

# The Role of a Key Account Management's Code of Conduct in Improving Learning Culture of the Account Managers:

The Case of VICTORI Code of Conduct at TELKOM Indonesia

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**Abstract**— Key Account Management (KAM) is a term started as way of improving selling techniques to a few key customers/major accounts. It is more strategically oriented than sales-oriented or relationship-oriented because the importance of the key customers. The strategies to keep, sell, and make profit with key customers cannot be short-term sales driven. By implementing Key Account Management, a supplier company will benefit from KAM relationship in terms of business growth (e.g. selling to new customer division, retaining customers, identifying more opportunities with customers) and cost reduction (e.g. shortening learning curve, avoiding formal tenders, improving sales forecasting).

This study uses a qualitative design with an observation and document analysis to discuss the case of a particular key account management code of conduct at TELKOM Indonesia in order to improve the learning culture of the Account Managers. VICTORI code of conduct as an improvement of The Account Management Way 1-3-5 is compared with two theoretical concepts of Account Management. One of the key improvements in the new code of conduct is the mission to provide an ecosystem solution to business customers instead of a generic 'dream plan'. It shows a clear direction on the new focus of key account management at TELKOM Indonesia. Another key improvement is the change of terminology from 'partner' to 'synergy'. It reflects the vision of the idealistic relational model of KAM from the level of Partnership KAM toward Synergistic KAM that allows a seamless integration between TELKOM and key business customers in creating synergistic/joint value in the marketplace.

Finally, the code of conduct approach plays an important role in nurturing the capabilities of an account manager in fulfilling key customers' need. There are three orders of customers' need that have to be fulfilled in Key Account Management: Product need, Process need, and Facilitation need (the way in which business is done, rooted in joint problem resolution and mutual adaptation). A professional certification process that involves observation of the practices of account managers ensures the institutionalization or internalization of the key account management code of conduct.

**Keywords:** *key account management; code of conduct; learning culture*

## I. INTRODUCTION

Business to business marketing is a branch of marketing that focuses on business customers. In a telecommunication industry, the requirement of business customers is more complex than retail customers. The telecommunication needs of business customers mainly consist of: basic telephony services; internet and data communication services; software and application services; and other value added services. Identifying and fulfilling these requirements are the main concern of a telecommunication business marketing unit.

Apart from the complexity in product specification, the decision making process in the business segments usually involves more than one person, known as decision making unit. Personnel involved in a decision making unit may vary across industries but mainly depends on the business size of the customer. Typically it consists of: the user of the services, the purchasing people; and the finance personnel.

Responding to the complexity in the product and the sales decision involved, a company usually employs a relationship approach to business customers by maintaining relationships with key decision makers and ensuring continuous efforts in monitoring the company's business objectives.

The implementation of Key Account Management (KAM), an approach aimed at building relationships with key business customers or key accounts, can maximize the benefit of long-term relationships in business to business marketing [1, 2, 3, 4].

TELKOM Indonesia has developed key account management since the early 1990s. It started with a task force allocated in each branch deploying relationship marketing approaches with business customers in their allocated territory. The special task force, named Special Services Unit, worked based on an isolated regional based database of business customers with revenue growth as their main metrics.

In the 2000s, a transformation program started in the company along with the strategy known as 'becoming a

customer centric company. The account management improvement program was one of the core transformation projects. It resulted in the formation of a nation-wide approach of key account management that managed all key business customers under a single unit, Enterprise Service Division. Latest financial performance report shows the dominant contribution of the segment to the company's overall performance.

The adoption process of a management approach into a company operation can be analyzed using diffusion theory in which the elements of communication channel, time, social norms, and the idea itself will determine how and how long the adoption process will take place [5]. Furthermore, technical works to provide detail specification of the approach are required in order to guide operationalization of the management approach. Perkmann and Spicer [6] formula of a management approach institutionalization provides details of technical works to ensure accomplishment of the process. It mainly consists of: conceptualization, standardization, alignment with other common practices, and education.

The key progress in the key account management implementation in TELKOM is the main theme discussed in this article with a focus on how the company uses code of conduct as their tools in ensuring improvement in KAM practices. Theories of diffusion and institutionalization will be used as theoretical framework.

The subsequent parts of the article present theoretical framework; methods; findings of the study; discussion; and conclusion.

## II. THEORETICAL FRAMEWORK

### A. Key Account Management (KAM)

Key Account Management (KAM) is a term started as a way of improving selling techniques to a few key customers/major accounts [4, 7]. It is more strategically oriented than sales-oriented or relationship-oriented because of the importance of the key customers. The strategies to keep, sell, and make profit from key customers cannot be short-term sales driven [3]. By implementing KAM, a supplier company will benefit from KAM relationship in terms of business growth (e.g. selling to new customer division, retaining existing customers, and identifying more opportunities with customers) and cost reduction (e.g. shortening learning curve, avoiding formal tenders, and improving forecasting) [2]. There are three orders of customer need that have to be fulfilled in KAM: Product need, Process need, and Facilitation need [8].

Another term that is closely related with KAM is relationship marketing. The term Relationship Marketing was first introduced in marketing literature in 1980s as an approach in service industries. Since then, it attracts many researchers to either challenge or support its role in marketing as it moves the definition and characters of marketing from product orientation to customer orientation. Marketing management that is based on relationships is now a common practice across

industries [9], and even in unlikely conditions of the retail market and internet based marketing [10,11].

An expanded relationship building process for business-to-business marketing is suggested to follow particular steps involving internal focus of goal setting, strategy and culture formulation, defined alignment between strategy and culture, and implementation of customer service-oriented culture, as well as external focus of marketing strategy implementation social bond with customers and added value to the relationship. Bonding with customers is a dynamic process that can start with a basic force of the need and supply of products/services and then advance to social bonding involving personal relationships between parties from the buyer and the seller organizations [12].

Millman and Wilson [4] formulate stages of relational model of KAM as described in Table 1. Moving from pre-KAM to synergistic-KAM means more bonding with key contacts within the customer's organization and requires a move towards more relational and consultative approaches (p. 16). The key account manager plays a significant role in organizing total offers to the customers and facilitating exchange process across customer and seller organizations. This model is also supported by an empirical study by McDonald, Millman and Rogers [13] with 11 pairs of buyer-seller relationships with a conclusion that account manager trustworthiness is one of the main customer's concerns. The other approach on the KAM relational model is based on typology such as dyadic (pair of seller-buyer) and collaborative [14] and bargaining power [15]. However, the former did not provide any empirical evidence while no specific stages of relationship were found in the latter approach.

TABLE I. RELATIONAL MODEL OF KAM [4]

Stage	Key relationship activities
Pre-KAM	Gather basic information, provide basic services
Early-KAM	Explore more opportunities, provide tentative service customization
Mid-KAM	Frequent cross-boundary contact and the review moved to more senior level in buyer and seller organization
Partnership-KAM	Share sensitive commercial information
Synergistic-KAM	Create joint value in the marketplace

### B. Diffusion of Idea & Institutionalization of a Management Approach

Rogers [5] deals with the question of how a new idea is adopted by a group of people. He identified the influential elements of communication process, called diffusion. Diffusion is composed of four elements: the idea, the channel, time, and the social system. These elements determine how an idea is absorbed or in some cases abandoned and how long the adoption process is.

In order for an idea to be successfully adopted, the issue of social norm compatibility has to be addressed in presenting the idea and selecting the communication channel. Imitating the peers or the interpersonal network is the very basic process of the diffusion in a social group. Therefore, identifying and reaching the center of the network, the opinion leader, is necessary to expedite the process [5].

Perkmann and Spicer [6] present arguments about the way a management technique is institutionalized. An institutionalization of a management fashion involves a group of skilled actors working autonomously in three pillars of the institution: rules and regulation; cognitive schema; and normative framework. Three types of work involve: political, technical, and cultural. Those three types of works are described as follows:

1. Political works serve the institutionalization process by ensuring that the rules and regulations are supporting the new practice promoted by the management technique.
2. Technical works provide detailed specifications of the technique that can be operationalized in the organization and also resources required. It includes theorization, standardization, alignment with other common practices; and education.
3. Cultural works shape the practices of the fashion to be accepted by wider participants. It involves professionalization and changes in the professional boundaries.

### C. Code of Conducts

A code of conduct is usually used by an organization to encourage specific ethical behaviors. Adoption of an ethical code of conduct is an improvement step in building an ethical climate in an organization [16]. The presence of an ethical conduct is also reported to be able to improve the quality of judgment of business professionals in an organization [17].

### III. PURPOSE OF THE STUDY AND STUDY METHOD

The study seeks an understanding on the role of code of conduct in a KAM organization. It will also serve as an investigation on the importance of learning in KAM that is developed through institutionalization and diffusion using the code of conduct.

The study used document analysis and observation as primary methods to be able to position the implementation of KAM and the role of code of conduct in promoting learning in the Enterprise Services Division of TELKOM Indonesia. The duration of observation reported here is the implementation period of 2009 ó 2012, a transformation phase in the implementation of KAM in TELKOM in which services offered to business customers are mainly customized solutions based on understanding of the customer's business process and their industrial value chain.

In presenting the case, the study uses descriptive method, a method that describes an object or subject under study in accordance with the conditions of objective facts systematically and describes the purpose and characteristics of

the objects or subjects studied appropriately. An analytic generalization [18] by investigating prior theories in the light of fresh empirical evidence is the objective of this kind of study.

The documents used as sources in this paper were obtained by the authors through the archives within the management unit Account Team Development - Marketing - Enterprise Services Division. In addition, the sources are also gained from a variety of other studies related to the implementation of Account Management in the Division of Enterprise Services and Directorate of Enterprise and Business Services.

### IV. FINDINGS AND DISCUSSION

A new milestone in institutionalizing key account management in TELKOM Indonesia is reached with the Director's decree on Managing Strategic Account [19]. In the decree, code of conduct is defined as moral principles that govern and guide the decision making process in the account management. The code of conduct is developed based on the organizational culture that fits with the required activities of account management. The way in which TELKOM institutionalized key account management according to this Director's decree is related with the process of institutionalization in the level of technical works (Perkmann & Spicer 2008) which mainly refer to the standardization and alignment with other common practices.

The code of conduct is formulated in three levels: Philosophies, Principles, and Practices as described in Figure 1 which shares a similar pattern with the prior code of conduct of account management in TELKOM [20]. The new code of conduct retains the structure of philosophies, principles, and practices. The comparison of the latest two codes of conduct is described in Table 2.

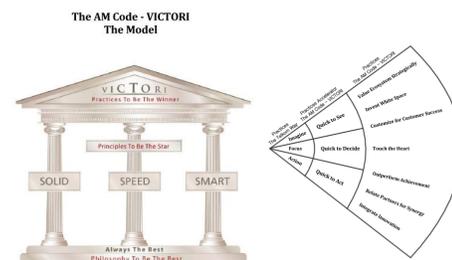


Fig. 1. The AM Code: VICTORI [20]

VICTORI the AM Code [20] introduces Practices Accelerator: quick to see (imagine); quick to decide (focus); and quick to act (action) showing the alignment with the prior code of conduct, The AM Way 135 [21].

TABLE II. COMPARISON OF THE AM WAY 135 AND THE AM CODE: VICTORI (PRACTICES)

VICTORI The AM Code [20]	The AM Code – Practices Accelerator [20]	The AM Way 135 [21]
Value Ecosystem Strategically: Promote ecosystem value; Achieve sustainable results	Quick to See (Imagine)	Create Dream Plan : Customer Value Innovation ; Start from customer's end goal ; Grow your customer
Invent White Space: Create value innovation; Abundance mentality		
Customize for customer success: Co-creation for unique solution; Grow the customer's business	Quick to Decide (Focus)	Prioritize Resources : Effective resources allocation ; First things first ; Focus on customer's insight
Touch the Heart : Emotional engagement; Build loyalty and advocating	Quick to Act (Action)	Develop Interactive Network : Solid team work ; Engage in customer community ; Create synergy
Outperform for Achievement: Passion for extraordinary performance; Passion for people development		Win Valuable Partner : Win-win Solution ; Collaborate for Value Creation ; Win customer's trust
Relate Partners for Synergy: Explore partnership opportunities; Gain competencies through learning		Involve Emotion : Voice of Customer ; Build Emphatic Relationship ; Reward & Recognize the Winner
Integrate Innovation: Break the silos; Seamless customer experience		

The AM Code expands the prior code concerns on account planning (create dream plan) by explicitly envisioning an ecosystem approach and white space innovation as their standard. The ecosystem approach is defined as interconnecting between companies (business entities) in an ecosystem (e.g. value chain). By using the ecosystem approach, the customer's business will benefit not only in fulfilling their requirement but also their stakeholders requirement (mainly their suppliers, partners and customers). Millman and Wilson [8] describe this fulfillment of customer's needs in key account management as product need, process need, and facilitation need (the way in which business is done, rooted in joint problem solving and mutual adaptation).

This change is one of the key improvements driven by the new code of conduct. By explicitly mentioning the ecosystem solution to business customers instead of a generic 'dream plan' it shows a clear direction on the new focus of key account management at TELKOM Indonesia. However, the idea of providing an ecosystem solution and white space

innovation requires comprehensive toolkits that involve business process, technology, and resource allocation that exist beyond the scope of the code of conduct.

Another important feature of the new code of conduct is the change in terminology from 'partner' to 'synergy'. The change in the terminology reflects the vision of the idealistic relational model of KAM from the level of Partnership KAM toward Synergistic KAM that allows a seamless integration between TELKOM and key business customers in creating synergistic/joint value in the marketplace. Figure 2 illustrates the relational level of KAM [4].

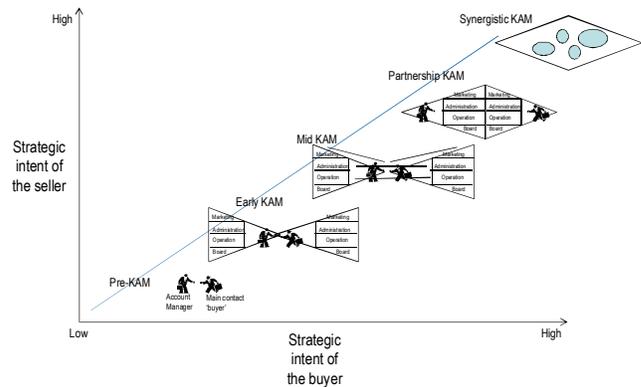


Fig. 2. The Relational Model of KAM [4]

Key differentiator between partnership KAM and synergistic KAM is explained in Table 3. The new code of conduct endorses account manager to elevate their expectation on managing their business customers, from being a partner towards creating joint value in the marketplace. However, the idea of improving the relationship to the partnership level requires adaptation of the company structure and related policies which are beyond the scope of the code of conduct.

TABLE III. KEY DIFFERENTIATOR BETWEEN PARTNERSHIP KAM AND SYNERGISTIC KAM [4]

Key characteristics of a Partnership KAM	Key characteristics of a Synergistic KAM
Key supplier status is awarded; Relationships are based on trust; Information is shared; Access to people is facilitated; Pricing is stable; Customers get new ideas first; Continuous information is expected.	Joint Research and Development; Transparent costing and margins; Focus on innovation; Collaborative approach to customer's markets and end users; Joint business plans; Joint marketing plans.

Furthermore, the comparison of the AM Code with two literatures describing key account management responsibilities, as described in Table 4, shows that the AM Code is covering all of the requirements.

TABLE IV. COMPARISON OF THE AM CODE: VICTORI (PRACTICES) AND ACADEMIC LITERATURES [4,22]

VICTORI The AM Code [19]	Account Management key responsibilities [4]	Account Management key responsibilities [22]
Value Ecosystem Strategically: Promote ecosystem value; Achieve sustainable results	Responsibility for sales / profit growth of one or more key accounts, consistent with the business objectives of the seller's total portfolio of key accounts	Delivering Strategy : Realizing strategy & vision Managing Risk Marketing Insight & Changes Alignment of Strategy Value-add
Invent White Space: Create value innovation; Abundance mentality		Working with Customers : Developing relationships Providing suppliers' credibility Leveraging capabilities Monitoring competition Enable joint development Managing resources
Touch the Heart : Emotional engagement; Build loyalty and advocating		
Customize for customer success: Co-creation for unique solution; Grow the customer's business	Co-ordination and tailoring the seller's total offering to key accounts	Implementing KAM Effectively : Managing contact Orchestrating cross ó boundary Process improvement Delivering the plan Tailored reporting
Outperform for Achievement: Passion for extraordinary performance; Passion for people development	Promoting the KAM concept in his/her own company	
Relate Partners for Synergy: Explore partnership opportunities; Gain competencies through learning	Facilitating multi-level, multi-functional exchange processes	
Integrated Innovation: Break the silos; Seamless customer experience		

As stated in the prior introduction of the code of conduct, the actual challenge is on the internalization, i.e. ensure implementation of the account management approach that is well aligned and integrated from Top-management until key account manager and officers who have daily interaction with customers.

Some learning programs are introduced to solve the challenge in the beginning of the prior code of conduct, such as Training Code of Conduct the AM Way, Account Management Apprenticeship, and Industrial Convention. The Training Code of Conduct the AM Way massively conducted involved almost 300 participants divided into 10 batches. The

training also included sharing sessions with other industries that implement account management.

Account Management Apprenticeship is a learning program designed as an action learning or experiential learning, in which Account Manager is involved in Customer's business. AM Apprenticeship can be in the form of On The Job Training in Customer's office or in Industry Association or Training in another related customer's suppliers (as part of customer's industrial value chain), and also in another global Telco [KEGM AM Apprenticeship, 2010]. As the nature of AM works that are not easily gathered in class room, some forms of e-learning and newsletter information sharing are also used.

A simplified approach of Account Management learning at TELKOM Indonesia is found in the internal document as described in Figure 3.

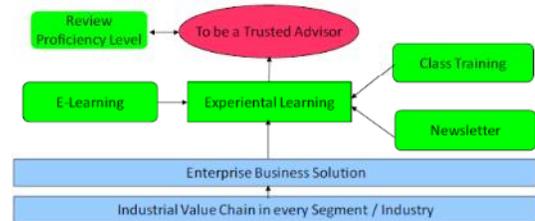


Fig. 3. Account Management Development Programs [23]

The institutionalization process of key account management is also found in the activity of certification. There are two certification programs that endorse the implementation of account management practices in TELKOM: TCIMF (Telkom Certified Integrated Marketing Fundamental) and CSAM (Certified Strategic Account Management). In the TCIMF program, account management and account profiling are two aspects integrated as parts of the certification program. While in CSAM, the program consists of understanding organizational priorities; strategic account and opportunity planning; joint solution development, co-creation and reaching agreement; multifunctional account team leadership; overall relationship and outcome management [24]. The CSAM certification program involves observation on the actual practices of account managers that ensure consistency in the implementation. This type of institutionalization is part of cultural works [6] to promote professionalization and also serve as part of technical works, mainly to educate the practices of account management and to solidify the social norm of account management in TELKOM.

## V. CONCLUSION AND FUTURE WORKS

The improvement in the AM Code shows a more focused approach of key account management in TELKOM to an ecosystem approach that will ensure not only product and process needs but also facilitation need of the key business customers. The new code also plays a role in institutionalization of key account management practices in

TELKOM. An organization with stated ethical code of conduct will improve ethical judgment in decision making [17].

The change in terminology from "partner" to "synergy" reflects the idealistic vision towards a more "synergistic" relationship with key business customers to ensure a seamless integration in creating values in the marketplace. However, a detailed exploration on the business process and supporting resources are required to implement the vision as stated in the new code of conduct.

The institutionalization process of key account management in TELKOM is in the stage of technical works (provide standard and education) and cultural works (professionalization) as evident in the Director's decree and the certification processes.

However, given the methods chosen, there are limited information about the impact of the institutionalization to the outcome of the organization and the formation of a new social norm. Hence, future studies that involve an in depth investigation on these topics are required.

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