



How Strategic Account Management differs from other initiatives to increase sales to large customers.

Are you an account manager? Because of the ever present problem of job titles and program names, a title of account manager is meaningless unless we focus on responsibilities and behaviour. A supplier may have a program that sells to large (key) accounts and may call it a “strategic account management program”. Salespeople selling to large customers may be called account managers or key/strategic account managers but don’t undertake any of the important activities of a strategic account manager. They are a SAM in title only.

It is common for the sales team to initiate a program to sell to large customers and it then morphs into strategic account management. Sales may see an opportunity to generate more revenue by focussing its efforts on the larger customers. Sales often begin these initiatives by appointing an “account manager” who sells to key accounts usually with a consultative selling approach. Over time the title changes to key account manager and then ultimately to strategic account manager – without the job changing fundamentally.

Selling to key accounts is part of strategic account management but it is not the same.

The distinction between the two is important. The following illustrates the differences between these two approaches in managing an important (key) account:-

	<u>Account Manager who sells to key accounts</u>	<u>Strategic Account Management</u>
Planning horizon	Under 12 months	1-3 years
Customer segmentation	By revenue	By revenue, growth potential and other strategic criteria e.g... <ul style="list-style-type: none">• How they prefer to buy• Willingness to partner• Complementary competencies/fit
Offerings	Existing products and some custom solutions	Custom solutions & solving customers business and organisation problems, challenges and issues
Differentiates by	Quality products and services	Value add over time; account manager skills and problem solving
Primary account responsibility	Account manager	Cross functional account team



Concerned with	Short and long term revenue	Profitability; Account's business challenges; Share of customer
Number of accounts	10-25	1-5
Compensation	Half salary, half commission	Generous salary with some incentive bonus; Overall quality of account plan; P&L of account relationship.
Skills required	Selling skills Communication skills Time management Product knowledge	General management skills; Strategic thinking; Influencing skills; In depth understanding of customers market and business.

Programs to increase sales to large customers which are initiated by the sales department tend to work on shorter planning horizons, to measure success primarily on incremental, perhaps quarter to quarter revenue and they tend to sell mostly existing products to a small number of people within a large number of accounts.

In many cases these programs require a great deal of internal selling because sales may come up with creative discount, financing, delivery or service options. Their creativity puts pressure on other departments to do things differently for large customers.

We know a manufacturer whose sales group decided to develop a program to increase sales to large account customers. The company kicked off the program by making a big announcement to 15 of its largest customers about how great the new program would be for them. The sales team started to come up innovative ways to serve those customers.

But after the sales team made creative commitments to the customers, internal departments blocked their way. Those departments saw no particular reason to do things differently. Sales was spending a lot of time using its selling skills to sell back internally as it tried to influence and persuade departments to change.

The results were not pretty when the supplier's responsiveness and reliability - as well as customer satisfaction indices - started to decline markedly. At the end of the year the program was serving only a few of the original customers and those were not being served very effectively.

If the program is going to succeed, the entire organisation must understand and align around the account selling program's goals – particularly if the company wants to move to a truly strategic account management process. It is an uphill battle for sales to develop a strategic account management program by itself.