

# Moving from Selling to Account Management

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To succeed in key account management, sales staff need to change their role and their objective. Instead of pursuing short-term profit, they must concentrate on managing customer relationships and understanding the customer's whole business. Account managers have two important roles—account support and account development. Successful account management requires a wide variety of skills, but good account managers do not need to acquire them all. By coordinating the work of specialists, they can achieve their objectives.

## What You Need to Know

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### **Why is it important to recognize the difference between sales and account management?**

In high-performing companies, account management is critical to the success of the sales process and produces effective results. Account management has three key elements—building account relationship selection, managing profitability, and account planning—which are not part of the traditional sales process, but make an important contribution to long-term business success.

## What to Do

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### **Enhance the Sales Role**

In many companies, the sales force is used tactically to maximize sales potential and to deal almost exclusively with the purchasing department. However, by broadening the role to account management, a company can strengthen both sales and account control. There are a number of important elements in bringing about this change:

- a shift from short-term sales to managing customer relations
- developing an understanding of the customer's whole business
- focusing on profitability, as well as turnover
- acquiring new skills and utilizing specialists
- developing a long-term focus
- moving from individual account responsibility to team working
- working at different levels in the customer organization

- understanding and influencing the complete decision-making structure
- recognizing the importance of customer care and customer satisfaction
- understanding the need for complete business solutions

## **Manage Customer Relationships**

The traditional sales-team focus is on sales with a recognition of the importance of profit, but, in account management, the responsibility is much broader:

- Is the company delivering the highest standards of satisfaction?
- What can we do to build stronger relationships between our two organizations?
- How can we improve delivery or product quality in line with the needs of customers?
- Are the key decision makers aware of our full responsibilities?

Building customer relationships is a time-consuming process, and that can pose problems for sales people who are used to improving sales productivity—achieving the highest levels of turnover for the minimum investment of time. Meeting other decision makers, reviewing progress on technical projects, making proactive customer care visits, arranging meetings between different members of the account team and briefing other specialists within the company are jobs a traditional sales person would regard these as distractions from the main task of selling. For years, the pressure has been on to minimize the time spent traveling or on administration to increase sales productivity, and suddenly the sales force are asked to handle a variety of other assignments. It is vital that the sales force understand the importance of these activities and do not regard them as a waste of time.

## **Understand the Customer's Whole Business**

The sales force must also widen their understanding of the customer's business. In a traditional sales environment, their focus would be on the purchasing department and on the immediate requirement for their products. Account management requires a much broader understanding. What is the customer's business? What are its requirements? How is the company doing? What are the company's success factors? How can we help them to improve their business? What other business opportunities are there apart from current product sales? Who needs to be influenced to realize these business opportunities? This level of business understanding requires a much greater appreciation of business than the basic sales techniques, and again the sales force should not feel they are wasting their time in acquiring this knowledge.

## **Focus on Profitability**

Profitability management is critical to successful account management. Some customers will make an important contribution to company profits, while others may actually show a loss. Account managers need to understand the profitability of current business and aim to reduce the cost of sales, if necessary. In some cases, they may need to reduce dependence on unprofitable accounts or even relinquish the business.

## **Make the Transition to the Account Team**

To make the transition to the account team, the sales force has to acquire a broad range of new skills including project management, communications skills, customer care, presentation skills, and team management. There are two main roles within an account team:

- account support, which should be focused on the complete service delivered to the customer and maximizing customer satisfaction levels
- account development, which should be focused on presales support and the development of the business.

By developing the right level of skills to support each role, sales managers can maintain the highest levels of account team productivity and ensure that customers receive a consistently high standard of service. The aim of the skills development program would be to enable:

- penetration and development of targeted accounts, utilizing business and industry skills; account revenue growth and market leadership;
- delivery of products and services that achieve maximum levels of customer satisfaction;
- an increase in account team productivity;
- greater measure of individual achievement.

## **Recognize Success Factors in Account Management**

The successful development of the role depends on a number of factors:

- effective working relationships between different members of the team
- the development of the right skill base to meet the job requirements
- a continuing drive to improve account team productivity

Account managers need to understand the customer's needs and interpret them into product and service requirements. They have to ensure the rest of the company understands those requirements

and delivers a solution that meets those requirements. Looking ahead, they need to identify and meet future requirements.

If we look at the areas that need to be addressed in a major account, it becomes clear that an account manager needs a variety of skills, including:

- understanding the financial and legal requirements of the account;
- understanding the company's business objectives;
- understanding the company's commercial policies;
- building high levels of product awareness;
- understanding the customer's business objectives;
- identifying key decision makers;
- understanding the customer's purchasing strategy;
- assessing competitive activities;
- putting together an account development plan;
- ensuring effective sales order processing;
- building the right levels of revenue and profitability.

## **Develop the Right Skills**

Account managers do not need to have an expert knowledge of all those areas; their role is to understand the implications and appoint appropriate specialists to provide the right balance of account skills. The account manager therefore needs a balance of personal and business skills, including:

- delegation;
- interpersonal;
- consulting;
- financial control and analysis;
- project management;
- people management;
- initiative and creativity;
- secondary skills to meet business and customer requirements, such as industry, competitive, and product knowledge.

## Improve Account Development

The objective of key account development is to achieve continued growth from targeted accounts, avoiding the stop/start process of tactical selling. This is a long-term process which requires continued effort at a number of different stages:

- presales
- contract negotiation
- implementation/delivery
- review
- exploitation

This provides a number of different objectives for the account team:

- Ensure that the customer is presented with a coherent and professional image of your company as a business partner.
- Secure a long-term business relationship with the customer as the basis for growing business.
- Penetrate the customer's organization and decision-making processes, creating new opportunities that can be exploited to accelerate account growth.
- Understand and document, on an ongoing basis, the customer organization's strategic business direction and organization.
- Provide the company's senior management team with feedback on the long-term growth potential in the customer's market sector and on the critical success factors for exploiting it.
- Ensure that the company's solutions are technically sound and based on a proper understanding of the customer's requirements.
- Reinforce the customer's perceptions of the benefits of the company's market focus.
- Ensure that the company's total resource is delivered in a way that satisfies customer requirements and supports the objectives of the account plan.

## What to Avoid

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### You Fail to Develop the Right Skills

You cannot turn a sales representative into an account manager by simply changing his or her job title. The skills requirement is different. Account managers need skills in planning, consultative selling, financial control, and project management, which may need to be developed through training.

## You Sell at the Wrong Level

In the traditional sales role, the representative deals primarily with a purchasing manager. In account management, it is important to deal at many different levels within the customer's organization. This may involve dealing with senior executives, as well as technical staff and other key decision makers. Dealing at the wrong level may limit the long-term value of the account.

## Where to Learn More

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### Book:

Rackham, Neil, Major Account Sales Strategy. McGraw-Hill, 1989.

### Web Sites:

Harvard Business School: <http://hbswk.hbs.edu/archive/4296.html>

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