

STRATEGIC SALES MANAGEMENT

Session 4: Key Account Management and Customer Centric Selling Selling and Consumer Behaviour

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Learning Objectives:

After going through this module, you should be able to:

- Comprehend Key Account Management
- Understand criteria that can be used for alienating Key Accounts
- Fathom the Key Account Management Strategy
- Realize Key Account Management Skills
- Appreciate Customer-Centric Selling

What is a Key Account?

In simple words, a key account can be recognized as an organization's most *important/valuable* customers.

These may either contribute a major chunk of revenue or profits or may play a key role in creating convertible references or could be all of these

These are the ones who must be given special attention

Source: Peter Cheverton, Key Account Management: A complete action kit of tools and techniques for achieving profitable key supplier status, Kogan Page

Peter Cheverton, one of the celebrated authors and writers on Key Account Management uses a different ideology to set the context of Key accounts.

The big ones...

The one's you must not loose..

The ones that offer future profit..

The ones where extra efforts bring extra profits..

The ones demanding more..

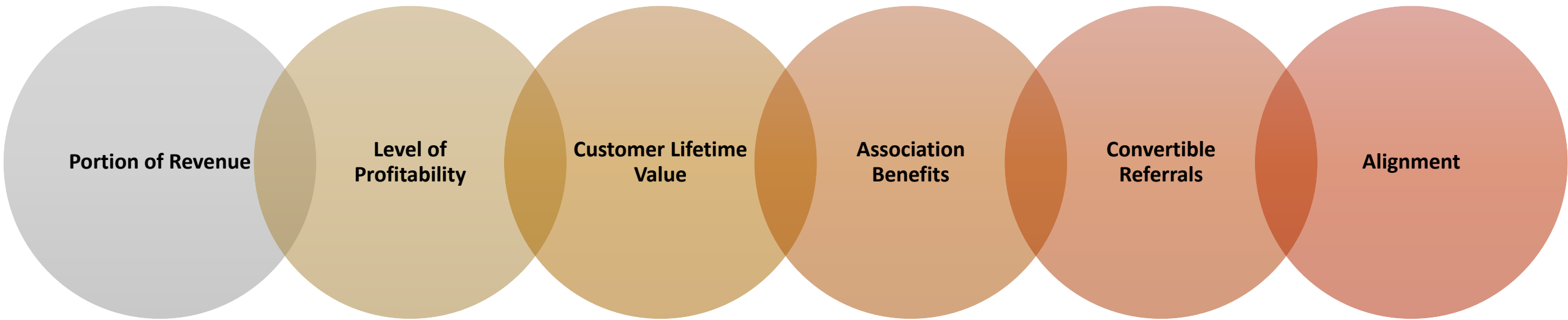
The ones that will take your business where you want it to go..

Source: <https://blog.hubspot.com/sales/key-account-management> , Peter Cheverton, Key Account Management: A complete action kit of tools and techniques for achieving profitable key supplier status, Kogan Page

However, the term valuable/important can indeed be very subjective.

What do you think?

Criteria that can be used for defining **valuable** customers



Source: <https://blog.hubspot.com/sales/key-account-management>, Peter Cheverton, Key Account Management: A complete action kit of tools and techniques for achieving profitable key supplier status, Kogan Page

Key Account Management

Key account management is all about building long-term associations and relationships with your valuable/important customers.

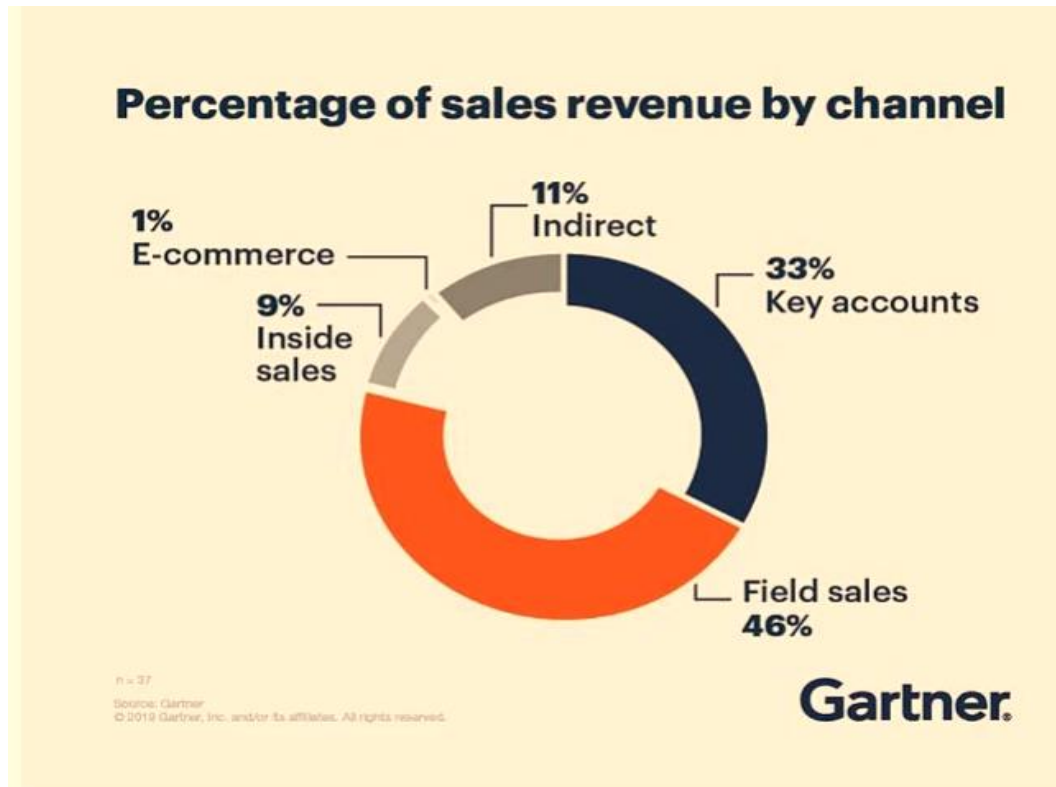
This simply indicates that you are willing give a special treatment to your most appreciated customers by specifically dedicating resources to them.

The focus here is on building collaborative relationships with key accounts to create fruitful long-term associations which in other words can also be termed as creating win-win situations.

Initially, the investments made on key accounts could be higher leading to substantial costs, however in long run the likelihood of converting these costs into profits must exist.

But the key question is if this is the case, why do we need to focus on key accounts?

Reasons why an organization must focus on key accounts:



As per Gartner's, key accounts have been found to generate 33% of the total revenue.

34% more profitability than companies that don't have a key account management process. 50% more sales and revenue generated. 33% greater chance of being their client's top choice for future business (HubSpot)

Source: <https://blog.hubspot.com/sales/key-account-management>

Benefits of Key Account Management

- Helps in Gaining Advantage over Competitors: Greater Repeat Orders and Association Benefits
- Encourages Loyalty: Less Chances of Defections
- Reduces Costs: Costs of Acquiring New Customers are Higher
- Stabilizes an Organization: Continual Revenue Flow
- Opportunities for Growth: Effective Referrals

- Credibility and Trust: Secured Relationships
- Positive Word of Mouth: Enhances Positive Image
- Advocates: Start Defending
- Change Agent: Heightened Resilient

Key Accounts Checklist



Source: <https://blog.hubspot.com/sales/key-account-management>

How is Key Account Management different from
Selling?



What Key Account Management is NOT?



Not a short-run
sales drive

Not a One-time
investment

Not a sales
initiative

Not Limited to
Sales Team

Source: Peter Cheverton, Key Account Management: A complete action kit of tools and techniques for achieving profitable key supplier status, Kogan Page