



Strategies to Retain Major Account Customers

During the past decade the need has been recognised for a more systematic way of managing business with large customers. There is far more information available to supplier and customer, businesses have become larger and more complex requiring relationships between supplier and customer at several points and at different levels within both organisations.

As well, competition in many sectors has become fiercer, and is no longer just local, it's global. This creates the challenge of product and service differentiation.

At the same time sales forces have become large expense items. It is increasingly difficult to find really good sales people. Companies recognise that the sales force must concentrate on the customers and the activities which are important in achieving their long term goals.

80% of the sales come from 20% of the customers. If you lose a customer it costs between 5-10 times more to get a replacement customer. As well as the impact on bottom line, effective management of existing major accounts is important because in the majority of cases it is the best way to limit the opportunities of your competition. Existing accounts are also an invaluable source of recommendation and third party referrals.

Each individual major account will require a unique strategy and not a blanket approach. An analysis will need to be done to determine what accounts are critical, desirable, marginal, and unattractive? Can we be all things to all customers? Who are the major influencers within the account? What is their political strength? What solution can we provide to the problems (now and in the future) that face this account? What are our competitive strengths and weaknesses, what can we offer that no other competitor can offer, what represents "value" to this account? What are the competitive threats at this account and what can we do to overcome? Why should this account willingly pay more for our products and services? What plans do we have to build relationships at this account? What gaps are there in our account profile - what important information do we need to know? How can we empower all of the internal resources to focus on adding value for this account?

Account Managers must build trust and commitment with major account customers and develop a structured plan to implement a successful strategy for integrated account management.

One valuable tool in the strategic planning process is the Account SWOT analysis. The aim of the SWOT analysis is to determine:

- how a customer perceives you relative to your market competitors;
- how you interact with the customer, and what strengths, weaknesses, opportunities and threats impact on the overall relationship.

It's important when undertaking the SWOT analysis to identify performance measures your customer considers important at the moment. The SWOT must be done "through the eyes of the customer".

Some typical measures may include:

- on-time delivery;
- availability of supply;
- consistency of product/service quality;
- accuracy of documentation.

A SWOT analysis can be conducted for a particular account at a number of customer relationship turning points. These can include:

- before negotiating a supply agreement;
- as part of the on-going account management process;
- in situations where there is an important event that requires action by the supplier, e.g. a sudden change in technology.

For companies that sell via distributors, the SWOT is a more flexible tool than in direct selling. The outcome of the SWOT is to indicate what you have to do to become a more desirable trading partner by developing strategies to help improve ROI for your distribution account and establish better relationships.

There is a need for account managers to be strategic and effective in planning to manage their major account customers and to create unique value in the process.



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