

# ACCOUNT MANAGEMENT- BRIDGING THE GAP



## INTRODUCTION

Ask most sales managers what they require of their sales people when it comes to account management and you will get a variety of responses. Typical of these responses are the following:

'I want my sales people to:-

- Have a clearly defined strategy for each key account
- Demonstrate that they have all angles covered with an account management plan
- Identify and manage key decision-makers
- Understand how buying decisions are made
- Use a process to actively manage the account.

Ask customers what they look for in a good account manager and the responses take on a different emphasis. They express the skills in some or all of the following ways:

'I want account managers to:-

- Show that they are constantly thinking about us
- Be active in bringing us new ideas
- Be highly responsive to our needs and problems
- Show sensitivity in working with our decision-making processes
- Support us with state of the art technology, products and processes.

In summary, the supplier sees the account manager as someone whose job it is to **PROTECT AND GROW** the account. The customer sees the account manager's primary role as someone whose job it is to **CARE FOR AND CULTIVATE** their account. The reality is that the account manager has to fulfil both roles, and bridge the gap between these two sets of requirements.

The tensions facing account managers surround the issue of how they should position themselves between these two requirements. If they are seen to be acting too much in the interests of their own organisation the trust between them and their customers may suffer. If, on the other hand, they are seen to be acting too much in the interests of their customers, they may be perceived as being disloyal, and the trust between them and their organisation may suffer.

Account management is about handling this unenviable task of pleasing two masters, each of whom will have a say in the account manager's success.

Account management therefore is about **BRIDGING THE GAP** between the interests of suppliers and their customers.

As with most things it all starts with planning.

## PLANNING

The only place to start when it comes to planning account management activities is with the customer's business.

In today's turbulent markets organisations have spent a great deal of time and energy defining their mission, vision and values. While they have done this essentially for internal communication purposes they undoubtedly expect their suppliers to understand and focus on them as well.

Where these statements exist, good account managers not only record them, but positively acknowledge them in their dealings with their customers.

Behind these statements of intent however lies the customer's actual business. The history, the current objectives, the strategy, the resources, the structures, the systems, and the skills required of their managers and employees are all relevant pieces of information for the successful management of the account. All need to be understood by today's account managers to enable them to place their products and services into the overall context of the customer's business.

Increasingly, customers also expect account managers to understand how their business plans will impact their use of the account manager's products. They expect account managers to be thinking about the issues of cost saving and quality. They take for granted that account managers will readily understand how their products and services may need to change in the light of expansion into new markets and territories.

From the customer's point of view therefore good account managers show that they have a complete grasp of their business and their contribution as a supplier to its profitability and growth. They can show that they have a real empathy with the customer's situation and needs.

When it comes to these issues, suppliers have the same interests but for different reasons. Their interest lies in their desire to constantly spot openings for more sales and to see opportunities for the introduction of different products, technologies, and applications. Their concern with these issues is more to do with the vulnerability of the account to competitor threat, and how the customer's future plans will present either opportunities or risks for them. Empathy for them means staying close to customers, and close is the only place to be these days.

From the point of view of suppliers therefore it is vital that their account managers have a firm grasp of all the commercial issues surrounding the account, because only

if they do can they hope to get closer to the account, act in a more strategic way, and so shut out the competition.

Planning account management activities also involves the people issues which play a part in the successful management of the account. Customers want their buying and decision-making processes respected, and require sensitivity from account managers to their internal politics, power-bases and personalities. They want a sales effort that is co-ordinated with the account manager involving specialists and other colleagues in a planned and structured way. They want to have a say about the frequency of visits and with whom they prefer to deal. In short, they want to be managed but with the involvement and agreement of their key people.

Suppliers likewise want their account managers to plan and manage the people issues. They know that internal roles, levels of authority and discretion, and the structures (formal or informal) within the customer all play a part in buying decisions. They know that these decisions are not always rational but can be based on perceptions, feelings and subjective judgements. They recognise the need for individuals within the customer to feel included and cared for. They understand that clumsy account management, involving many different people in an unstructured way, will annoy the customer and reflect poorly on them as a supplier. They recognise that insights into the people issues at the planning stage are key to their success.

It is the job of account managers therefore to know, understand, and to be able to use all available information to plan their account management activities. Planning is the first step to satisfy the needs of both parties.

Planning then translates into defining account management goals and strategies. Again there are two sets of requirements of the account manager when it comes to approaching the task of achieving the goals and strategy in the best way. The requirements involve a complete understanding of the buying cycle-as seen by the customer and as seen by the supplier.

## MANAGING THE BUYING CYCLE

Approaching the task of managing accounts involves seeing the buying cycle from two perspectives-the customer's and the supplier's. Both perspectives are similar but are subtly different and it's important for account managers to understand the differences if they are to play their dual role.

When it comes to the buying cycle from the customer's perspective it follows a six step process. The process exists whether the customer is an existing account or a prospective account.

### 1. Need/problem identified

At this step the customer recognises that it has a need or a problem which it has to address. Having ascertained that it cannot supply the solution itself it embarks upon a search to identify the best provider of the solution.

To do this it may contact one or a number of potential suppliers and briefs them on its need or problem. The intention is to find the best solution.

### 2. Exploration of options

The next step in the buying cycle involves the exploration of options with various external suppliers. The customer will make comparisons, weigh up the pros and cons of different approaches put forward, and will make both objective and subjective judgements as to whom comes closest to its buying criteria. Those suppliers who come the closest are normally invited to present their solutions more formally.

### 3. Presentation of different solutions

By the time different potential suppliers are asked to present their solutions, the customer will have prioritised the requirements in their buying criteria and will have agreed the roles of different individuals in the buying decision. At this step the customer is looking for shortlisted suppliers to show a complete understanding of its needs and priorities, and is looking for a convincing presentation of the best solution.

### 4. Decision to buy

The decision to buy is largely dependent on the quality of the presentation of solutions and results from a number of factors. Ultimately they can be summarised by the 'SPACER' mnemonic as follows:

<b>Security</b>	Is the organisation/product/service a safe bet and risk free?
<b>Performance</b>	Will the solution proposed perform as promised?
<b>Appearance</b>	Will those involved in the buying decision look good as a result; will the customer look good?
<b>Convenience</b>	Will the solution be easy to implement?
<b>Economic</b>	Does the solution provide a financial benefit?
<b>Relationship</b>	Is there a relationship which can be developed into the future?

If, for the costs involved, all or many of the above benefits are supplied then the customer is likely to buy. If, on the other hand, the costs do not provide the benefits, and in addition involve risks, then the customer is unlikely to buy.

#### **5. Implementation**

Having decided to buy what is perceived to be the best option, the customer implements the solution and experiences the reality of its purchase. At this step the customer is usually anxious in the early stages and seeks all the support and reassurance the supplier can give.

Throughout the use of the product, process, or application it is the visibility and frequency of contact between supplier and customer that is all important to ensure total satisfaction with the solution bought.

#### **6. Progress and evaluation**

The customer's future depends on its abilities to profitably satisfy the needs of its own customers, and its customers' needs will certainly change in the light of market conditions. These days it is not long before progress and change are followed by evaluation and new needs or problems are identified of concern to the customer which impact the supplier's product. At this point the buying cycle starts again and is repeated.

Seen from the supplier's viewpoint the buying cycle is slightly different.

#### **1. Need/problem identified**

Either by proactively seeking out the business, simply working closely with the customer, or responding to an enquiry, the sales person identifies the customer's needs or problems.

#### **2. Investigation**

Depending on the complexity of the need, the sales person, alone or with others, carries out a thorough investigation of the needs or problems, and prepares a formal proposal, or simply presents solutions (if the customer is well known and a good relationship exists).

#### **3. Presentation of solution**

The sales person presents his/her product/service/technology as a solution to the need or problem and answers questions/objections relating to the solution. Other suppliers may be asked to do this as well if they have been involved at steps 1 and 2.

#### **4. Buying of solution**

The customer buys the solution, with or without a negotiation, and formalises the agreement to buy in a contract or agreed terms of trading.

#### **5. Implementation of solution**

The solution is implemented and the customer has the ultimate 'show proof' in the product/service/technology provided by the supplier. After sales support is the key requirement of the sales person at this step.

#### **6. Progress and evaluation**

As the customer's business moves on the requirements change. They grow, they differ, they evolve, and as a result of the customer's demands and market-place trends, needs are re-assessed, problems identified and the opportunity for selling arises again for the supplier, and the process is repeated.

While the buying cycle is always obvious at the time of securing a new customer, it is very often neglected when it comes to account management. And yet it is this process that is constantly going on and which produces the opportunities to protect and grow the account as well as care for and cultivate the customer. It is the process through which all successful account management takes place.

The successful account managers constantly monitor and evaluate their customers' progress, needs, and problems and actively use the buying cycle to spot and manage new sales opportunities.

Successful account managers also know how to manage individuals involved in the buying process, the next key ingredient to their success.

### **MANAGING DECISION-MAKERS**

The decision-making processes within an account vary significantly. Rarely do they involve just one individual, and rarely are they discernible simply by looking at the customer's organisation chart.

Buyers, line managers, specialists, accountants, senior influencers, directors and even entire boards can be involved in all or part of the decision-making process.

Successful account managers are able to understand the concerns, the role, and the personality type of each influencer involved in a sales opportunity, and are able to respond convincingly to each one.

Each influencer will have a perception of the progress the organisation is making, and the needs or problems it has. Account managers need to understand these and the reasons behind them. To do this, they need to enlist the help of a 'champion' who wants the sale to succeed. Good account managers have 'champions' in every account and know how to work with them to manage the decision-making process in the best possible way.

From the customer's point of view, account managers are doing a good job in managing their decision-making processes when they can relate to a wide population of people within the account and can talk their 'language'. The issue ultimately is one of trust born out of an account manager's credibility with a wide variety of people

From the standpoint of suppliers, the more people their account managers know both up and across their customer accounts, and the more aware they are of the decision-making process and influencers within them, the greater the likelihood of ongoing success in servicing and growing their key accounts.

Account managers can only do so much to achieve success in these areas on their own. The help of internal colleagues can make all the difference. Their final skill is that of being able to manage and motivate account management teams, usually made of individuals over whom they may have no direct control.

## MANAGING ACCOUNT TEAMS

Account management teams can exist for a particular sale, for the duration of the relationship with the customer, or at a point in time during the relationship with the customer. They can vary in size and membership and the individual members usually play different roles in the management of the account.

There are many good reasons for having more than one person involved in the management of an account.

- Greater depth and breadth of expertise brought to the customer
- Like level people dealing with one another
- Avoidance of exposure to just one individual
- The gaining of different access points to the customer
- Coverage of split sites, different locations, and different decision-makers

Account teams however need to be managed, and this is not always easy given that account managers may not have direct control or authority over other team members. Accountabilities of team members can often be very blurred.

Successful account managers are able to influence others from within their organisation to assist them; they can co-ordinate the efforts of colleagues to bring an impressive team together for the customer's benefit.

The skills of consultation, persuasiveness, negotiation, and relationship-building all play an important part in this aspect of the account manager's role. Without these skills and the active support and involvement of colleagues the account manager can be severely disadvantaged.

## SUMMARY

Account management is a balancing act. It requires great sensitivity to the needs of both the customer and the supplier. Both parties rely on the skill of the account manager for the success of the ongoing relationship.

The account manager needs to be constantly in touch with what is going on within the account and how this translates into the buying cycle. The buying cycle continually produces opportunities for the account manager at the progress and evaluation stage. At this point, being able to consult, manage, and influence decision-makers is critical to the account manager's success.

The whole account management process can be helped significantly through the use of account management teams who need to be properly led and co-ordinated.

Account management is a difficult and demanding skill requiring planning, insight and a high degree of sensitivity. As an extension of both the customer and the supplier the ultimate challenge for account managers is quite simply **TO BRIDGE THE GAP.**