

Strategic Account Management And How The Best Use It To Get Better

Often quoted as a job title the 'Account Manager's' role in the real world is often less than strategic and is more apologetic! The discussions with customers can be pleasant but that does not make them value adding and often once the pleasantries are over and the credit notes agreed ("*I welcome the 'account managers visit as a way of reducing cost'*" is the gist of conversations I have with some clients on how much value they get from their suppliers visits) the 'Account Manager' races off to the next call. Races to the next call to keep up the visit rate demanded by his Sales Director and seen by the business he or she works for as a key measure of success.



If you stand back and look at it in those terms account management is an expensive waste of time, both the supplier's and the customer's (unless the customer is particularly good at negotiating credit notes) but good Strategic Account Management can drive spectacular success even in marginal environments. A study carried out at the end of 2011 by Ferazzi Greenlight who work with fortune 500 companies elicited some interesting responses on what value well planned and executed SAM can yield:-

- **Siemens** experienced three times it's average growth rate between 2005 and 2010 with customers driven by strategic account management.
- **Avaya** and **Nalco** expect strategic accounts to yield twice the year on year growth rate of other accounts
- **Xerox** expects double digit revenue growth from strategic accounts

Strategic account management exceeds the growth rate of Siemens in total and exceeds the growth rate of the corresponding market.....that's why we do it'' Martin Flurschuetz Director Key Account Management Siemens

SAM differs in that it targets accounts which are likely to respond to Strategic Account Management treatment and a rigorous selection process is the first place to start. It's a long term commitment and it's only natural that every account manager wants every account to be valued but only some customers are worth the cost and investment that this approach demands. Some clients are good customers but they can't all travel first class. Siemens consider their own strategic importance to the customer and whether the customer's senior management sees them as critical to future growth, if not and they don't believe they can turn that perception round then the client remains outside the SAM programme. If the customer sees you as a commodity

supplier then there is no advantage and the account is best managed conventionally. Similarly if the customer won't commit resources to this and see the value as well it's unlikely that you will be able to build a two way productive partnership.

The very best strategic account programmes create a very high level of trust and mutual benefit and strategies and plans, often sensitive ones are shared so that supplier and customer almost conspire for mutual success. Microsoft engages in joint business planning with customers in order to “*make sure we are actively engaging with our customers to understand their priorities*” according to Rose Gytoku Director of Strategy and Operations for Global Accounts at Microsoft. Collaborating with customers and knowing their business better than they know themselves then using that information to drive *the clients business* builds almost unbreakable bonds.

Long term commitment is also a key success factor, deep relationships are vital and they take time. Avaya for example believe that SAM programs are only as strong as the structure and relationships that support them – and neither develop overnight, they expect to spend at least 3 or 4 years working on developing these relationships not 3 or 4 quarters. Programme leaders carefully select a small number of strategic accounts and nurture them over time.

Three or four times growth was not exceptional from strategic accounts managed by the fortune 500 companies in the study carried out by Ferazzi Greenlight in a macro economic environment little different or if anything slightly worse from the landscape we see in 2013. A structured, thoughtful and planned approach will surely differentiate the winners in our sector too. The salesman's job is changing but so too is that of the effective account manager and Strategic Account Management should be on the radar of every business and the sales leaders that sell B2B.

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