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Introduction to Account Management

This chapter considers how key accounts arise and gives a précis of how to handle them:

» in a partnership of open cooperation; and
» using specific processes to encourage the relationship and thus increase the volume, profitability, and predictability of sales.

Whether you like it or not, some accounts are key. Whether you are selling complex products or services involving high technology, or selling fast-moving consumer goods in complex marketplaces facing change and competition, you will have some key accounts. When a new company starts with a new product, the product is the focus of the selling effort and the key element of the first sales campaigns. Success is very much tied up in whether you have invented the better mousetrap or not.

In technology terms the product will first of all strike interest in the minds of technologists. They will examine it and decide if it has a place in the way that they do things currently. The seller of the product is often its inventor. Inventors have an extraordinary ability to handle technical doubts and fears about their invention. After all it is not until they have thought all of these through themselves that they announce the product to the world.

It is probably up to the customer to find the applications to begin with, but the moment the first sale is made the situation changes. The first customer is immediately key to the success of the product and the company selling it.

The introduction of a new product in the fast-moving consumer goods marketplace gives rise to a similar situation. This time the key account probably chooses itself by the similarity of how the two companies see the marketplace. It is also a function of volume. The key account is the one that will use up the production capacity the selling company plans to utilize.

As time passes, key accounts in all circumstances need special management. How we measure customer satisfaction, how we set our prices and discounts, and whom we speak to in the account itself tends to be different in the small percentage of the market which is of significant importance to the selling company.

You cannot calculate it mathematically, but it is something like the 80–20 rule – 80% of our most important business is done with 20% of our customers. Or potentially this will be the case.

KEY ACCOUNTS NEED DIFFERENT PROCESSES

It has long been the case in high technology that the tightness of the relationship between key accounts and the selling company has dictated that the selling company approaches these top accounts differently.

You can sum it up in a number of ways. The two companies know much more about each other. There is openness in the relationship reflecting the fact that both companies gain from allowing the other to get very close to its plans and strategies. As long as the selling company is adding value beyond the simple delivery of product, the customer will agree to sharing information and even plans with its supplier.

In fast-moving consumer goods, account management is proving more and more to hold the key to protecting and improving market share, while at the same time maintaining profitability.

Alliances are formed and last for very lengthy periods of time. The relationship is close and mutually dependent. But we must not go too far. In the end the account sales team and the customer work for different companies. Their fundamental objectives and strategies may have lots in common, but there is never any doubt where their priorities lie.

We must expect openness and confidences in a working partnership, but we must not expect a customer with whom we are continuously negotiating business deals to reveal absolutely all. No more than we, the selling team, will to the customer.

What we need are processes that support the partnership in the long term, provide the customer with the business benefits of excellent products and services, and the selling company with a profitable and predictable stream of sales.