

# Managing Key Accounts without Allowing Them to Manage You

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80% of a typical business's income comes from just 20% of its customers. So does it make sense to dedicate time and resources to keeping that 20% satisfied? Absolutely! But satisfied may not be enough. You also need to ask yourself, "How can we better serve the needs of our key accounts?" The right answer will build both loyalty and business. Research suggests that larger companies continue to reduce their number of suppliers. That bodes well for the supplier who successfully meets its key customers' needs, as that supplier is likely to capture more and more of its customers' orders. A supplier who pays special attention to key accounts invariably gains insight into customers' specific needs. Customers come to rely on that knowledge. Not only does a stronger relationship result, but the cost of changing suppliers also grows.

Your strategy, therefore, needs to outline how to build these close relationships with your key accounts. Make sure you assign a particular person final responsibility to ensure each key customer is not just "satisfied" with your service, but "delighted" with it. Ideally, this person should be a senior manager or supervisor. If you have a formal customer relationship management (CRM) system in place, it should support your key account strategy by recording the dates and nature of all key client contacts.

## What You Need to Know

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### Why is key account management necessary?

The loyalty of your big customers is far too important to leave to chance. What would happen if the salesperson for your largest customer were to resign suddenly and leave certain important duties undone? Years of trust and cooperation could be undermined. On any given day, your key customers need to know that they can turn quickly to one of your senior-level associates should any problems arise that might injure the business relationship.

### What constitutes a key account?

Start with the raw number of customers you have, then review the amount of business each one of them does with you. It should quickly identify who your most important customers are. As a rule of thumb, you could view any customer who brings in substantially more business than average as a key account. Your challenge will be to see how many of these key accounts you can treat in a special way, given the limits of your time and resources.

## **Can key account managers have a role in even small businesses?**

In one form or another, yes. Many small enterprises simply do not have the resources or manpower to employ a large team of people as key account managers and so tend to develop account manager duties as a key part of jobs that already exist. For instance, if you own your own business, you probably look after key accounts yourself, but you'll do it while tackling various other responsibilities. In much the same way, you could assign certain senior staffers the responsibility for specific customers, in addition to their core responsibilities. Doing so can deliver a bonus: It can motivate the colleagues you tap to work harder and smarter—knowing they are being entrusted with a vitally important customer.

## **What to Do**

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### **Establish a System and Keep It Running**

Building your contacts with key accounts will help you build long-term relationships with valuable customers. Try to make this into an on-going process, so that:

- A senior-level individual is given responsibility for looking after each key account;
- You maintain regular contact with—and request regular feedback from—each key customer;
- Targets are set for the revenues expected from each key account;
- The status of each key customer relationship is monitored regularly.

### **Designate, Develop and Empower Senior Staffers**

Your key customers want to feel that they have the ear of one of your key decision makers. They need to know that, if they are dealing with your business through your key account manager, that manager is experienced and authorized to make decisions so problems are quickly resolved. For you, this requires a continuing effort to identify employee capable of assuming these duties, and developing their management and people skills. Especially as your business grows, you'll need to delegate these important responsibilities and rely on others to retain your customers' loyalty.

### **Select a Customer Relationship Management (CRM) System**

With communications technology enabling both businesses and professionals to become ever more efficient, you might find it less challenging than you think to keep track of key customer contacts.

If you're setting priorities for managing key accounts, a formal CRM system can be an ideal tool. Essentially, it's a computer program that can hold details of all your customer contacts, as well as their orders and communications with your company. The beauty of CRM systems is that they allow different people in your organization to share important information—and in a logical way, so there is no duplication of client contact and everyone within your business is fully up to date. A CRM system is particularly useful when trouble arises and the history of an order needs to be tracked or when a lead representative is out of the office and someone else needs the latest information about a transaction.

## Personalize Your Approach

A principal advantage of asking one person to take ownership of a key account is that trust and co-operation can be built on a personal basis. Customers and clients will always prefer to do business with people who they like and trust, so (useful as e-mail is) encourage face-to-face meetings at regular intervals as far as possible. If that can't happen, a regular phone call will work wonders in keeping a relationship alive and thriving.

## What to Avoid

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### You Sit Back and Wait for Complaints

Be proactive! Don't wait for your customers to come to you with a complaint: regularly invite their feedback and adjust your approach as necessary. Otherwise, you may as well pass them on to your competitors right now. Steady contact creates an opportunity to talk to customers about their own activities and plans, and to get "early warning" about any future work that your business might be able to gain from them. Feedback begets opportunity.

### You're Complacent

Complacency can be deadly. If you work with customers for long periods, it's all too easy to be lulled into taking their business for granted. Make sure that *everyone* in your business—from the guys in the mailroom, to the bookkeeper, to the maintenance crew—is aware of who the key accounts are, so that they are particularly well received whenever they interact with the business. You never know when you'll encounter a customer.

## **You Rely Too Much On One Account**

Focusing all your sales effort on just your key accounts, may mean that you neglect other existing customers and overlook the fact that you need to find and grow new ones. If you lose the business of a key account under these circumstances, your business could be badly damaged. Being over-reliant on a small number of customers also increased their leverage in other negotiations, meaning that you may find yourself agreeing to terms and prices that you would not otherwise accept. Either way, you lose.

## **Where to Learn More**

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### **Book:**

Schiffman, Stephan. Mastering Your Key Accounts. Adams Media, 2006.

### **Web Sites:**

Dr. Noel Capon's Key Account Management.com: [www.keyaccountmanagement.com](http://www.keyaccountmanagement.com)

Strategic Account Management Association: [www.strategicaccounts.org](http://www.strategicaccounts.org)