

Account Management

Presented by J.W. Owens



A Perspective 101 Series

Account Management



Account management is the method by which we manage our relationships with customers and maximise customer satisfaction, turnover and profitability.

Most customers leave because of neglect. Professional account management makes sure this doesn't happen.

What is a key account?

All companies have accounts which, because of their size, are important to them. In most companies **80%** of their turnover comes from **20%** of their account base. This is called the Pareto principle.

The best key accounts produce consistent levels of revenue, offer opportunities to increase sales, are looking for a business partner rather than just another supplier and are strategically important to the business.

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Why are key accounts important?

They are important to our business because they produce constant levels of sales revenue to our business. Because they are established accounts they are both easier to sell to and cheaper to sell to.

They help us with our business planning because we can be reasonably confident, if managed properly, that they will produce consistent levels of cashflow enabling the business to make longer term investments with more confidence.

We can work with them to make our products more marketable. Most product innovation comes from customer knowledge and feedback.

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Why are they potentially more of a challenge?

Because of their size and potential they are very attractive to competitors.

They need more attention and benefit from strong mutual relationships.

We need to be seen more as a business partner than just another supplier.

This requires a good deal of planning and preparation.

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They can be classified in different ways:

1. **Stable accounts are neither declining nor growing.** They are classed as stable because of the positive relationship between us and them and the fact that they are unlikely to look elsewhere, or grow very much in the future.
2. **Declining accounts show turnover declining over a period of time.** There can be a number of reasons for this. It could be that their business is declining, or they have transferred business to the competition.
3. **Growing accounts show positive growth.** They can be an important part of the salesperson's portfolio, but are also of interest to competitors, which could represent a threat.
4. **Potential accounts have potential for growth** but are currently not buying from us. They are prospects and we need to formulate a strategy to turn them into buying customers.

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How about your role as a key account manager?

Your main role as key account manager is to be the main contact for the account and to manage the business we do with the account. The more knowledge you have of the account; the people, their objectives and plans, and their expectations of you and your business the better you are placed to manage a long term business relationship.

Some of the skills required to be an excellent account manager are:

- Sales skills
- Presentation skills
- Negotiation skills
- Planning skills
- Relationship building skills
- Problem solving
- Problem seeking
- Organizational skills

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The difference between a lot of salespeople and professional account managers is that a lot of salespeople are really only interested in the next order.

This is called **transactional selling** and the main focus is on the next transaction.

Account managers are good at closing sales, but they also have a view to the longer term development of the business.

Account managers are less likely to give too easily on price and focus more on value.

Account managers know that giving too easily on price today can have serious long term implications on our profits.

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Identifying business opportunities Account managers are consistently seeking to sell across our range of products.

This is done in a planned way focusing on our best selling products first of all in order to maximise revenue. In order to ensure we identify business opportunities every sales call should have a purpose.

We set clear objectives for each call and use questioning and listening skills to ensure we understand the potential needs of the account.

Traditionally, too much emphasis has been put on the sales pitch. Before we make our pitch we must fully understand their needs.

Asking questions is 3 times more persuasive than presenting information.

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Account planning

Each salesperson needs to have a plan for each account.

Your CRM (Customer Relationship Management) system will record all the information you need to manage the account and produce an account plan. As well as recording the key players in the account; decision makers and influencers, and up to date contact details, the system should record previous sales activity and future potential. We need to have specific objectives for each account. Ideally we want them to buy their total requirements from us and to buy across the full range of our products and services. In practice this is unlikely to be the case so we will nearly always have something to aim for.

Account reviews

It is important to set up a meeting once a year to review the account. This gives us the opportunity to look back at this year with the customer and look forward to the next year. During the meeting we should discuss this year, gaining feedback on the service the customer received and any ideas for future service improvements. It has been found that many of the best ideas for improving customer service come from the customers themselves.

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We then need to look forward to next year.

This is done by a process of questioning.

We need to find out:

- What are their objectives for the year?
- Where do we fit in their plans for the business?
- What opportunities are there for future growth?
- What do we need to do to help them achieve their objectives?

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This is a series of Training for your
Management, Sales & Office TEAM

Good Selling !



J.W. Owens - 561-372-5922
results.jwowens@gmail.com

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