



Account Management: Art or Science?

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In many companies, the science of account management is neither well understood nor systematically applied. And that means lost profits, says Jonathan Byrnes.

by Jonathan Byrnes

Is account management an art or science? This is a critical question: The answer determines whether the sales process can be systematized and subjected to constant improvement.

The answer, not surprisingly, is that both aspects are important. But in many companies, the science of account management is neither well understood nor systematically applied. In high-performing companies, on the other hand, the science of account management is the centerpiece of the sales process, and within this context, artful selling produces the most effective results.

The science of account management has four key elements: (1) profitability management; (2) account relationship selection; (3) product migration paths; and (4) account planning. With these four elements in place, plus aligned sales compensation, the sales process will produce great results.

Over the years, I have participated in a number of high-level sales management and business unit leadership meetings. A frequent comment is that sales would improve dramatically if only the sales reps had more contact with the CEOs of their accounts. Often, this leads to a suggestion to hire new reps with high-level account contacts.

My reaction is that many managers find it easier to spend money than to improve management processes. But this is a big mistake. In most companies, most sales reps are quite capable of outstanding performance if they are managed well and work within a well-structured process. Conversely, high-performing sales reps from other companies would lose significant effectiveness if inserted into a company with a poorly structured, poorly managed sales process.

Artful sales achievements that bring in the wrong business or fail to secure the best business will actually decrease profits.

The prime responsibility of a company's management is to provide its sales reps with a systematic, effective process through which they can understand how to succeed. The essence of sales rep effectiveness is to have an extremely clear understanding of what task needs to be accomplished in every account call. This process is the science of account management.

I am grateful to my classmate, colleague, and friend, Steve Doyle, President of SXD Associates, for contributing several key concepts to this column.

Profitability management

The first and most important element of account management is to ensure that each and every sales rep has a clear working understanding of profitability management. All sales dollars are not equal. Some business will produce high profitability, and other business will actually degrade the company's earnings.

In an earlier [column](#), I wrote about how in most companies, 30 percent to 40 percent of all business is unprofitable, and how 20 percent to 30 percent provides most of a company's profits. In order of importance: The first objective of a sales rep is to secure the most profitable business; the second objective is to obtain more of the most profitable business; the third is to help make the marginal business more profitable; and finally, the fourth objective is to downsize the inherently unprofitable business.

Without this understanding, artful sales achievements that bring in the wrong business or fail to secure the best business will actually decrease profits. Here, the more successful the art of sales, the more the company is hurt.

Account relationship selection

Relationship selection can make or break the profitability of an account. Relationships can range from very resource-intensive ones such as customer operating partnerships, to moderately resource-intensive configurations such as product flow management, to the arm's-length relationships that characterize many buyer-supplier interactions. (For examples, see "[Profit from Customer Operating Partnerships](#)" and "[Profit from Managing your Product Flow](#)".)

It is critical to be extremely clear in advance about what relationship fits which account. The key factors in account relationship selection are: (1) potential margin dollars; (2) operating fit; and (3) relationship versus transactional buyer behavior.

In many cases, an account that would be profitable with an arm's-length or product flow management relationship would be unprofitable with a customer operating partnership or its equivalent. Here, an artful sales rep who skillfully sold the wrong relationship could hurt the company's performance, often for years on end, even if revenue dollars constantly increased.

The real art of selling relationships is to understand in advance where each relationship should end up, and to systematically steer each account into the most profitable buyer-supplier configuration, even if it means convincing an account that wants an inappropriately intensive partnership to be happy with less.

Product migration paths

In most companies, products and services can be structured in a way that provides clear migration paths to deepen the account relationship. For example, many entry-level products and services can be designed to enable the company's operating and sales personnel to make contact with a wide range of high-level managers in the account.

By leading with products and services that are designed to provide an opportunity to quickly widen and deepen the relationships with the account's buying center, management can help the sales rep to accelerate account penetration. With thoughtful product and account planning, a company can build a bridge for its sales reps to their accounts' key decision makers, without the need to hire outsiders with preexisting contacts.

In most companies, products and services also can be structured in a way that naturally leads from one sale to another, as the account's buying center is penetrated and the sales rep gains customer knowledge and trust. Here, the art is for the sales rep to work a well-structured process, and not simply to sell products in a reactive, unmanaged way.

Account planning

The goal of account planning is for the sales rep to manage the account's decision-making process so that the rep is continually moving up the relationship ladder. An effective account plan focuses on building a robust long-run positioning in the account, so that strong sales continue even if a particular individual in the account exits. Short-run sales tactics are only part of a good account plan.

A well-conceived account plan provides the basis for coaching, measuring progress, and analyzing and solving problems. If resources are needed, such as account development time (customer calls) or investment, the account plan becomes a committed business case. It also provides milestones for sales compensation where lengthy relationship building precedes sales, or where critical early products bring in only minimal revenues.

An effective account plan should cover at least six critical sales rep actions. Here's a checklist for sales reps and their managers.

Develop an account profile. This should include potential sales volume, margin potential, operating fit (customer service needs), relationship versus transactional buyer behavior, and account history.

Identify whom you are hunting. Profile the key individuals in the buying center, including influencers. Generally, a surprisingly large number of individuals are involved.

Identify their needs. Determine what each individual needs to make your product or service most buyable. Is it support? Resale amount and quickness? Lifetime value of a customer relationship? Price? Endorsements? Quick visits or lengthy talks? Often this will vary by individual.

Determine how to open each door. For each individual in the account's buying center, what is the key reason why he or she will listen to you? What questions will be most compelling and show that you are in tune with his or her key needs or worries? This is a critical step, and the answers are not obvious. If this is not done well, the sales process turns into simply going in and asking for business; this is especially fatal when dealing with an account's top managers.


Create an action plan with steps, resources, metrics, and milestones. This should be a program that is tough, thorough, and robust. It should follow directly from the previous analysis. In the absence of a tight link, the action plan again will amount to simply going in and asking for business. The plan should have expected outcomes (volumes, likelihood) that can justify the investment of time and resources. Specify clearly what support or resources are needed from other departments in your company.

Create a coaching plan. It is critical that the *sales rep* identify the key points at which sales manager coaching will be needed by the sales rep to ensure the success of the account management process. Sales reps must be proactive in using their sales managers as one of their most valuable resources.

Successful account management

The essence of successful account management is to structure a very well thought-out process to ensure that the sales reps have extreme clarity about what task needs to be accomplished in each and every customer interaction, and to ensure that this process will consistently produce the most profitable results.

Within this context, creative selling will be most effective, as the art and science of account management blend to maximize a company's bottom line.

See you next month. 

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Jonathan Byrnes is a Senior Lecturer at MIT and President of Jonathan Byrnes & Co., a focused consulting company. He earned a doctorate from Harvard Business School in 1980 and can be reached at jlbyrnes@mit.edu.