

## Key Accounts



***"Key Account Management is the process of maximising the return on your investment in a customer by defining and actioning appropriate plans that will enable you to build on the present, to manage the future "***

Key Account Management presented by [www.salesexcellence.com](http://www.salesexcellence.com)

## Key Account Management

### Introduction

It is an immutable business fact that 80 per cent of revenues come from 20 per cent of your customers. It therefore pays to focus on those key customers. *Key account management* is one of the best ways to ensure repeat purchases, additional purchases and referral to other prospective customers like themselves. Would it not be great to have new customers like your best existing customers?

So how does it work? It starts with the dedication of a key account manager whose role is to lead and manage the key account process. How the key account sees the role of the manager is of major importance. The key account will expect the manager to:

- be the main link into your company for all issues
- understand its business, market needs and competitive environment
- help sell them products/services that achieve *their* business objectives
- add value in the relationship to their business by advising on issues relevant to their business
- help exploit market opportunities and identify new challenges
- act with integrity and professionalism.

### Four Levels of Relationship

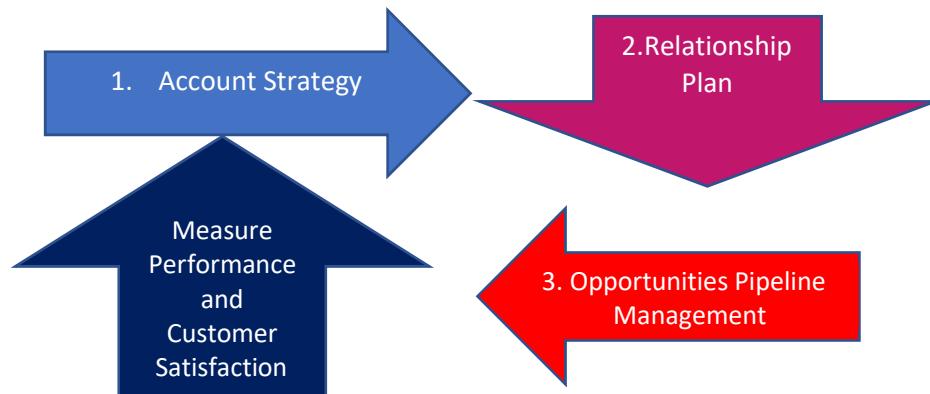
There are four levels of how a key customer may currently perceive your business in relation to theirs. Key account management is needed to shift perceptions from a commodity or product supplier - and its implications in terms of price sensitivity and loyalty - to a value-add and partner relationship.

*Figure 4.14: Relationship Levels with Key Account Customers*

Perceived Level	Customer Response	Solution
1. Commodity	High Price Sensitivity No Loyalty	Differentiate/add benefits to product to get to level 2
2. Product Provider	High Price Sensitivity Low Loyalty	Understand customer aims and support some of them Stage 1 of KAM process
3. Value-add	Less Price Sensitivity Some Loyalty	Stage 2 of KAM Process Stage 3 of KAM Process Stage 4 of KAM Process
4. Partner	Low Price Sensitivity High Customer Loyalty	Full KAM Process

## Four stages in the process

There are four stages in the process and operation of key account management.

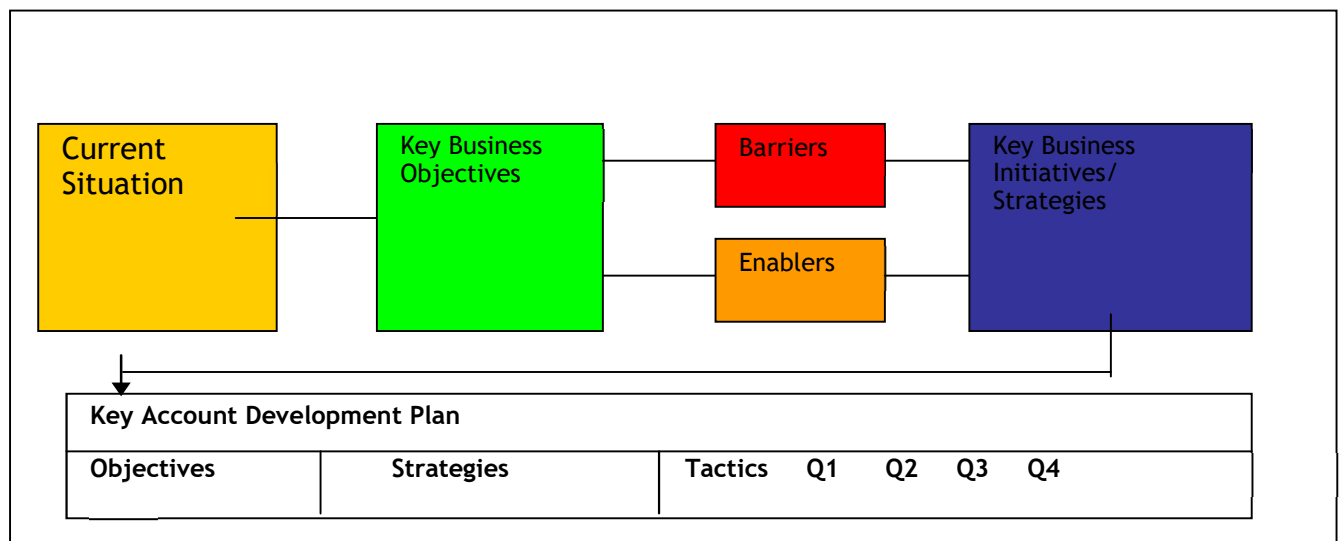


1. **Account Strategy:** developing a *customer-account-specific sales strategy* that is based on the customer's agenda of issues and needs. A well-developed strategy will address:

1. What you can do to add value for the customer
2. Who you need to influence and by whom in your company
3. Where within the customer organisation to target
4. When to pursue opportunities
5. Why the customer will buy from you.

Complete an *account strategy charter* for each key account, starting with an understanding of the accounts industry and current situation. Ask the account for their key business objectives for the next three to five years and what they critically need to do to achieve those objectives. Ask how you can help them to achieve their objectives.

*Devising a Key Account Strategy*



Information collected and analysed is then translated into an *account development plan*, which sets out your objectives for the year, the strategies that are to be deployed to achieve those objectives and the quarterly actions or tactics that execute those strategies.

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2. **Relationship Plan:** identifying the key decision makers who are in the customer's power base and who make things happen and devise a *relationship development plan* to provide value to them at a personal/social and business level. A good understanding of the key decision makers will address the following questions:

1. What is their business agenda?

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2. What is their personal/social agenda?

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3. By whom they need to be recognised?

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4. How are they measured?

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3. **Opportunities Management:** managing the *pipeline of opportunities* from initial identification to qualification and go/no-go decision and then from pursuit/closing to final contract and engagement. With the account development plan (objectives, strategies and tactics) and the organisation relationship map (target audiences) in place, a programme of interaction and communication can begin through hospitality, contributing to the account's internal newsletter or staff conference, industry conference, seminar/briefing for the account top team on relevant industry issues.

4. **Performance/Satisfaction Measurement:** survey, interview and early warning flags to measure and track your account performance and the customer's satisfaction.

For each key account, an annual performance measurement and customer satisfaction survey should be carried out as a precedent to updating the account development plan and organisation relationship map.

*Key Account Management Performance Measures*

Key Measure	Reports Tracking
Opportunities Sales	
Relationships	Review of opportunities identified, qualified, pursued
Satisfaction	Targets, achieved and forecast
Alerts	Strength of interpersonal, mirror-relationship
	Buying process and moments of truth
	Symptoms of potential retention issues

## The Hunter Sales Person

### THE RAINMAKER - HUNTER - FARMER SALES ROLE

The most valuable resource in a sales team is to make things happen to be “a **rainmaker**” The role of the **rainmaker** is to find a dormant business problem and then create a vision of what life could be like if it were solved.

*What dormant business problems can you find?*

*What is the vision you can create to solve this business problem?*

Once the rainmaker has discovered the business problem it takes the skill of **hunter**. The **hunter** requires aggressiveness, confidence, and the capacity to make an impressive impact.

### The Woolly Mammoth Hunter

The hunter is responsible for killing fresh meat and bringing it back to the tribe. Woolly Mammoth hunters use a four-step process in their quest for being effective and efficient. These four steps are:

1. **Identification** - Here the Woolly Mammoth sales hunter is seeking to identify the right animal. He/she will come across many types of prospects in their hunt. The successful hunter learns to identify the right opportunity before engaging the next step: pursuit. How do they know the difference between a Woolly Mammoth and other large animals? Simple, they train hard to become efficient in the identification process.  
They do not allow other large prospects to take (waste) their time.
2. **Pursuit** - After identifying the right prospect, the Mammoth hunter then begins the second phase; the pursuit. Here, they engage with the prospect, asking the right questions to profile the account, understand what the needs and pain factors are, determine where they are in the selling cycle, and insert themselves as value added partners. Depending on the size of the Woolly Mammoth and the terrain, **good hunters close the gaps to quickly move onto step three; the kill.**
3. **The Kill** - In the sales vernacular, closing the deal. Serious Mammoth hunters have all the tools in their arsenal that cover all the bases for the kill. Wherever they corner the Mammoth, they have the right tool to finish the job. **In sales, here is where you have identified the need/problem, gathered the right data, matched that data with the product/service you represent, and have skilfully presented a passionate presentation.**
4. **Drag To Cave** - Novice Mammoth hunters are identified here. They drag their kill into the cave, then organize and assemble the party to clean it. Often, they decide to do this themselves or hold classes on the subject. Once cleaned, the novice hunter continues to linger inside the cave, further removing him/her from ever getting back out and killing another Woolly Mammoth. Senior hunters know that their job ends at the foot of the cave. **They go back out and capture the next one and not linger longer than required to exchange data, gather the latest cave updates on new tools, products or services, and go hunting again.**



## The Farmer Sales Person

Once **the hunter** has initiated the first piece of business a different set of skills is required those of **the farmer**. Some existing accounts require as much active selling as the new business to develop and grow the business within that account. Many sales people wrongfully assume that there is more business to be had from new rather than existing customers. Valuecreating businesses recognise that the bulk of their present and future revenues come from the accounts you already have.

The skills of the farmer are not all that far removed from the hunter, they both require equal skills in questioning and problem solving.

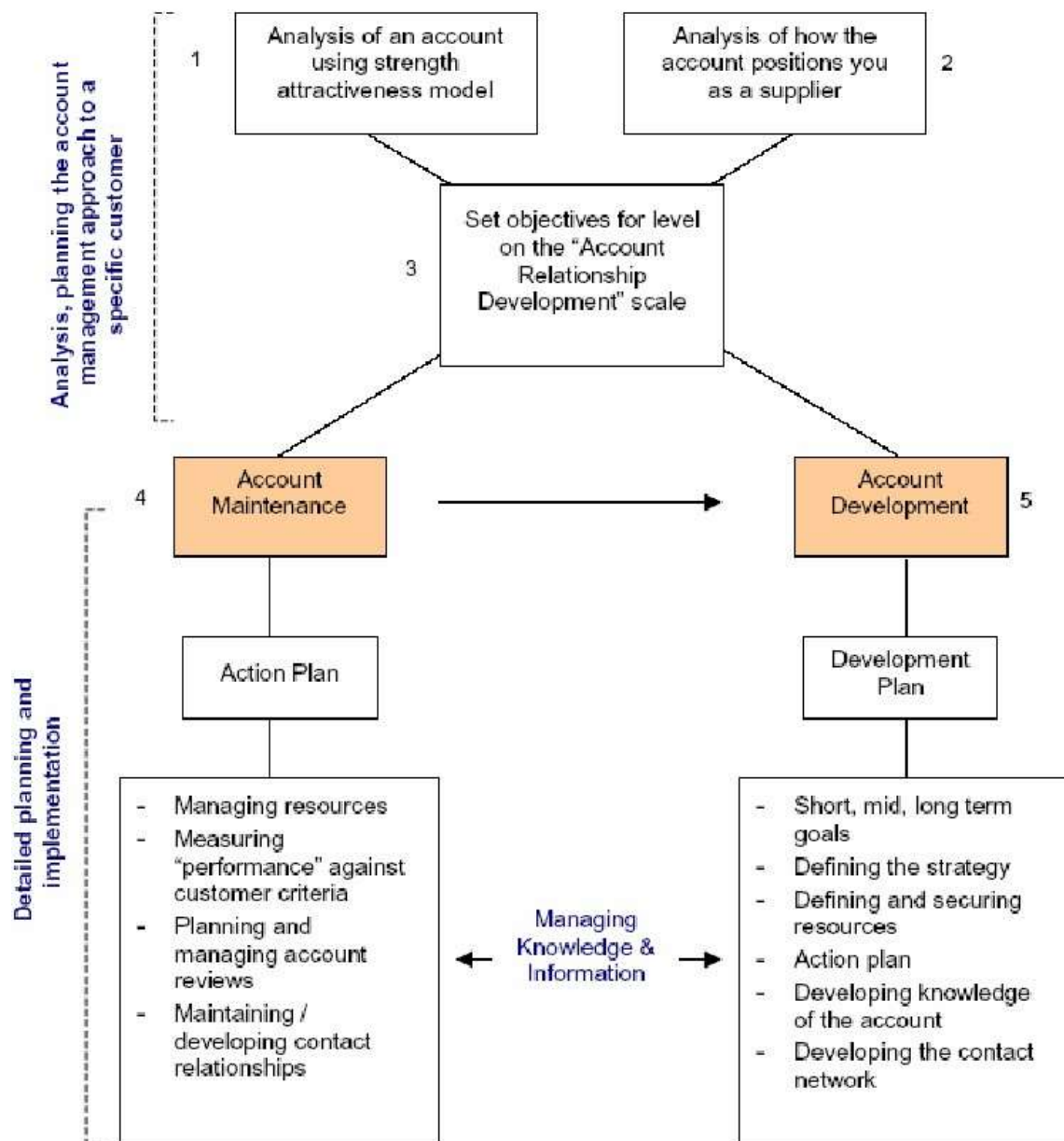
With the **farmer** concept, you look upon your accounts the way a farmer would look at his land. The **farmer** cultivates, prepares, plants, seeds, waters, fertilises, weeds, protects, grows, develops crops, harvests and then starts the cycle all over again.

1. **Cultivating** - learning as much about your customer as possible to discover opportunities to see what you need to plant so that you can harvest the results.
2. **Preparation** - putting yourself in a better position to service the customer, building your relationship to understand his business at depth, asking questions to uncover and discover further opportunities.
3. **Planting** - using your skills as a problem solver to offer solutions for the further problems you have uncovered within the account. Helping the customer realise that he has further problems that you can solve.
4. **Seeding** - demonstrating how you can solve this problem.
5. **Watering and Fertilising**- showing how other customers have benefited by placing further business with you
6. **Weeding** - keeping your competitors out of your accounts.
7. **Harvesting** - requires that you get further business from the existing customer - *you get more sales!*
8. **Continuous Harvesting** - requires that you maintain excellent customer relations

*Identify which of the top accounts you have hunted and brought back to the cave, which can now be farmed?*



## Key Account Model



## Identifying Key Accounts

### Client Attractiveness

- ◆ Size
- ◆ Growth Potential
- ◆ Financial Stability
- ◆ Ease of Access
- ◆ Closeness of Existing Relationship
- ◆ Strategic Fit
- ◆ Are they early adopters?
- ◆ Do they value your offer and is it relevant to their needs
- ◆ Level of competition – low being attractive
- ◆ Market standing – market leader, credibility. Prestige etc.

### Relative Strength

- ◆ Price
- ◆ Service
- ◆ Quality of People
- ◆ Speed of Response
- ◆ Relationships and Attitudes
- ◆ Innovation
- ◆ Value in use – in the supply chain
- ◆ Long Term Sustainability
- ◆ Trust and Confidence

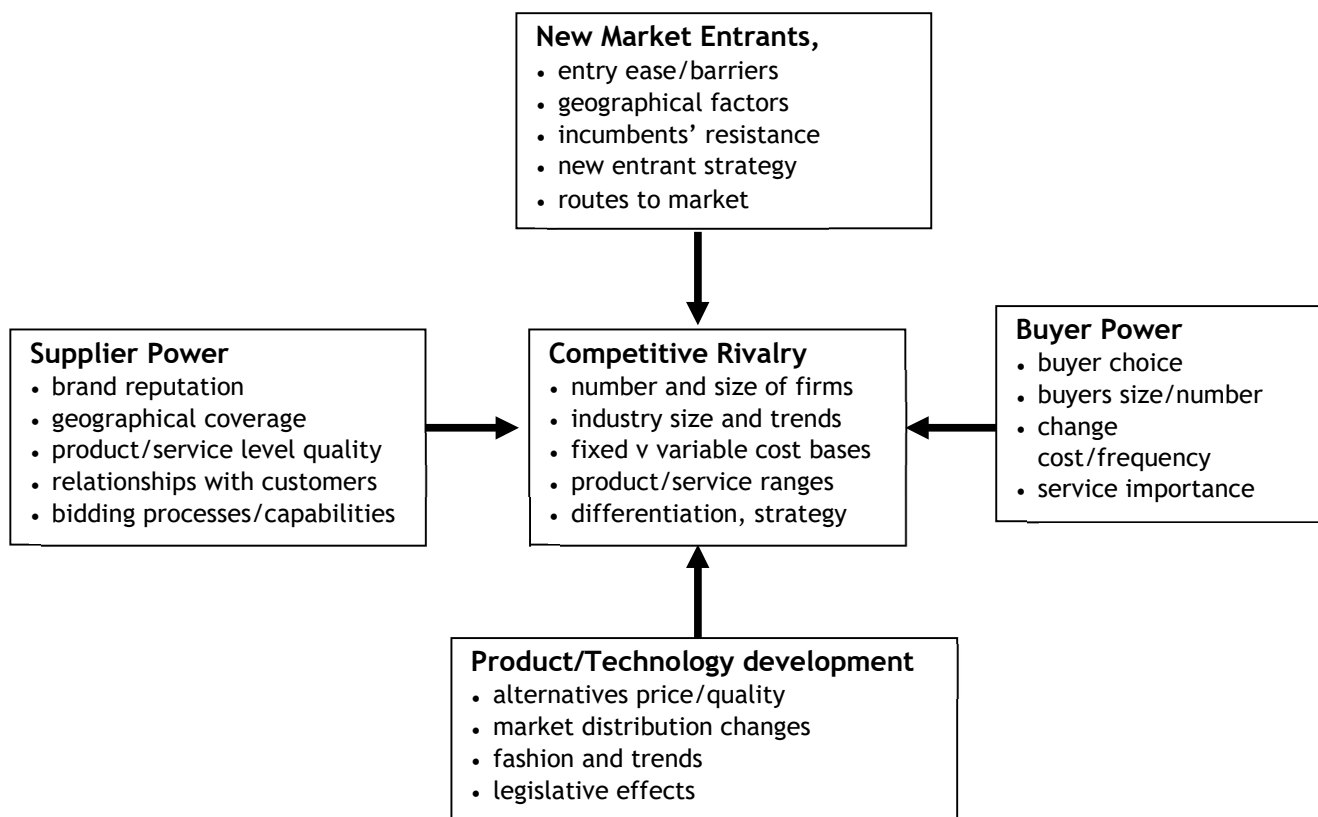
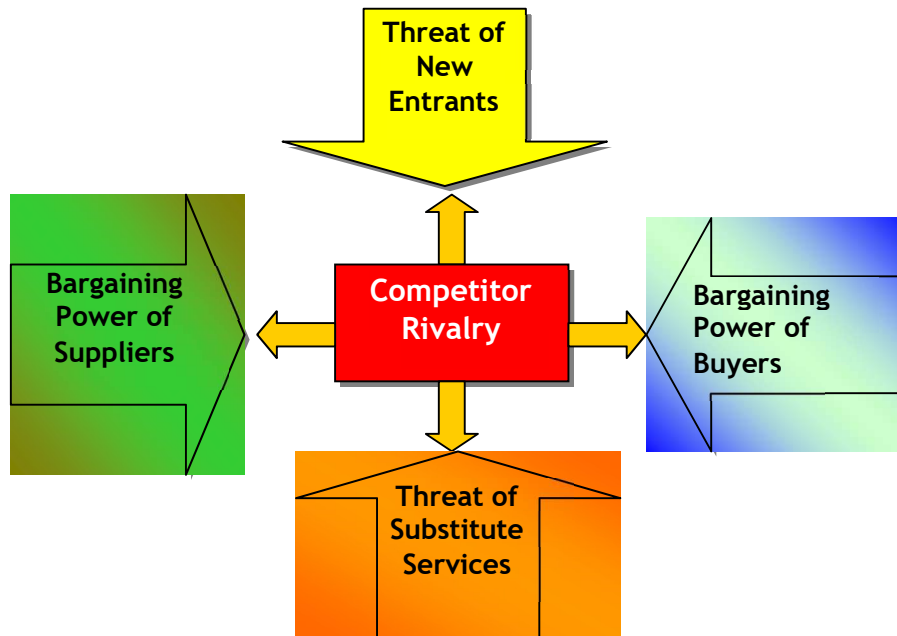


<b>Attractiveness Factors</b>				
<b>Size</b>				
<b>Growth Potential.</b>				
<b>Financial Stability</b>				
<b>Ease of Access</b>				
<b>Closeness of Existing Relationship</b>				
<b>Strategic Fit</b>				
<b>Are they early adopters?</b>				
<b>Do they value your offer and is it relevant to their needs</b>				
<b>Level of competition – low being attractive</b>				
<b>Market standing – market leader, credibility. prestige</b>				
<b>Score</b>				

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## Porter's Five Forces of Competitive Position

Michael E. Porter has provided us with an analysis of the competitive forces a business operates under - there are five competitive factors: -



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