



Transforming Account Management: A 4-Step Strategy for Growth



What is Account Management?

Account Management is a critical function of a company's commercial model, focused on two primary objectives:

1. Managing the customer relationship to ensure satisfaction and revenue retention
2. Driving upsells of existing products and cross-sells of new offerings

The ultimate goal is to deepen the relationship, capture a greater share of the customer's spend, and enhance their satisfaction and loyalty.

The account management function was originally designed to cultivate relationships and drive growth in a company's largest, most important customers. Over time, in many organizations, account managers have settled into more of a nurturing role. Today's account teams – whether they are relationship managers, sales leaders, customer success managers, or account executives – are typically adept at taking excellent care of key customers, however many seem disengaged from the need to expand business with those customers.

It's a tough question because you're working against the natural tendencies of both the customer and account teams to focus on immediate challenges and problem-solving rather than longer-term value creation. When problems are identified and solved, customers feel good about minimizing disruption and account managers (AMs) feel good about successfully advocating for the customer, in some cases even going "native." This defensive mindset is great for customer satisfaction scores and retention, but doesn't directly expand the overall relationship and grow profitable new business. As the CEO quoted above observed, too often the AM role has evolved into a glorified, high-cost customer service function that has limited focus on growth.

"We are spending more and more on account managers and are getting less and less out of them. How can we restructure the role so it creates value again?"

— CEO, \$500M business services client

High performing companies are unlocking enormous potential by getting AMs to play offense (growth) as well as defense (retention). This strategy has led to significant value increases from key accounts and powerful improvements in the ROI of the account management function. Account managers can achieve these dual mandates and be held accountable for meeting targets in both dimensions.

Four-Step Transformation

So how, as this CEO put it, do you restructure the account management function so it “creates value once again?” It’s not simply a matter of rewriting job descriptions and pointing current AMs in a new direction. Instead, transformation of the AM function to successfully drive upsell and tap into cross-sell opportunities goes deep, changing the entire culture of the AM organization. We frequently find that one-third of AMs are already performing these functions reasonably well, one-third can do it with training/coaching, and one-third will be unable to make this transition.

In our work with more than 1,300 companies, we have found that the organizations who are able to successfully transform their account management function have followed these four steps:

1. Redefine the AM mission. The transformation begins with clearly defining the role of account managers. The redefined AM role will have elements of “hunting” by driving growth through upsell and cross-sell as well as “farming” in terms of building sticky relationships that foster long-term customer retention. Top-notch AMs typically have a role more akin to a General Manager, taking full ownership and accountability for:

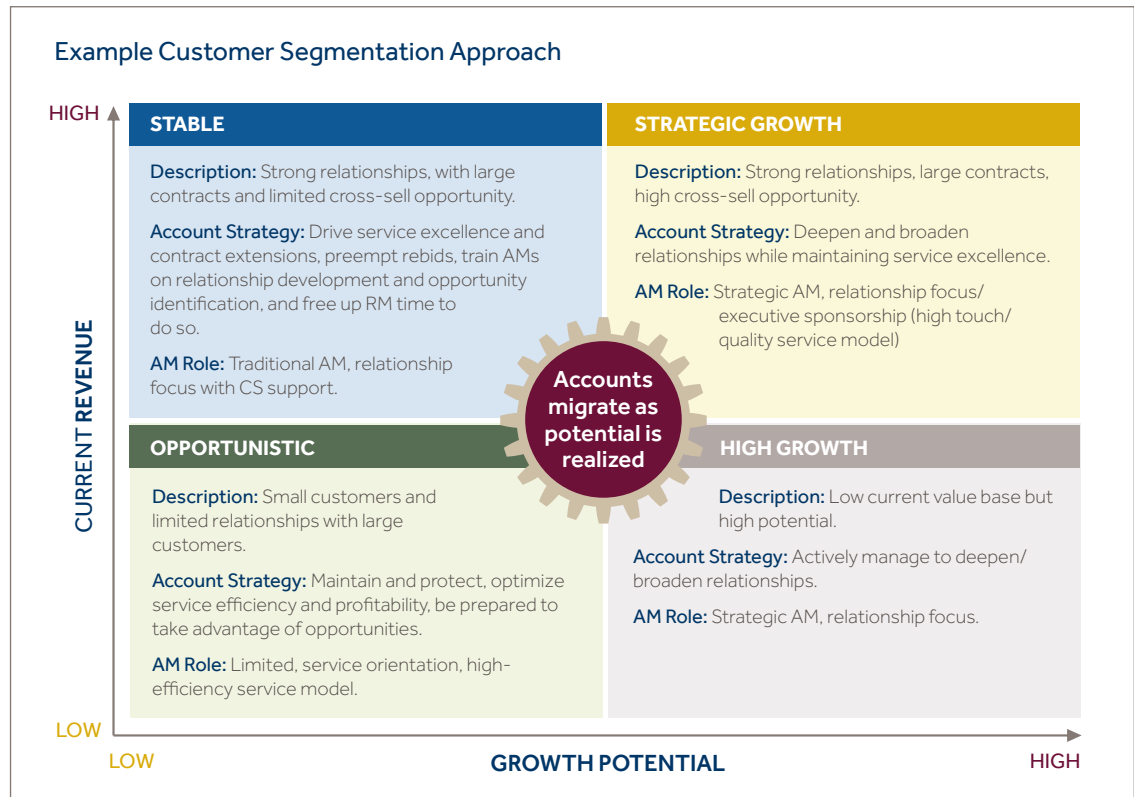
- Building trusted advisor relationships at all levels within the customer’s organization and rallying different parts of their own organization to do so
- Proactively penetrating all relevant parts of the customer’s business to identify opportunities for growth and to close new business
- Creating growth opportunities by bringing new ideas, competitive insights, and intellectual capital to help the client be more successful with their customers
- Ensuring exceptional service while managing profitability to meet and exceed targets

Consistent communication of this mission across all levels of management ensures alignment and sets clear expectations for AM teams.

2. Determine the AM role requirements by customer segment. Not all customers will justify the investment of a full-service, dedicated AM – there simply is not enough growth and/or revenue opportunity. It’s essential to segment the customer base and align the AM roles and coverage with the potential opportunity in each segment. The key words are **qualified potential opportunity** – for this purpose, segmentation should not be based purely on revenue, geography, or industry vertical, but on the size of the potential upside opportunity. A straightforward approach that works well, in our experience, is to map your customers into the example 2x2 matrix shown on the following page.

- **Segment your customers according to current revenue and growth potential.** Despite data limitations, this step is critical for identifying key opportunities. Understanding the total addressable spend for the customer, your wallet share, and specific opportunities by product allows you to focus on the sweet spots for future growth. Too often, we see companies over-investing in customers where they have already maxed out wallet share and there is minimal growth potential. Aligning top AM talent with customers who have high growth potential will optimize the opportunities to grow those businesses and the

return on expensive talent. Where both size and potential are relatively low, virtual and digital channels are typically more cost-effective.



- Refine AM roles and responsibilities to align with the customer values and company objectives.** While there is a core set of responsibilities common to all AMs, each of the customer segments will have unique characteristics that demand different AM skillsets. For example, AMs responsible for clients in the Strategic Growth segment need the ability to build relationships higher up in customer organizations, while identifying business issues and closing new sales opportunities. High Growth segment AMs require minimal servicing but strong selling skills. Stable AM responsibilities are usually centered on delivering high-quality service to retain the business across a broad book of customers while selling opportunistically.
- Establish AM coverage based on the new model.** The time commitments required of the AMs in each segment will likely be very different – Strategic Growth accounts may justify full-time AM support or even an AM-led account team, while a single AM may be able to manage a book of Growth relationships or Stable accounts. Perform a bottom-up analysis to determine the realistic bandwidth required for an AM to achieve their targets and objectives. Any low value activities identified in this analysis should be eliminated, offloaded, or automated, to maximize the amount of time that an AM can spend directly with their customers.

- 3. Ensure the right AM talent is in place.** Once the AM role is redefined and tailored to each customer segment, companies have to determine whether they have the wrong people in the right role or the right people in the wrong role. This can be a painful moment when leadership realizes that many of its current AMs do not have the skills and/or the will to be successful in the newly designed roles. Often, the source of the mismatch is in the two Growth quadrants, as some AMs are uncomfortable moving up in the client organization, asking current customer contacts for introductions, assuming financial accountability, etc. Some of these mismatched AMs can be trained or mentored to meet the requirements for success in the new role, while others cannot.

Be prepared for growing pains here as you assess, optimize, and train your AMs to meet the needs of the new role. It's a multi-step journey:

- **Assess and develop talent:** Conduct structured assessments to identify skill gaps and establish tailored development plans, recognizing that some legacy AMs may not transition successfully
- **Recruit and onboard strategically:** Build a robust recruiting pipeline aligned with role requirements, and accelerate productivity with comprehensive onboarding, career development programs, and regular coaching
- **Provide targeted training:** Deliver consistent training on relationship management, sales skills, and other critical competencies to support AM growth and performance
- **Set clear goals and monitor performance:** Establish measurable growth goals and KPIs aligned with the AM mandate and company strategy, assessing talent regularly using tools like the 9-box framework
- **Align incentives with desired outcomes:** Design incentive plans to drive desired behaviors, balancing short-term results with long-term growth objectives

- 4. Focus on enablement.** Transforming the AM function requires a robust change management program and strong leadership. Sales operations will play a crucial role in ensuring the focus on the right KPIs. A structured AM playbook is also vital for consistency, outlining every aspect of the AM role, providing execution guidelines, best practices, and a foundation for standardized processes. This ensures a unified approach rather than individual interpretations.

Front-line sales managers are key to driving cultural change, and they must follow their own playbook to model new expectations for the AM team. Many current managers, often former AMs, lack the management skills needed for leading revenue-driven teams. Assessing their skills against required capabilities will highlight talent gaps that should be addressed early in the transformation process.

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The rewards of establishing a scalable, high-performance AM function can be enormous. As an example, we applied the approach described above to transform the AM role into a key driver of growth for a recent client. The results included more than a 25% improvement in upsell and



cross-sell performance while maintaining high rates of customer retention. At the same time, costs were reduced through better alignment of AMs to the most attractive segments and refinement of the coverage model.

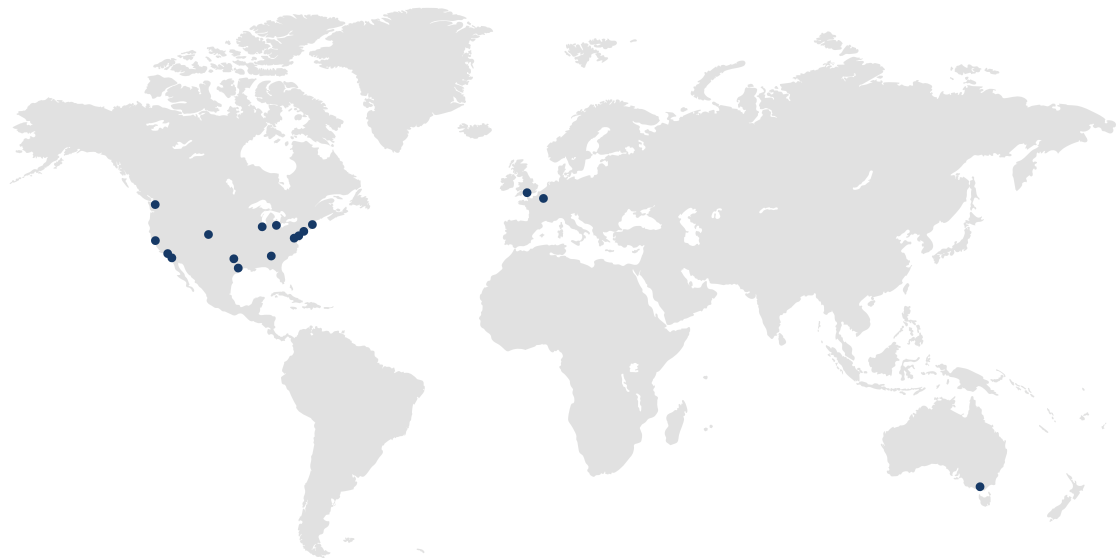
Transforming an account management function into a driver of growth requires deep expertise and a proven approach. Blue Ridge Partners has extensive experience in helping organizations redefine account management roles, align strategies, and achieve measurable growth outcomes.

Why Blue Ridge Partners?

Blue Ridge Partners is recognized as the most experienced, impactful and respected firm that is exclusively focused on helping companies accelerate profitable revenue growth. We have worked with over 1,300 companies worldwide on commercial model transitions, strategic pricing engagements and due diligence assignments. We are known for rolling up our sleeves, being pragmatic in our analyses and delivering tangible results that focus on the "how" of execution. Based on our significant experience we have amassed extensive knowledge of the issues that affect revenue performance.

For further information please contact us at info@blueridgepartners.com or visit us at www.blueridgepartners.com.

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