



Thriving in a Hostile Environment

Beachgrass Consulting

Key Account Management

In the B2B space, all customers are not equal. Some are deemed “key” by a company, because they display characteristics aligned with its strategy, or at least this is how it should be. Unfortunately, in too many companies, **the term “key account” is abused, resulting in efforts being wrongly directed and costing dearly without producing the sought results. It is devalued because sales people overuse it;** they confuse it with large accounts or prospects. An account can be large but not key, if its characteristics are not aligned with the company’s strategy. To avoid this devaluation, it is advisable to clearly spell out to the sales force the characteristics that define truly a key account. It is also misused because all too often it is used for big deals or large sales. Big deals require a short-time (couple of months), intense team effort to be won. Key account management requires a long-term (couple of years), low-intensity, coordinated work to win the trust and respect of the account.

Let’s define then a “key account”. It is a **company either in which your company wants to invest efforts today to rip good returns tomorrow or from which it derives a good contribution margin today** and wants to keep it so. Managing it means building and consolidating its trust in your company to become true partners, not mere suppliers. Customer-base management is the best way to identify these accounts.

To achieve this, you need a plan. This plan should be built on two axes: actions to develop sales and communications to enhance your reputation as a hard-working, trustworthy partner. Both components are essential: sales demonstrate the progress made; enhanced reputation eases the efforts to gain more sales. To build the activity plan, you must link the account’s challenges, plans and projects to your products and services, including future products. To construct such an activity plan, research and investigation to find out the account’s problems,

imagination and engineering to develop products and services to address them are needed. This is not easy, but pays good dividends. It forces your teams to understand what the account’s problems are and how to link them to their products. But the activity plan alone is not enough. You need to develop a communication plan. The communication plan links the account’s decision-making process and people to your company’s competitive advantages and what it does to please the account. CRM software is supposed to do this, but because poorly directed, it usually ends up as glorified literature distribution software. The communication plan has to be anchored in the account’s challenges, plans and projects, not in your new products.

In our experience, it is useful to break up a Key Account Plan into 5 blocks: 1- Account knowledge in which its challenges, plans and projects are analyzed; 2- Product knowledge in which your products, services and their roadmaps are described; 3- Account relationships where the organization chart, a roster of decision-makers and a contact plan are developed; 4- Account as a market where you describe your competitive advantages in this account, your share-of-wallet, the costs to serve this account and analyze your competition at this account; 5- Account plan which consists of the activity plan [linking blocks 1 & 2], the communication plan [linking blocks 3 & 4] and a list of sales objectives.

