

# KAM in Professional Service Firms

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## Introduction

Key Account Management has become an increasingly hot topic in organisations and academia over recent years. However, KAM implementation in Professional Services Firms such as law, accountancy, and consultancy has received less attention than it perhaps should have. This is particularly surprising given that developing and maintaining strong client relationships has long been a particular focus for PSFs. While PSFs can undoubtedly benefit from effective KAM, is there something in the very nature of PSFs that means that they need to approach KAM in a particular way?

## Professional Service Firms

There is no universally agreed definition of a Professional Service Firm. However, it is arguable that all PSFs have, to at least some degree, three distinctive characteristics: \*

- High Knowledge Intensity – *the outcome of the firm's production is significantly based on a body of complex knowledge.*
- Low Capital Intensity – *there are few, if any, significant physical assets (inventory, machinery, factories etc) that are central to the production of the firm's output.*
- Professionalised Workforce – *which consists of three elements:*
  - a specific knowledge base;
  - qualifications and/or self-regulation; and
  - professional and ethical codes of conduct.

Even when defining PSFs by using the three characteristics above, it is arguable that different PSFs have different degrees of professional service intensity, and could be categorised accordingly: \*

Category	Intensity	Examples
Regulated PSFs	Meet all three characteristics and have the highest degree of professional service intensity	Law Accountancy Architecture
Professional Campuses	PSFs with a higher capital intensity	Hospital
Neo-PSFs	PSFs with a weakly-professionalised workforce	Consultancy
Technology Developers	PSFs with just high knowledge intensity	Biotech

\* Von Nordenflycht, A. (2010), "What is a Professional Service Firm? Toward a Theory and Taxonomy of Knowledge-Intensive Firms", *Academy of Management Review*, 35(1), pp155-174

### **Three Main Challenges**

1. Culture of individualism & expert-centricity – *PSFs are sometimes little more than a loosely connected group of experts who value individuality and independence above collaboration.*
2. Weak cross-functional collaboration – *experts are rarely keen to collaborate with anyone who they do not personally know well and whose own area of expertise they are unfamiliar with.*
3. Client ownership – *experts are traditionally regarded as 'owning' the client relationship and can be directly remunerated for this – few PSFs have successfully 'institutionalised' client relationships.*

### **Three Main Responses**

1. Senior management involvement – *to strengthen the business case, promote the voice of the client, and lead the experts through changes that may feel uncomfortable to them.*
2. Cross-function teams & measure team success – *to increase internal communication, collate and synthesise client information, and drive collaborative action and accountability.*
3. Direct communication channels with key clients – *to understand client expectations, gather insights into genuine client needs, and jointly build and develop the client-advisor relationship.*

### **Effective Implementation – Key Factors**

The same key factors that are identified for KAM in most businesses, including: forming a strong business case, identifying key account management responsibility, choosing effective selection criteria, creating actionable plans with clear objectives, providing effective reporting systems, and maintaining best practice, are equally relevant to implementing KAM in PSFs. There is no 'quick fix' – KAM is a long-term programme and should be recognised, resourced, and evaluated accordingly.

## **BIOGRAPHIES**

### **Hayk Petrosyan**

Hayk currently lives in Yerevan, Armenia and works as a consultant in the leading management-consulting firm in the country, Ameria Management Advisories. In 2015, Hayk completed a three-month internship at Withers Worldwide where he worked directly on the firm's KAM programme.

Hayk holds an MSc in Management from Cranfield University, a Postgraduate Diploma in Strategic Management and Leadership from St Patrick College, and a bachelor's degree in finance from Armenian State University of Economics.

### **Richard Hinwood**

Richard is a corporate strategist with particular experience in professional services. Richard currently oversees the programme of strategic initiatives at Withers Worldwide, a leading international law firm. In addition to corporate strategy, areas of particular interest include: strategic innovation, new venture creation, implementing change, and leadership & organisational behaviour.

Richard holds an MBA from Cranfield School of Management and an MA (Oxon) and BA (Hons) from the University of Oxford. Richard qualified as a solicitor in England and Wales in 2009.