

# Improving Relationships with Key Accounts

By BNET Editorial

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In business-to-business marketing, account relationships are essential to long-term success. Key account programs give companies the opportunity to contact their customers at regular intervals and build relationships. To manage the process effectively, it is important to take a long-term view of the relationship, rather than focusing on short-term goals. It is also vital to treat account management as a relationship-building process, rather than a sales responsibility.

## What You Need to Know

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### Why is it important to increase account control?

Regular account contact and control is important because it keeps key staff close to the customer, ensuring that they are aware of any competitive activity and helping to keep them up to date on customers' changing business requirements. The regular contact available through the key account team also provides the opportunity to demonstrate customer care and take a proactive approach to customer relationships.

## What to Do

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### Build Long-Term Relationships

Long-term customers add vital stability to a company. Most companies have a base of regular customers, but few know why those customers keep coming back. Quality, price, delivery, and convenience are some of the factors that could explain why a customer continues to buy from your company, but, unless you understand the factors behind your success, you cannot plan a customer retention strategy for the future. You need to understand your customers' business, their plans, their key concerns and their views of you as a supplier, and you need to be certain that you can continue to provide them with the service they need. Long-term relationships are crucial to this process; by working closely with your key accounts, you can build an atmosphere of trust and confidence and ensure that any problems can be resolved without damaging the relationship.

### Put Together a Balanced Account Team

In key account management, it is vital that you communicate effectively with decision-makers at every level. A well-balanced team might include the following people:

- senior executives
- sales staff
- account managers
- customer service staff
- account support staff
- technical staff
- marketing and communications specialists

It is also vital that customer-facing departments such as production, sales administration, distribution, and product development are represented in the account team, and are kept up to date with account developments. Key account management demands that every member of staff is focused on meeting customer needs, but your frontline team must be perfectly balanced to ensure that the customer enjoys the highest standards of service.

## Get the Right Skills on the Team

The first stage is to identify which skills are most important to the development of the account. Look at your analysis of the customer's business and assess your own strengths and weaknesses. What are the success factors on the key account?

- Your customer depends on a guaranteed supply of your products to maintain its own production levels. Your manufacturing department and your sales order processing department must be involved in the account team.
- If you need to invest to increase capacity or maintain productivity or quality levels, your senior executive team must be closely involved.
- If your customer depends on your technical skills to improve the performance of its own product or develop new products, you must ensure that your technical and development staff are well represented.
- If the account is under competitive threat and you have no clear differentiators, you may need to increase the weight of your account management and support team to ensure that you maintain high levels of control over the account.
- You have identified that services such as consulting, project management, or training are important to your customer's business performance. Make sure that your customer service staff are an integral part of the account team.
- You want to expand your business with different areas of the customer's organization and increase penetration. Marketing and communications staff will be needed to support the account development program.

## Control Sales Costs

The cost of winning new business can be high—involving research, prospecting, progress meetings, proposals, and development costs as well as the administrative costs of opening new accounts and setting up procedures to handle the work. Key account management is a powerful tool that locks suppliers and customers together into a mutually beneficial, stable relationship. It works on the premise that a cost and a degree of risk exists in replacing a supplier. Because customers are reluctant to change, or find that there are considerable barriers to change, this can help to reduce a company's sales and marketing costs. The emphasis is on providing a high quality, reliable service rather than developing new leads. Sales staff can concentrate on account development tasks and on managing the teams of people who will provide support to the customer.

## Focus Your Product Planning

Key account management allows you to find out more about your customers' needs and future plans. That, in turn, enables you to plan your own product developments in line with those needs. Understanding your customers' needs helps you to deal with issues such as:

- What direction should new product development take?
- What is the likely timetable for new product development?
- Have I got the skills and resources to meet future new product requirements?
- What are our customers' new product plans and how can we contribute to those?
- Can we help our customers develop new products that they would not otherwise be capable of?

## Take a Long-Term View

Building long-term relationships with customers is the basis for improving overall business performance. Key account management enables you to develop a long-term strategy that is based on a clear understanding of your customers' long-term needs. You can implement the strategy confident that you know who your customers will be in three to five years and confident that you can predict their levels of business. You can make product development and investment decisions confident that you have reduced the risk in the decision making process. You can reduce costs by implementing continuous improvement processes that are based on an understanding of your customers' long-term needs. You should be able to increase levels of business without a corresponding rise in the cost of sales. You can reduce your skills development costs by investing in training that is geared to your customers' long-term needs.

## **Integrate with Customers' Supply Processes**

In key account management, your actions have a direct impact on your customers' supply processes. This high level of integration can be strengthened by the introduction of common processes and communications links that ensure that both parties are working with the same information. For example, the introduction of online order processing systems in a key account environment allows both parties to make inquiries about stock levels and work in progress. Information from the supplier's production and distribution schedules can be used to update the customer's own production schedules. Information from a distributor network can be used as the basis for both corporate planning and business planning at a local level. Quality processes are often harmonized across the various production processes that make up the supply chain. By working to recognized independent quality standards controlled by a body such as the American National Standards Institute, partners can ensure that they talk a common language of quality and reduce the high levels management needed to control incoming supplies.

## **Increase Levels of Collaboration**

Key account relationships can lead to high levels of collaboration that benefit both parties and enable them to meet their joint business objectives. Collaboration can take a number of forms:

- utilizing your skills to improve design or manufacturing processes
- introducing support packages to help the customer improve critical processes
- working on market development projects

## **Get Involved in the Early Stages**

In a conventional supplier/buyer relationship, the supplier responds to a specific product request—to deliver a quantity of an agreed product or provide a defined service. The supplier has little opportunity to influence the customer's choice and may supply a product or service which does not necessarily represent the best solution for the customer. In a key account environment, the supplier is likely to get involved much earlier in the process and help the customer to define the problem and specify a solution that takes into account both parties' experience. This means that a supplier is likely to provide design or consulting services as part of the support package and develop a deeper understanding of the customer's business processes.

## What to Avoid

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### **You Rely on the Wrong Account Team**

Key account management puts a premium on account management skills. Rather than place all the responsibility on the shoulders of someone who is not necessarily suited to the task, you need to ensure that there is a team of people in place with skills and professional interests that match those of customer team. Your customers should feel confident that you have the staff to meet all their requirements.

### **You Take a Short-Term View**

Key account management is not concerned with short-term sales and profit; it aims to build long-term relationships with customers by supporting their whole business. You can do this by helping customers improve their competitive business performance, reduce their costs, gain access to scarce technology, and ensure continuity of supply. In this way, you become an integral part of the customer's business, rather than just a supplier.

## Where to Learn More

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### **Book:**

McDonald, Malcolm, and Diana Woodburn, *Key Account Management: A Definitive Guide*, 2nd ed. Butterworth-Heinemann, 2006.

### **Web Sites:**

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

Key Account Management.com: [www.keyaccountmanagement.com](http://www.keyaccountmanagement.com)