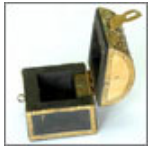


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Key account management: unlocking customer potential



By Louise Druce, staff writer

Business theories based on Pareto's law tell us that 80 percent of sales come from 20 percent of clients. So obvious practice would be to identify these big spenders and do everything in your power to keep them sweet. Of course, not all customers are equal, which is where key account management becomes invaluable.

"B2B companies have been successfully delivering key account management strategies for many years and seen the value it brings to create, plan and deliver to a major account as an account team," Liz Machtynger, managing director of customer management experts Customer Essential, points out. "Many B2B companies have also experienced the impact of working against a competitor that is employing a key account management strategy. In the long-term they have lost out or had to seriously tackle pricing levels."

When it comes to separating out the cream of the crop, obviously it would be too time consuming to physically go through every single client on a company database and profile them. The vast majority of firms prefer to let technology solutions do all the leg work through segmentation. Some of the criteria factored in might include which industry sector clients fall under, what products they are buying, sales value, geographical presence as well as potential for new or extra business.

Once you have your key players, it's critical that you get the management right. "There are much easier and effective ways to deliver key account management strategies today with the use of technological support (web, e-mail, text, VOIP, Skype) and multi functioning teams, e.g. sales and service," adds Machtynger.

"The key is to remember to involve the customer in the setup of the key account management strategies approach – perhaps they are not interested in being account managed – and to continue to sell and develop the benefits of these strategies. Also, to know when to review its status and move to different, often more cost-effective means of delivering account management, for example, through phone-based or customer-led priorities only."

A relationship with procurement

At Grass Roots, a performance incentive and motivation business, the role of the key account manager means having an in-depth understanding of the company, the industry they operate in, share best practice and become thought leaders to add real value back to the client by addressing their challenges with solutions.

And that expertise also stretches overseas. Even though the company is based in the UK, it has key account managers responsible for international clients who work out of the country the clients are based in, to reflect the different nature of doing business abroad and better understand client needs.

"Time is such a key factor for people today. Our clients like access to somebody who understands them and what their needs are on an ongoing basis," says Debbie Watts, director of Grass Roots. "Without key account management we would be a tactical supplier rather than a partner, which means the client is not buying well."

"Key account management also allows us to have a relationship with procurement, who are increasingly more important in the sales and purchasing cycle. From our perspective, this helps us signpost into other areas of their business where we did not necessarily have a presence. From the client side, the key account manager gives procurement staff the opportunity to leverage what they're buying from us across a number of different services that would otherwise be commissioned or bought by individual departments."

Because businesses are constantly changing and evolving, it is important to continually assess current and new clients. For example, Grass Roots puts a lifecycle of a year on a client showing potential as a key company, mapping out an account plan with KPI's against it that is evaluated on a quarterly basis.

Longevity is a plus

Video Arts, a business training company, has also developed an ideal prospect profile to look at desirable characteristics in a customer, and score potential clients or companies according to the value of targeting them outside its own marketing. However, managing director Martin Addison emphasises that it's not all about technology. "We take advantage of technology because it makes the day more effective in terms of who we want to prioritise, but it doesn't mitigate the opportunity to look at companies who have appeared in the media who we may want to target," he says.

For Addison, key account management is about treating every customer individually and looking at how the relationship might develop in the future. He also believes longevity is a plus, rather than clients having to get used to several account managers who are also getting to grips with their business. "By developing strong, ongoing relationships with our best customers we can generate more revenue by encouraging repeat purchase rather than the higher spend of trying to convert prospects into customers," he says.

"We understand clients like that in terms of what training materials they might have used in the past and what their training needs might be in the future. For example, last year we were getting a lot of feedback from clients that they were doing much more coaching rather than formal training so we developed a coaching skills programme. In the future, we are also moving to a model where we will offer video streaming so it will be more of a conceptual sale."

Watts agrees. "You should speak the client's language, not the company's language, and don't just go in with a toolbox of

things to sell. That's about having a really in depth understanding of what their business is about. You have to be recognised and connected through industry, trade associations and so on, and have a broader view of what challenges each client might have. It enables you to be ahead rather than reactive," she advises.

"You have to be confident enough to want to get as high in the food chain as you possibly can because that's where the real decisions are made. Don't sit at a level where business is just commissioned to a supplier. Really get under the skin of who the right relationship needs to be with then use that relationship to leverage your presence and become the voice of your company with other people."

A note of caution

Addison adds a note of caution when selecting key account managers, though. Companies need to consider aspects such as the size of the organisation, peak operating times and the expertise sort. Succession planning is also crucial. For example, if you only have one individual working on a key account, if they leave the company they will take all of their insider knowledge with them.

"Regularly review the accounts that people have and where they are with the clients. And don't forget your other clients as well as they could have the potential to become the new key accounts. It's about having a tiered approach," says Watts.

Get it right, however, and the return on investment can be significant. "Key account management enables you to track your investment in people through the sales process and really identify the value they're adding," she stresses.

Machtynger concludes: "It is important that if the focus is on high value customers, you do not simply add in more cost to managing them and make them unprofitable! If the approach is driven by a plan to maintain or grow value over a period of time and this is monitored and measured, we have seen incremental value of, in some cases, double or treble current value from the key account base."

Making key account management work:

- Understand the right key accounts to manage, involving them in the process and including key prospects in this approach
- Set out suitable two-way plans and structuring the right team approach (this can be different by account)
- Develop key account management skills and competencies to deliver
- Ensure your key account management proposition is different to your standard proposition
- Ensure you are building the right knowledge/database on your key accounts, which are often different to other accounts
- Continually measure and monitor the results of your key account management activity and address/reclassify where appropriate.

Liz Machtynger, managing director of Customer Essential

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