



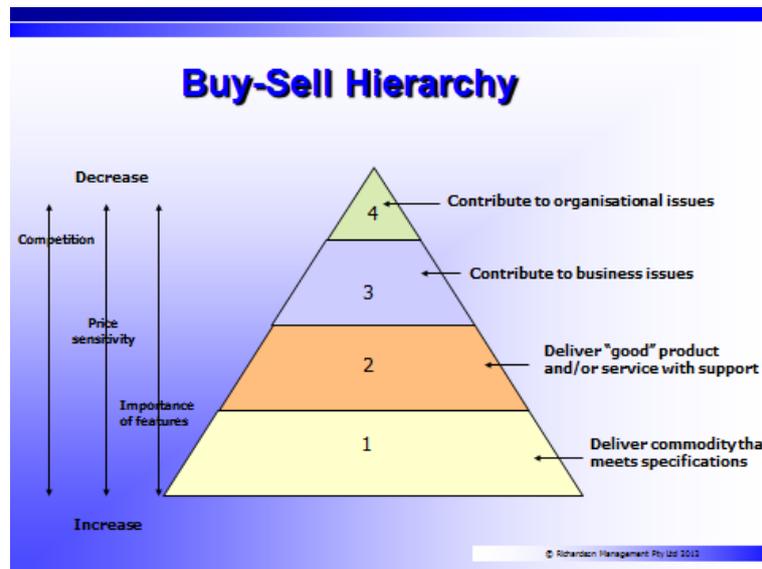
Eliminating account customers you don't want

Strategic account management is as much about eliminating accounts you don't want as it is about selecting accounts you do. Strategic accounts are customers who most readily help a business achieve its strategic and financial goals. In the absence of a strategy, suppliers often fall for the trap of "sizeism" and simply declare large revenue customers - strategic.

Other companies may have developed different strategies for each of a small number of account customers which is less cost efficient than an overall marketing strategy, but at least this better than ad hoc strategic account management.

Businesses with clear strategies often enjoy another distinction with strategic accounts – as the relationship progresses it changes. Account customers start to see you as not just another vendor delivering a product but perhaps as a preferred supplier delivering differentiated value.

A great tool can help you classify how your accounts see the value you provide and move those accounts up to the next level. This tool is called the Buy-Sell Hierarchy which has been developed by Miller-Heiman.



Understanding where your customers perceive you on the Buy-Sell Hierarchy is important when determining the resources and costs required to in developing customer relationships.

At the lowest level (level 1) of the Buy-Sell Hierarchy the customer sees you as a commodity supplier – competing purely on price. At this level the customer perceives value as "low price" and you will need to continue to compete on price unless you can move them up the hierarchy.



If you move up to the next level, the customer may then recognise you as differentiating on product and/or service quality (level 2). Given the emphasis on product and service quality in the last 20 years in many markets, quality is merely the price of entry. If you manage to find a way to differentiate on product or service in many cases, this differentiation is short lived – competitors quickly copy it..

If a skilled and experienced strategic account manager can truly start helping your customers with business and organisational challenges (level 3&4) - e.g....helping them overcome issues or problems, assisting with revenue growth, minimising their costs, positioning them more effectively in their marketplace – the relationship can change dramatically.

Few suppliers make it to these top 2 levels, but those that do find that their account customers treat them as “trusted advisors” who combine high levels of technical expertise and interpersonal skills to help their customers. As difficult as these top 2 levels are to achieve, at these levels of the relationship competition is almost non-existent and value flows freely in both directions.

But some customers would never allow this business/organisational level of relationship to happen. They tend to every supplier as just another vendor. If one of your strategic accounts does not see the value in your increased investments, or thanks you for them and then asks for even bigger discounts, then it may make little sense for you to keep defining them as “strategic” or to invest even more in the relationship. Some customers just want a good product at a low price – nothing more!

There are customers that have told suppliers to get rid of the extra services - including the strategic account manager - and just remove those costs from the prices they are being charged. They may prefer an inside salesperson selling to them, or no salesperson at all - not a strategic account manager.

In selecting your customers who you think might warrant a strategic account management approach it is imperative that you conduct a thorough analysis of each potential strategic account including the level the customer is currently at on the Buy-Sell Hierarchy and if they have potential to move up. It could save you a lot in unwanted sales and service costs!