentation for a prospect can be easily built around Service Methodology if Company X has already started to think about a tailored plan.

A commonly used and structured plan eases the work of account managers who no longer have to design their own plans like some have done in the past. Instead all of the large clients are treated more equally throughout Company X. As mentioned earlier, some of the interviewed account managers executed their own action plan calendars for their clients. However, most of those plans were focused on looking at past actions and only briefly considered what was ahead.

The general opinion amongst the interviewees was that Service Methodology eases additional sales for existing clients. This can be true especially if the assessment was executed as an interview, where the account managers have the chance to really talk to the client and to get them to discuss their business goals, whether it's expanding their business or addressing a risk management need. It

becomes easier to focus on the things that the client finds most important and is ready to pay for.

In the cases where there has not been any service plan, Service Methodology is a major step forward. However, almost all of the six interviewees agreed that Service Methodology requires some development and while there are not necessarily directly disadvantages to Service Methodology, there are certain limitations and inconveniences. The interviewees considered it was time consuming, especially at the beginning. The essential part in order for both parties to get the most out of Service Methodology is that the client takes the assessment seriously and provides proper answers. If the assessment and subsequently the plan are made half-heartedly the benefits are also lessened.

The account managers said that finding the right place for certain answers was occasionally difficult, especially when the assessment was done merely as an internet questionnaire. Also difficulties arose if there were more than one contact answering the questions since the people from different positions at a company can have very different ideas what are important to them.

The interviewees were hesitant to add any sections to the Service Methodology template. One of the account managers called for a section focusing on the network's performance. The initial assessment questionnaire did not cover the network functionality alone but merely touched it as a part of a bigger service entirety. However, the new questionnaire published in summer 2012 included a separate question about the Company X network's level of functions which was a step towards the right direction in that aspect. However, to make such drastic changes to the assessment and subsequently to the plan is not really possible to execute just in Company X but it would need to be done on international level.

The account managers were not necessarily up for removing any features of Service Methodology either. While most of them found Service Methodology template to be too long and repetitive, they preferred to have the option to remove parts when necessary depending on the client and the situation. However, most of them did think that overall the plan should focus on the essentials, meaning the

action plan and feedback. All of the interviewees said they had left parts of the template out of their plans or combined parts to make it smoother.

A few of the interviewees expressed concern whether a year is too short a time to execute anything major that might be expressed in the plans. One account manager said that even as the review was approaching, it seemed that very little time had gone by since the plan and they were pondering whether the client felt the same way, and whether the interest for Service Methodology would pass if it became too repetitive.

Several of the interviewed account managers considered it to be difficult to keep the action plans in mind during the delivery phase of the process. The normal routine work is delivered without a need to remember the plan specifically but the special actions or introduction meetings to other Company X services are the ones that some of the account managers said they had difficulties keeping them in mind, especially since the plan has yet to become a norm.

6 CONCLUSIONS AND RECOMMENDATIONS

6.1 Conclusions

The interviewed account managers seemed positive about the plan and consider it to be a good thing overall. All the interviewees understood the concept and the reason behind it and thought that either Service Methodology or something similar is essential for a company like Company X.

The segmentation for Service Methodology is made simple since the only qualification is the amount of fee revenue for Company X. Since Service Methodology takes time to make and deliver, it is wise to limit the eligibility to the most profitable customers.

TABLE 6. SWOT analysis of Service Methodology

<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Information on the client that would not be received otherwise • Same structure throughout Company X • Forces account managers to think about the account • Open feedback 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Hard to find a way to follow through throughout the year • Time consuming • Not promoted enough
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> • The first of its kind in Finnish markets • Clients feel like they are listened to • Value added to the client 	<p><u>Threats</u></p> <ul style="list-style-type: none"> • Competitors creating one of their own • Clients might think it is too repetitive • Lack of motivation

Service Methodology was brought in little by little and didn't necessarily get the start it would have deserved. Many of the interviewees said that the uncertainty at the beginning of the first Service Methodology process was partly because the information was scattered into so many different documents that it seemed as if there was much more to it than there actually was. In that light, there would be room for improvement in the presentation of Service Methodology on the intranet, to possibly make more compact summary of the steps. Also it was suggested that team leaders should promote Service Methodology more to their teams and be proactive about making sure the plans are made. As team leaders, they should lead by example, and to really get the full benefit from Service Methodology the people executing it should be motivated instead of merely pushed to do it.

The apparent thing that the interviewees seemed to call for was to have a better channel to share more experiences and good practices concerning Service Methodology. The information sharing could include example ways for presenting, interviewing, making the draft and the plan, as well as the review part. Additionally it would be good to remind people who start Service Methodology process that it is easier to make the plan quickly after the assessment survey. Not only are the covered issues easier to remember if the timeframe is small but it also helps with motivation. The longer the process goes on, the less motivated all parties become.

All of the interviewed account managers concluded that it would be the wisest that the assessment part would be conducted as a face to face interview since then it is really possible to get the client to think about the answers and get more truthful opinions. Face to face interview also reduces the possibility that the answers could be misunderstood by Company X. It would be good to mention this to the account managers who have not executed a plan yet or even to those who have but have only sent out assessments. However, it is most likely for the best to leave the decision of how to execute the assessment to the account manager or the account team as they know the client best, and not every client is willing or able to sacrifice the time for an interview.

As mentioned in an earlier chapter, some interviewees had trouble figuring out how to keep the Service Methodology plan in mind for each client throughout the

delivery phase. As the account managers make more plans and become accustomed to them, perhaps they will find their own practices for following up the process. However, if some have found good ways to do it, it would be for the best to share those tips with everyone, just like other experiences mentioned earlier. Another recommendable way would be to examine whether it would be possible to add Service Methodology process into the new CRM application as an action list where the progress could be monitored.

The idea of receiving honest feedback and being able to measure it and see the results seemed to be a welcome addition. Especially the ones who had covered the assessment as an interview were very pleased to have the opportunity to really find out how the client saw the service. However, some considered it might be difficult for some clients to express their honest opinion with a familiar account manager whose performance is essentially being evaluated. Then again, since the interviewees thought the performance feedback is best to be conducted face to face, and having someone else to carry out the feedback interviews is difficult to implement, especially for a company with approximately ■ employees, the best option is to encourage the account managers to do the assessment and the review themselves in a face to face meeting.

While there were suggestions that there could be ready texts to choose from, and copy and paste them to the plan, it might not do as many favors as it might hurt the concept of Service Methodology. Creating half-filled templates might sound tempting to account managers who are already pressed with time, but creative thinking and actually focusing on each client even for a few minutes longer is a way to make sure that each client in fact gets an individualized plan.

One of the interviewees wished to see an assessment of the Company X network which is a major part of how the large client organizations are handled. The first version of the assessment did not include the network as a singular question, however, in the revised assessment form, network was also included. The interviewee went to suggest that perhaps there could be a possibility to carry out a separate network assessment and plan for major international clients in the future. While this kind of assessment and plan would require major workload for Company X, maybe some clients might be interested in such review and perhaps

Company X Corporation should look into the possibility. However, the amount of work it would require to do that would most likely mean additional fee for the client.

There is always a threat that competitors create their own set of client development plans which could be considered as having the same idea as Service Methodology. That is why it is important to keep developing the plan template. And based on the improved assessment form, Company X Corporation is attempting to keep up with the account managers' and clients' wishes on an international level. Company X has limited authorities when it comes to developing the plan template itself but if the template is utilized properly and the account managers continue to make the effort for each client, Service Methodology is still ahead in this when compared to the competitors.

If compared to Burnett's customer development plan, which was introduced in Figure 4, it is clear that Service Methodology does not cover as large area of customer planning. However, Service Methodology is made to be given to the customer and not merely used as a plan for Company X's strategies, and therefore it cannot include all the features of the development plan. As it is, Service Methodology is focused on the customer's business goals and Company X's performance review, while Burnett's development plan focuses on a plan which would be only for the supplier company to use, as it additionally considers sales goals and competitor analysis. Naturally, Company X Corporation could develop the Service Methodology plan to create two sets of plans; the current template which would be delivered to the customer and a more detailed development plan for Company X's use only, which could cover more issues as shown in Burnett's plan. However, executing two plans would require more time spent on them, even if the plans held similarities.

To conclude, there are several steps Company X could take to ease the process of Service Methodology for the users:

1. Present opportunities for account managers to share their experiences and learnings to others.

2. Consider face to face interview with the client as the primary option for executing assessment phase.
3. Promote Service Methodology to the employees as a positive, useful element instead of a forced thing.
4. Review the possibility to integrate Service Methodology action plans to the CRM software.

6.2 Recommendations for further research

As this study was conducted by only interviewing six account managers, to get more comprehensive results regarding the opinions of Service Methodology process in Company X, it could be suggested that a more widespread survey should be conducted. The focus group should consist of all the account managers who have dealt with Service Methodology.

Also to receive more experiences and good practices, a survey to other Company X Corporation countries could be conducted. Receiving information and opinions from other Company X Corporation offices, in perhaps bigger countries such as Germany, could help Company X to get more extensive understanding of the benefits and pitfalls of Service Methodology, as well as finding out whether the plan template could be filled out so that it could be more beneficial to Company X.

In addition, to fully understand the benefits and the opinions about Service Methodology, the client base could also be surveyed. The client representatives who have answered the assessment questionnaires and have seen the finished plan, as well as monitored the execution, could have insights into how the Service Methodology is really perceived by the clientele. As for now, there is no researched data that would undeniably state that the customers of Company X view Service Methodology as a beneficial plan for them.

7 SUMMARY

Customers are a company's central resource without which the company cannot function for all intents and purposes. Customer relationship management is a continuous learning process which aims to increase the company's knowledge and understanding of its clients. Customer relationship management is a complex matter which might cause thorough transformation of customer culture in the company, depending on what is the starting point and how deeply the company engages in it. Key account management takes customer relationship management one step further. Key customers are a small segment of the clientele which receive more detailed focus and plans. Their development should be planned and progress reviewed preferably together with the client to make as truthful plans as possible.

The Service Methodology process brought a new unified key customer management form to Company X. Previously the management had been left to the account managers who had the power to decide whether they made a plan for a specific client or not which led to as many different versions of management styles and forms as there were account managers. Some large clients had no plan in place before Service Methodology and, while it cannot be said whether that was enough for the clients at the time, the lack of planning signaled a shortcoming in the information gathering and overall management of such large clients.

Overall the formal and unifying format of Service Methodology was accepted by the interviewed account managers. Their common opinion was that there had been a clear lack of unity in the way especially large, key accounts were handled. In addition it was considered that while the adaption took a while, eventually using Service Methodology would ease account managers' work since there is a ready template to fill out instead of having to create an own plan which is much more time consuming.

To make the start of Service Methodology process easier and less intimidating, the account managers suggested that there would be more sharing of experiences in internal meetings. This would also help even people who have already dealt with Service Methodology but wish to know other ideas and develop their own plans further to get maximized benefit from it. However, Service Methodology has

already opened a discussion over client management between the account managers. Because Service Methodology is still new to everyone, people are exchanging best practices and experiences which in turn help to reduce the gap between the ways large clienteles are taken care of in Company X. The plan can also help with the transition of a new account manager when taking over an account when changes in personnel occur.

Not only has discussion come up with other Company X colleagues but Service Methodology also gives a reason to discuss with the client ways which perhaps were not the norm before. Discussing with the client and knowing their business goals helps to understand and subsequently perform better.

Service Methodology focuses on maintaining existing customers but it can also be used to attract new large clients. A personalized plan is usually a positive sales pitch in the eyes of a prospect and that is exactly what Service Methodology offers. More importantly, the plan aids to understand the client and it focuses on real client needs.

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APPENDICES

APPENDIX 1: Interview Questionnaire for the six account managers (translated by the author)

1. Before Service Methodology

- 1.1. What was your foundation for managing large clients?
- 1.2. Did you have an agreed number of meetings with the client?
- 1.3. Was a summary of past year's actions conducted?
- 1.4. Did you receive feedback from the client?

2. Service Methodology

- 2.1. Which clients' Service Methodology plans have you been involved with?
- 2.2. What kind of instructions/training did you get concerning Service Methodology?
- 2.3. Was the idea and implementation of Service Methodology easy to comprehend?
- 2.4. How was the client introduced to Service Methodology?
- 2.5. What was the client's reaction?
- 2.6. How was the assessment phase conducted? Online? Meeting? Other?
- 2.7. What was the conversion from assessment answers to plan like?
- 2.8. What was easy and what was challenging about Service Methodology?
- 2.9. How much did Service Methodology take
 - 2.9.1. Client's time?
 - 2.9.2. Company X's time?

3. Development

- 3.1. Has anything changed in your overall view on client relationships after being involved with Service Methodology?
- 3.2. Sections which you would like to add to Service Methodology?
- 3.3. Sections which you would like to remove or change?
- 3.4. What did the client think about the finished plan?
- 3.5. What kind of benefits does Service Methodology bring to

3.5.1. Clients?

3.5.2. Company X?

3.6. What is your overall view on Service Methodology?