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**RELATIONSHIP ECONOMICS® EXECUTIVE BRIEFING**  
**PROFITABLE GROWTH SERIES**

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## **Account Management: Building a framework for performance**

### **Introduction**

Organizations are increasingly deploying “Account Managers” at the customer/vendor boundary. Research studies have shown that, even with a huge increase in the number of account managers, a majority of companies are still reporting ineffectiveness in building relationships with their strategic customers.

The rise in focus in the account management discipline is being fueled, in part, by the growth of shared service functions within organizations. Information Technology departments are an excellent example. These functions are deploying account managers to increase levels of customer intimacy, to gain mindshare with their internal business clients and to stave off external competition. But are these professionals being adequately equipped to manage their business client “accounts”?

Traditional sales organizations are also discovering that the path to sustainable growth in their existing accounts cannot be realized easily, in spite of the almost maniacal transactional focus many have exhibited since the turn of the millennium. But are these professionals really behaving differently to any other sales professional the organization may have?

Regardless of which boundary is the focus, a good account manager must manage both internal and external stakeholders with the same level of professionalism. The time to look beyond the latest deal or project has arrived and Account Management initiatives are growing as a consequence.

### **The need for definition**

Regardless if you are an “internal” or “external” account manager some definition of the role is helpful as a starting point. This definition of Account Management highlights the team dynamic as well as the strategic nature of the job.

***“The discipline of managing a team’s actions around a set of pre-defined strategies built in the context of a client’s need and supportive of our teams objectives and obligations”.***

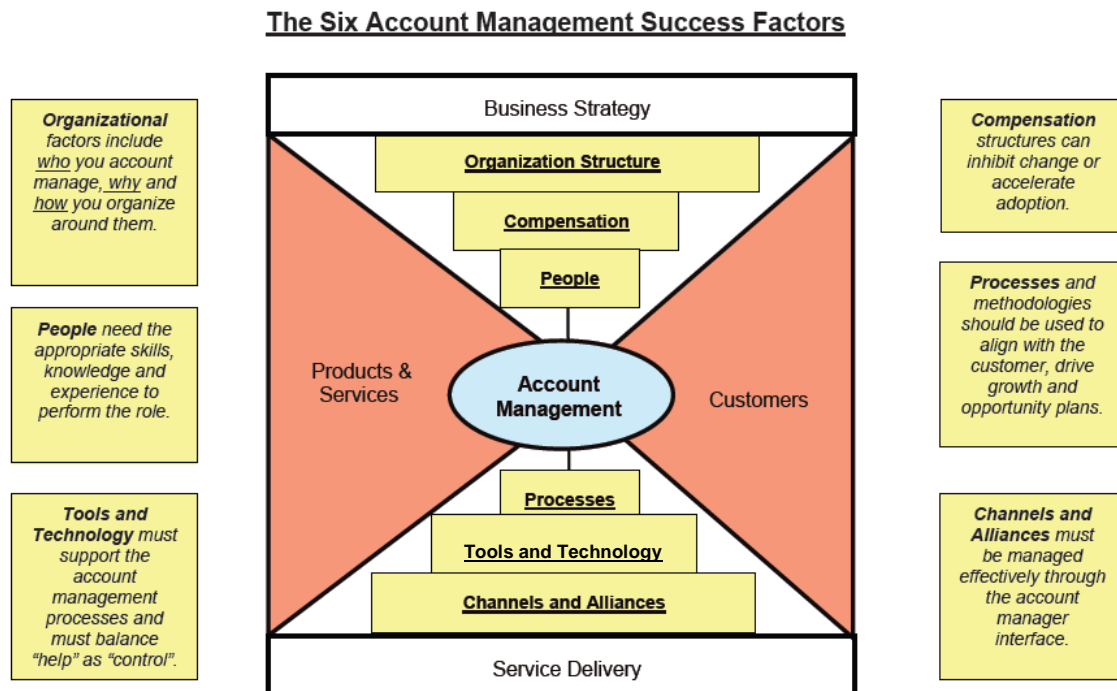
Account management does require a unique set of skills and behaviors. It is a consultative role that requires skills (the “art” of Account Management) and methodologies (the “science” of Account Management) to help practitioners achieve alignment, enhance and widen relationships, accelerate value transfer, execute collaborative planning and much more. It is no surprise therefore, that the characteristics of this role make it one of the most challenging and rewarding careers.

The challenge in many organizations is defining what account management really means to them and then being able to plot a path to execute on that vision.

### **The Account Management Framework**

The Account Management Framework gives organizations a structured approach to address all the factors that will stand between the “to-be” vision of a managed account interface and today’s reality.

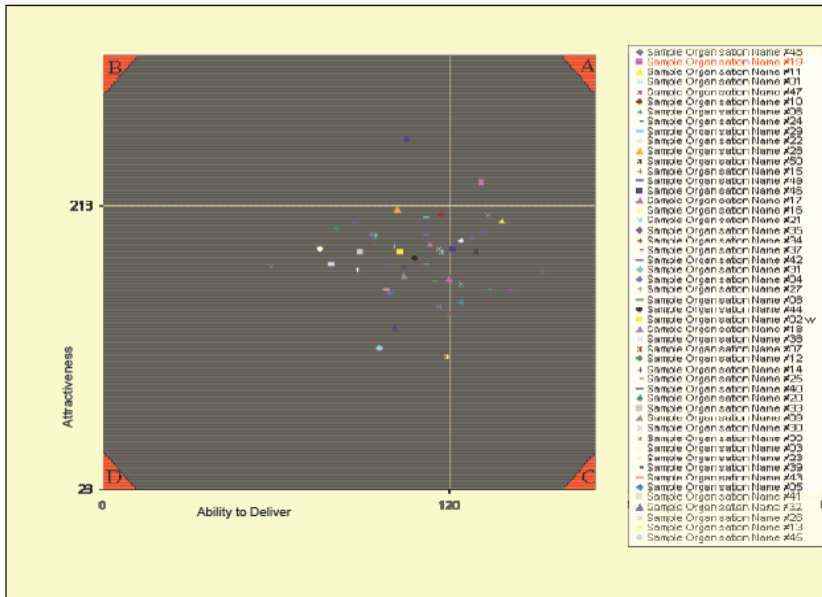
Six critical success factors stand out as critical.



How organizations decide to structure their teams around their key customers (internal or external) has a profound impact on their performance. Deliberate decisions need to be made first on where to place valuable account management resource based on market, territory and account insight. This typically requires a planning activity by the management team using a methodology that weighs a number of factors to ultimately create a prioritization based on the organizations aspirations for the relationship and their ability to deliver.

Once selected, these key accounts typically will have a team structure assembled around them made up of both direct and, increasingly, “virtual” resources. Issues such as relationship ownership and P&L responsibility at both a local and global level will have to be addressed prior to team deployment. This is also the optimum time to decide on the degree of industry alignment that would be desirable in the assigned territories.

When organizing around these most critical relationships it is better to invest in less “managed accounts” and focus more on raising the quality of how they are managed. Less can be more!



Example of a Weighted Account Analysis

Organizations in top right quadrant focus for dedicated account management resources.

### Compensation

Existing compensation plans have to be reviewed to establish if they foster the sort of behaviors desirable in the account manager population. Giving account managers objectives to build lasting relationships and then measuring them based purely on quarterly targets is obviously undesirable, although not unheard of! Some incentive areas that will support an appropriate behavior set are;

- Team based incentives
- Global or (out of territory) incentives
- Multi-year incentives
- Collaboration incentives
- Non-financial incentives

A consequence of having account managers in increasingly matrixed organizations may be that more than one person will receive compensation for an individual transaction. This is preferable and less divisive than paying one when many contributed to creating the overall account environment.

Meaningful customer satisfaction focuses with milestone payments against jointly developed plans are an excellent tool if used well. Also think about the "Customer Champion Award". Make a hero of the guy that puts the customer first, not the guy that closes the big deal that may not be in the best interests of the customer.

***"The way salespeople conduct themselves is often a reflection of the Company's sales compensation program; and how well the company does is often a reflection of the effectiveness of its commission program."***

### People, Skills and Knowledge

Whether you have account managers today or not, a success profile is a valuable asset in any organization's quest for, or development of, world-class account managers. It is helpful to segment knowledge areas into three:

- **Industry** – to what degree do my account managers need to be industry experts?
- **Customer** – how important is it for my account managers to understand their customer's business?
- **Company** – how knowledgeable of our capabilities do our account managers need to be?

Although easy to respond positively to all three of these questions, reality suggests that the answer will depend on many factors. For instance, if I have specialist resources in my virtual team my need to get very knowledgeable on specific capabilities will be reduced. If I have no industry alignment in my territory and manage three accounts in different industries then reality says I cannot be expert in all three?

These are some skill areas that should appear in any account manager success or competency profile and therefore be pre-requisite to the role:

- Relationship Management
- Consultative Dialog
- Teamwork and Communications
- Influencing and Negotiation
- Resource Management

Significant leadership qualities are also required to manage the extended team. Those companies who struggle to manage the coverage "matrix" often default to forcing control through the central office, which often may not align with the way the customer does business. As the customer's champion the account manager's behaviors should put the customer's interest first, then their company's interest, followed by the team's interest and finally their personal interest.

### **Processes**

Three categories of process are important to the account manager; execution processes that are used to deliver value across the customer interface, planning processes to define strategies and tactics and operational processes that the organization uses to monitor performance.

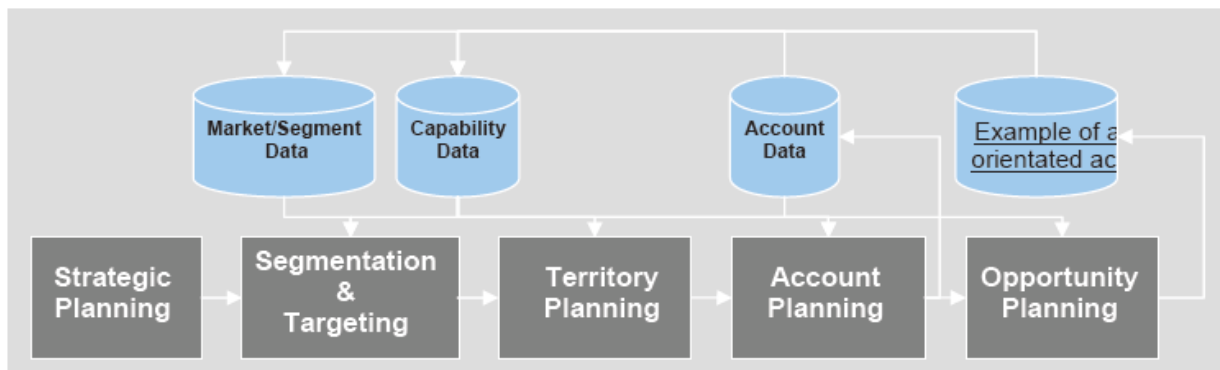
For a sales organization having a well defined sales process is important to the account manager as it will help define who gets involved in the process, when they hand-off to other team members and what the account manager's expectations of the team will be along the way. For the internal account manager a well-defined project/program management structure is analogous to this need.

Planning processes or methodologies can be thought of as a hierarchical set of nested plans some of which will apply in any account situation.

- ❖ Individual Call Plans
- ❖ Opportunity Plans
- ❖ Relationship Plans
- ❖ Partner Plans
- ❖ Account Plans
- ❖ Territory Plans



These plans must themselves be integrated to avoid duplication or disconnection.



### **Tools and Technology**

Processes alone are however not enough. The tools that support the process and the technology that is used to take the process and tools to the end user should be the “sugar that makes the process medicine go down”. It has been well documented that many customer relationship management (CRM) systems have created a somewhat different taste in the mouths of the users over the last 5-10 years. Why is this?

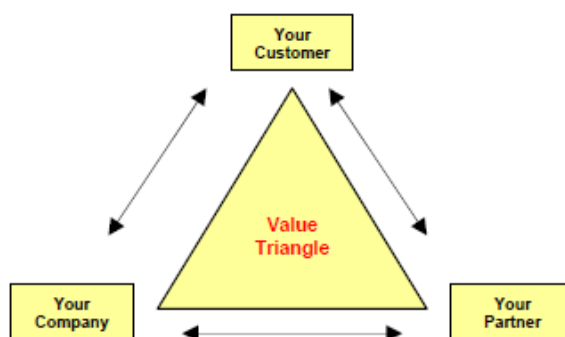
Many CRM software implementations suffered due to the critical processes being defined by consultants with little hands-on experience or thus appreciation for the role and focus of the account manager. They were defined as transactional engines, not from an account or relationship perspective and therefore undermined many of the behaviors desirable at the customer interface. These solutions were top heavy with data input and control and field personnel rebelled from using them as they got little or no value directly from them.

Processes need good “tools” to make them come alive. The term to some means software, to others paper templates, to others it means concepts or sales aids. If a process is to resonate with those who are involved in it then it needs to come alive through their use of tools. Some tools may be more back office orientated (an opportunity assessment tool for example), some may aid team collaboration around an account plan, and some may even be used in front of the client. The mix is a key part of

designing an account management framework that has the right balance of help and control.

### **Channels, Partners and Alliances**

Many organizations know that to be successful they cannot go it alone. Alliances accounted for an average of 26% of the Fortune 500 Company's revenue in a recent Accenture Global Alliances Survey. They are also a very difficult part of the account manager's world. They are hard relationships for the account manager to control. They require trust, often between organizations that have very different cultures. Essentially the addition of this other company creates a value triangle.



As in the relationship with a customer, planning will be required to unlock these value streams. The account manager has the responsibility to plan with key partners at an account, relationship and opportunity level. Alliance teams have the planning responsibility at the company-to-company level.

### **Note**

For the Organization, People and Compensation areas, the recipe for success in account management is similar regardless if you are an account manager managing an internal relationship or an external one. In the last three factors, the need for process, tools & technology and effective partnering the need exists in both worlds but the implementation will be different in many areas.

### **Summary**

1. Being deliberate in placing account management resources and organizing them effectively sets the foundation for your framework.
2. A well thought out compensation structure that is commensurate with your organization structure and business goals will accelerate performance.
3. Having the right professionals, appropriately skilled in the account manager positions will create a rewarding career path and a valuable company asset.
4. Just enough process to help the account manager build and execute their plans while providing the information the business needs to manage the bigger picture.

5. A set of core tools, appropriately supported with technology, will help the account manager internally and at the customer site.
6. Partner activity must be planned in at a company, account and opportunity level to extract maximum value.

Ian Savage is a Sales Effectiveness Consultant and Principal of The Nour Group, an Atlanta-based strategic advisory firm focused on developing the “art” and “science” of building long-term value-based relationships. To learn more, visit [www.RelationshipEconomics.NET](http://www.RelationshipEconomics.NET) or contact us at 888-339-1333.