



## SALES

# Strategic account management

## *Accelerating revenues, profit and client retention*

Expanding business with existing customers is the most successful and cost-effective way to grow revenue and profit. The "Top Performance in Strategic Account Management" benchmark study conducted by the RAIN Group confirms that sales professionals who successfully engage in strategic account management were:

- » 3.1 times more likely to grow revenue 20 percent or more with their existing clients.
- » 3.4 times more likely to increase profit by 20 percent or more with strategic accounts.
- » 4.5 times more likely to experience significant year-over-year client satisfaction improvement.

The study also confirmed that while 75 percent of clients make strategic purchases, only 14 percent are the result of a discovery initiated by a sales professional. What this means is strategic account management, while talked about at many companies, is not fully implemented as a new business development or client retention strategy.

While there are several competencies strategic selling professionals possess, three distinguish a strategic account manager from a traditional sales professional:

### **1) Develops trust with executive decision-makers**

SAMs have better business acumen and ask better strategic questions than the average sales professional. They know the shortest path to an engagement is gaining the key decision-maker's endorsement and they speak "executive-speak."

Conversations are well-planned, purposeful and succinct. It's not unusual during an initial client meeting for a SAM to develop a high level of rapport and trust, which leads to them gaining strategic and political insider information. These insights allow them to better navigate the buying process and win more.

### **2) Brings new ideas that advance the client's strategic goals**

Seventy-six percent of SAMs identify new solutions for their clients, versus only 47 percent for the average sales professional.

They connect unrelated pieces of information and work collaboratively with internal subject matter experts to create ideas that enhance client value. They are confident and competent, see what is unseen, and create opportunities where others see brick walls.

To be successful, SAMs need enterprise-wide support. Buy-in and alignment from all departments must be defined, and coordination of the "hand-off" between one department and the next is tested and tweaked.

Too often, when operational execution falls short of the promised expectations, SAMs shift roles, and reluctantly become project managers who shepherd orders through the system to ensure that deadlines are honored and the company reputation is protected. They know that loyal clients buy more frequently at higher rates and have shorter sales cycles, so they do whatever is needed to preserve their commitments.

### **3) Drives quantifiable results for the client and the company**

SAMs are strategic and results-driven. They play to win and want to make a meaningful difference for their clients.

According to research conducted by Frederick Reichheld of Bain & Co. (inventor

of the net promoter system), increasing client retention rates by 5 percent increases profits by 25 to 95 percent. Higher client retention happens when higher value is received.

SAMs engage in a systematic approach to idea generation with clients. They facilitate regular business review and planning conversations with their top 20 clients, bring fresh ideas to the conversation and identify new ways to help their clients achieve their strategic goals.

Most sales professionals do not have an effective strategic account planning tool, nor have they been trained in how to engage in strategic conversations with top-level leaders. Yet the average salesperson believes he or she should be generating "an average of 60 percent more revenue from their strategic accounts" according to the RAIN Group study.

With statistics showing it is 22 percent less costly to sell an existing client than to bring on a new client, and 60 to 70 percent of existing clients will buy from a current provider, leaders need to empower their sales team with the tools, knowledge and strategies to become a SAM. In doing so, new business opportunities and client retention numbers will improve, while reducing the cost of new business acquisition, generating better top and bottom line performance. ■



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