

Sales Sustainability™ – “Customer Account Management” (CAM)

>> Retaining key customers is just as important as developing new prospects. Knowing your customers and actively nurturing the relationship may even be a better investment...

What is the single biggest risk to sales in a small business? The answer is often customer concentration risk. Surprised? Many small and medium sized businesses have a high percentage of their business coming from a single or limited group of customers. When one of these customers goes to a competitor or eliminates your product/service, it hits your business hard. But when this happens, we often ask “how could this happen, we were such a good supplier?” *The answer is that we weren’t a good enough supplier because we didn’t manage the account.*

Failure to have a dedicated account management plan for key customers is one of the most common mistakes among small businesses. Sales worked hard and closed the initial business. Customer service made sure the orders were processed, communicated with the customers, and we received many follow on orders. Our management even contacted the key decision makers several times. However, we didn’t have a plan for moving ahead with the customer, we just took their orders. *So the sales effort really ended after the first order.*

We often confuse customer service with account management at key customers. Many managers believe that if we service the customer and deliver on time, we will have earned their business. Wrong. Why? This strategy eventually makes us a commodity supplier. We are just executing the order and not selling the customer. The key to establishing a customer relationship is in delivering value. Sales also needs to inform the customer of this added value. How? We need to understand the customer, their needs, their organization, and the drivers of their business. *We need to continue selling our customer, because customer service just isn’t enough.*

Key accounts should have a dedicated account manager. The account manager obtains the additional information and contacts necessary to develop this customer as a core account. They perform sales activities as outlined in a documented account management plan. The purpose of the account plan is to document a strategy for continued selling to this customer including the communication of a unique sales



message and the expansion of contacts within a customer's organization. It is the roadmap for success. *The account manager is solely responsible for development of the account and enhancing our sales to this customer.*

Communication is a key role for the account manager. Customers need to understand our value proposition and our capabilities for delivering additional services. This is the foundation for enhancing the relationship at existing accounts. All too often we assume that the customer understands who we are and what we can supply, but more often they don't even think about it. They usually know a supplier just by what they currently provide the organization. *Don't assume the customers know. Sell them on your capabilities as a supplier!*

A documented account management plan includes precise sales messages. Customer service and all support groups must communicate these messages consistently when communicating with the account. This supports the efforts of the account manager and positions our business as a key supplier. *Make sure all employees understand the sales message for each core account and that their activities are consistent with the sales message.*

Account management plans are the roadmap for activities to enhance relationships and expand sales at core accounts. The plan includes goals for expanding customer contacts, defining the organization, expanding services, identifying key decision makers, selling to additional departments, and understanding the customers business. As we obtain the information required in the plan, we direct our activities to influence and sell upward within the customer's organization. *Information and key contacts lead to sales.*

The activities of the account manager produce greater customer intimacy and protect our supplier status. Over time we begin to understand the key factors that influence decisions within the customers own business. We adapt our plan and our sales message to provide additional value according to our understanding of these customer requirements. This positions us as a key provider of services and produces "customer intimacy." *Increased customer intimacy is valuable and enhances our position as a supplier.*

Account Managers expand the relationship by selling out and up within the customers organization. Our existing customers represent enormous opportunity. Account managers should be specifically tasked to expand the sales within the customer organization by leveraging existing contacts. This starts by selling additional products to the current buyer and informing the contact of additional



services your company provides. Once this phase is completed the account manager asks the buyer for additional referrals within the organization that buy the same or complimentary products. *The objective for the account manager is to expand our contact base and produce additional sales opportunities at the assigned account.*

Customer value and account manager performance can be measured. The metrics of the sales organization apply to the activities of the account manager. Sales, margins, and contacts by customer should all be measured. The progress of the account manager should be reviewed against the account plan and the sales plan for the company. Their efforts and the customer value can be determined by the net increase in sales, margins, and product lines. How much does the account produce in annual sales and annual margin? What is the total potential? Have we increased our share? These questions provide a clear assessment of account value. *Account value is used to develop future sales plans and in assigning sales resources.*

Information is vital to effective account management. A significant amount of proprietary information is obtained by our account managers. It often isn't known by our competitors and took time and resources to obtain. Eventually, we determine the key elements which influence our customers buying decisions. Our customer contact or CRM process now becomes vital. Why? If you lose an account manager the organization still has the foundation for progress and retaining the customer. *Turnover becomes less important if all efforts are retained by the organization and can be duplicated by new employees.*

Account Management is a critical element in sales sustainability. Our resources focus on enhancing the long term sale and building excellent relationships. Here we have made a significant investment in resources to build the foundation for success. Why? Customer account management has the potential to prevent new entrants, enhance margins, and build a valuable image for the company. *When properly planned and implemented, customer account management produces consistently profitable long term revenue for the company. It produces exceptional results from our best customers exactly as outlined in our plan and keeps our competitors out.*