

Your Strategic Accounts: Evaluating the Health of Your Most Vital Assets

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Under the Microscope

Following is a sampling of the types of questions that Miller Heiman recommends addressing in a strategic account analysis and plan:

- What are our strengths in this account?
- What red flags do we see?
- What are the key trends in this customer's industry? What are they doing about them? How well does our plan address them?
- How can we capitalize on their current and future opportunities?
- Where should we be making investments in this account?

Then there's the flip side of the last question: When should we stop investing in this account—or radically change our approach it?

Miller Heiman co-founder Robert B. Miller offers this example: "Maybe we're sponsoring a golf tournament for a particular company. How much value are we adding by doing that? Would they rather see us spend their marketing dollars on something else—for instance, sponsoring a charity event instead?"

Your Strategic Accounts: Evaluating the Health of Your Most Vital Assets

By Anne Stuart

Not so long ago, every organization's motto was: "Our workforce is our most important asset."

Times have changed.

"Today, every company's most important asset is its existing customer base—especially its largest or most strategic accounts," says Robert B. Miller, co-founder of Reno, Nev.-based Miller Heiman Inc.

It's not that employees aren't still critical to corporate success. But thanks to unprecedented changes created by the current volatile business environment, strategic accounts—that is, those key customers—now rank as a growing company's most valuable asset.

You can sum up the biggest factor influencing that shift in a single word: turnover. On the seller's side, employees from sales reps to CEOs change jobs more often, and more quickly, than ever before. Customers, of course, are grappling with the same churn, making it tough to maintain one-to-one relationships. And the ongoing wave of mergers and acquisitions means that your top accounts may end up as someone else's property—and someone else's customers.

Another driver: global competition. "Everybody is having trouble differentiating themselves, whether they're selling cars or refrigerators or software," says Miller, co-author of *The New Successful Large Account Management: Maintaining and Growing Your Most Important Asset—Your Customers*¹, "There's always somebody who can do it cheaper or better or both. It is true worldwide competition on a scale like we've never seen before." Then there's the impact of increased buying via the Internet ("the world's biggest catalog," Miller notes). All those factors have contributed to uncomfortably deep discounting in both consumer and business-to-business sales.

Miller Heiman believes that companies serious about surviving and thriving in this environment must adopt a laser-like focus on protecting their most valuable accounts.

Miller recommends gauging whether any such expenditure provides value to both seller and customer. “If the answer is ‘yes’ and ‘yes,’ we should keep on doing it,” he says. “But it’s critical that both parties agree that it’s valuable.”

After doing the painstaking work necessary to thoroughly analyze a strategic account, how do you know whether the resulting plan is valid? Simple, Miller says: “Go ask your customer. Find out whether what you’ve prepared is actually what your customer wants you to do.” Base the final plan on solid customer feedback, not your own best guess about what the client might be thinking.

If a sales rep balks at sharing an account plan with a customer, Miller asks for his or her sales philosophy. “I ask, ‘Are you trying to do something *to* the customer, or do you want to develop a relationship *with* them?’” he says. “A relationship involves two people. It’s partnering. It’s sharing information. The old adversarial, hocus-pocus, used-car-sales approach no longer works.”

What’s in a Name?

In discussing their most important customers, sales professionals have always referred to “*large* account management.” But these days, Miller says, “*strategic* account management” is a far more accurate term. “Every company, no matter how small, has customers that it would be a major ‘ouch’ to lose,” he notes. And most sales executives can easily rattle off the names of their most lucrative accounts.

But contrary to widespread opinion, the strategic account category isn’t limited just to today’s biggest revenue-generators. It includes customers that seem most likely to provide profitable relationships over the long term, as well as those potentially offering a foothold in a previously untapped industry.

For instance, “if you have one bank as a new customer, cherish it,” says Miller, also co-author of *The New Conceptual Selling*² and other books on sales. “Banks stick together. If one of them does something, others follow”—and suddenly that one smaller account takes on much greater significance in terms of competitive advantage.

Where to Start

The first step is identifying the accounts that, by any definition, are most critical to your business—“the ones that absolutely must be protected,” Miller says.

The temptation, of course, is to default to the “I-love-*all*-my-children” approach, designating all accounts as equally important and worthy of protection. But in the same way that not everyone can be “above average,” not every account qualifies as strategic. As Miller puts it, “Everybody has good, better and best customers.” You must separate the superstars from the underperformers. A good risk management program involves setting such priorities—and pinpointing the likely threats against the best customers as well.

Next, winnow the list to the “best of the best” and have each undergo an in-depth evaluation. But think a small number of accounts: “The biggest mistake that we see is people underestimating the amount of effort involved in doing a thorough account analysis and planning,” Miller says. “It’s hard, plodding work, and it takes time.” For that reason, Miller Heiman recommends

evaluating no more than five or six strategic accounts every year. “Doing deep dives into too many accounts results in what I call analysis paralysis,” Miller says. “You’ll find yourself doing nothing but analyses. I’d rather see a company do a handful of strategic analysis-plans well than 25 not so well.”

Then, identify your other most promising customers, the ones most likely to eventually make your Most Valuable Players list. “Select the accounts that you want to turn into strategic accounts, and manage them as carefully as you would any other corporate asset,” Miller advises. (For tips on conducting a strategic account analysis, see sidebar [“Under the Microscope”](#)).

How can you make sure that such accounts don’t slip beneath your radar? “The biggest mistake that’s still made in sales is having a single contact point in an account,” Miller says. Make sure that you’ve got multiple people associated with each key account. Such relationships can also prevent situations in which that sole contact person defects to a competing company, taking that precious account along.

Shifting Gears

An effective strategic account management initiative requires two major changes in the typical corporate mindset, Miller says.

Companies need to look outward instead of inward.

“Account planning used to be about ‘us’ and ‘ours,’” Miller says. “In an era of worldwide globalization, it’s critical to focus on the customer.” Sounds obvious enough, but, as Miller notes, many companies that pay lip service to being “customer-centric” actually focus on their own opinions about their products and services rather than those of their customers.

He urges senior executives to ask themselves questions such as:

- Is our current account strategy focused on *our* needs and expectations—or on the needs and expectations of our customers?
- How does our position look from our point of view, compared with how our customers perceive us? “Nobody ever asks this question,” Miller notes, adding that companies who do are likely to be surprised: “Our perception is never the same as their perception.”
- Does our strategic plan focus on what we want to sell—or what the customer wants to buy?

Companies’ customer-focused initiatives must start at the top.

“The most successful approach involves the entire executive team, not just the sales team,” Miller says. In fact, many successful companies are already moving in that direction, according to Miller Heiman’s 2005 Sales Performance Study, a long-term survey of more than 7,000 sales professionals. Just a few years ago, CEOs typically declined to visit major customers because they viewed that duty as strictly the sales department’s job, Miller recalls. But Miller Heiman’s research indicates that many CEOs now spend 25-35 percent of their own working hours directly on sales. Says Miller: “That’s a big change.”

Solving Problems

Theodore Levitt, a famous Harvard Business School marketing professor and the former editor of the *Harvard Business Review*, is widely quoted as telling his students that customers don’t want a quarter-inch drill; instead, they want a quarter-inch hole. In other words: They’re not shopping for products; they’re shopping for solutions.

That’s a lesson many executives still haven’t grasped, Miller says: “What we’re talking about here is problems that need to be solved or issues that need to be

Successful Strategic Account Management

Today, strategic customer accounts—rather than employees—are the most important asset for most successful businesses.

To survive in the current volatile business climate, all companies—regardless of industry and size—must focus on protecting those accounts.

Strategic accounts aren't necessarily just the top revenue-generators; they may include smaller companies offering strong growth potential or unprecedented access to new markets.

Strategic account management begins by identifying your “good,” “better” and “best” accounts.

Once you've identified your five or six most important accounts, you should undertake a thorough account analysis.

Effective strategic account management initiatives require top-down involvement and a company-wide customer-centric approach.

Problem-solving adds value to customer relationships—and can provide competitive advantage.

addressed. That's the first step in getting ahead: understanding those problems and issues at least as well as your customers do, if not better.”

That requires more than just knowing what your customers need. In *The New Successful Large Account Management*, Miller and his co-authors explain: In strategic account management today, successful firms help their clients run their businesses—not just purchase supplies or utilize services. The overall goal of any good strategic account management process is to ensure better business returns for the targeted key account. This means keeping the focus not on your customer per se, but on your customer's customers, the accounts or consumers and other stakeholders that, over time, are making your strategic account successful. It means asking, regularly, how a given initiative or sale ties in to the strategic account's overall business strategy.

In other words: Victory goes to those who add value. “In effect, the goal should be to become a business partner with your customer,” Miller advises. “That's the key differentiator.”

That same approach goes for dealing with Internet-based competitors. Miller notes that while many consumers extensively research automobile purchases on the Web, most still go to a local dealership to make the purchase. “They're not actually buying cars off the Internet,” he says. If approached properly, business-to-business transactions can work the same way: “If I'm a customer who's got a problem that needs a solution, I'll go to the Net to find out what I can,” Miller says. “But all I can search for is as much as I know about the problem.”

In contrast, a well-prepared account team can provide more information and options than the customer is ever likely to obtain online, Miller says: “A really good salesperson can help me expand my thinking outside the box and find creative solutions.”

Outstanding post-purchase support helps strengthen that relationship. “Go back to your own experience as a consumer,” Miller advises. “The reason people change stores and services is because they're dissatisfied with what they're receiving for the

money”—often because their complaints are mishandled or ignored. Same goes for business accounts. Obviously, providing stellar personalized service helps keep customers from defecting to your competitors, especially since such changes require strong motivation and effort on the client’s part. As Miller puts it: “The incumbent always has the advantage. Always.”

About the Author

Anne Stuart is a Boston-based freelance writer who specializes in writing about business issues.

¹ With Stephen B. Heiman and Tad Taleja, Warner Books 2005

² Kogan Page Ltd, 2003

About Miller Heiman

Miller Heiman has been a thought leader and innovator in the sales arena for almost thirty years, helping clients worldwide win high value complex deals, grow key accounts and build winning sales organizations.

With a prestigious client list, including Fortune 500 companies, Miller Heiman helps clients in virtually every major industry to build high performance sales teams that deliver consistent sustainable results to drive revenue.

The company is headquartered in Reno, Nevada and has offices around the world. More information can be obtained by visiting the company’s website at: www.millerheiman.com.