

Key Account Management

By David H. Maister

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To help professional firms design and implement programs for key account management, I have interviewed clients of firms in a wide variety of professions and countries to obtain those clients' views of their relationships with their outside providers.

Many of these clients' concerns are similar. A few of the more commonly expressed concerns are these:

- *They are only interested in selling their services, not in solving our problems.*
- *They don't do anything to make us feel that our business is important to them. We are taken completely for granted. They never call up to inquire how our business is doing. We only see them when they want to sell something.*
- *The quality of service is variable between departments and locations. We don't have the patience for "adequate." There's no point courting us at HQ unless they're impressing our people everywhere. We consult broadly with our executives before deciding whether to use them again.*
- *There are few signs that they're really listening to us. They bring us generic issues faced by all companies. We want to hear about the specific opportunities for, and challenges facing, our company.*

• *We don't want to be "romanced": We already have many opportunities to go to fancy dinners or attend sporting events. They should focus on being useful to us, not on becoming our friends.*

• *Their main problem is at their junior level: More quality assurance is needed. We are skeptical about the value of a lot of what's done by their junior people.*

A number of key conclusions can be drawn from this list. First, it is clear that clients want their providers to earn future business. They don't want a "sales pitch." The emphasis in key account management must clearly be placed on investing the firm's own time to build the relationship. This notion is in direct contrast to what many firms have in place. Rather than relationship plans, firms tend to draw up sales plans. The difference is readily apparent to clients.

Second, it is clear that account management for a major client is not a simple matter of a single member of the firm (the key account manager) focusing his or her attention on a few key decision makers.

A proper relationship with a major account requires the full participation of a large number of people who service or deal with the account. Everyone who participates in serving the client can, and does, affect the relationship. Multiple contacts must be established, and a consistency of service and attentiveness must be attained.

Next, it is clear that clients want their outside providers to spot their specific needs and opportunities, and to customize any suggestions for additional work. This also requires teamwork among all the outside firm's people, since the key account manager is often poorly positioned to identify the client's emerging issues.

It is often the case that the client CEO and other HQ personnel are among the last ones to know about emerging issues. Frequently it is the client's junior executives and "field" people who are most aware of developing issues and are most willing to talk openly about them. Accordingly, the junior professionals on the provider's team, the individuals who have the greatest contact with these people during the current engagement, are often best positioned to surface new needs.

Finally, the clients' concern about junior-level people is not an absolute distaste for young people but rather for the fact that they are placed on major accounts in an unsupervised, untrained fashion. Internal training and good project supervision, it turns out, are major account retention and growth instruments. Unfortunately, many senior people at professional firms fail to pay attention to these instruments until disaster occurs.

What Clients Want

What do clients want firms to do to grow their relationship? Here are a few of the most commonly expressed suggestions:

- *Make an **impact** on our business; don't just be visible.*
- *Spend more time helping us think and helping us develop strategies.*

- ***Lead** our thinking. Tell us what our business is going to look like five or ten years from now.*

- *Place some of your people here for a couple of months so they (and you) can truly "know" us.*

- *Schedule some off-site meetings together. Join us for brainstorming sessions about our business.*

- *Provide more benchmarking studies comparing us to our competitors.*

- *Do more things "on spec" (i.e., invest your time on preliminary work in new areas).*

- ***Jump** on any new pieces of information we have, so you can stay up-to-date on what's going on in our business. Use our data to give us an extra level of analysis. Ask for it; don't wait for us to give it to you.*

- *Make an extra effort to understand how our business works: sit in on our meetings.*

- *Tell me why our competitors are doing what they're doing.*

- *Discuss with us other things we should be doing – we welcome any and all ideas!*

What many of these suggestions have in common is that they are about expending serious effort on getting to know the client's business and industry in great depth. Some of this exertion can take place in the professional firm's "back room" (conducting studies, benchmarking, etc.).

However, much will require greater contact with the client. It is notable that while clients want more contact, they want it to be in settings that allow mutual discussion and exploration of the issues.

It is also clear that clients want a business partner, not a friend. The good news is that clients clearly do want to be brought new ideas: they want a relationship.

The Key Account Manager

How does a firm respond to these client needs? The answer, increasingly, has been to develop a system of key account managers who are responsible for the firm's total relationship with each key client. These managers have the responsibility of managing (and growing) their firm's relationship with major clients, coordinating professionals across the various disciplines of the firm and often across geographic boundaries.

Since geographic or discipline groups are frequently made up of separate profit centers, the role of the key account manager remains a complex and often ill-specified responsibility. Even where such positions have existed for many years, there continues to be significant experimentation and frequent change as client needs and the required response from firms continue to evolve.

Luminary or Manager?

The most important decision that must be made in determining the role of the key account manager is which direction he or she should be facing. Should the key account manager be primarily a "luminary," the firm's representative to the client (i.e., facing outward), or should he or she be facing inward, acting as the client's representative to the firm (perhaps even the client's advocate), ensuring that all of the firm's resources are brought to bear on the client's problems?

Naturally, both roles must be played, but the most effective key account managers I have encountered see themselves

primarily in the second role. The logic of this should be clear: If you ensure that the client's needs are met, the firm will benefit.

Many firms refer to their account managers as "relationship officers." This captures a profound truth: Key account managers are most effective when they focus on the (long-term) issue of strengthening the relationship. When key account managers see themselves primarily as salespeople, focused on generating more fees from the client, they are less well accepted by the client and become less effective.

Many key account managers see their role as carrying the primary burden of building the relationship. This is usually a mistake. The job is to manage the relationship, not to try and build it alone. The team of people serving a major client should be made up of individuals from all levels of the organization, from numerous disciplines and many geographic locations. The team must serve this client, and the team should be responsible for building the relationship. This creates a managerial task of no small proportions.

Key account managers must truly be *managers*, since key account teams are rarely simply defined organizational units. While the account manager may be dedicated to serving his or her key account exclusively, few of the team members will be. Most frequently, their work for the key account will be only one of a number of responsibilities they bear.

While in aggregate the key account may be of major strategic significance to the firm, each team member's portion of that account may be only a minor activity compared to the priority clients of his or her office or of the discipline team to

which he or she belongs. Accordingly, the job of the key account manager is to create the team to serve their mutual client and then to energize and motivate that team. This means devoting significant time to being a terrific coach.

Influence Without Authority

Key account managers often have responsibility without full authority. Team members assigned to their account report primarily to local discipline and geographic business unit leaders, who are often the primary influences on the team members' performance appraisal and reward. Accordingly, many key account managers must learn to manage without having the power of the purse to influence their team members.

Fortunately, this can be done. While money is a major motivator, there do exist a number of "nonfinancial currencies" available to the key account manager that can be used to attract and energize members of the client team. Among these are the following:

- *Challenge*
- *Meaning*
- *Participation/involvement*
- *Visibility (inside and outside the firm)*
- *Contacts*
- *Special roles or assignments*
- *Access to information*
- *Access to additional resources*
- *Personal interest*
- *Recognition*
- *Appreciation and approval*

The key account manager's task is to make the team members want to participate actively in serving and nurturing the account. This can be done

by providing what they often do not find in their regular work. Among these things are *challenge* and *meaning*. In principle, work for key clients should be exciting and challenging, even more so than serving other kinds of clients. However, meaning and challenge should not be taken for granted. In the hurly-burly of busy professional lives, it is easy to lose sight of the significance of what you are working on. Effective key account managers work at helping their team members find the excitement, the challenge and the drama in their client's problems.

Effective key account managers also work hard to make the people on their team look good. They create opportunities for other team members to participate in highly visible activities that help their careers. They are willing to suppress their own ego needs and to work hard to give the team members valuable client exposure. They work hard to create new contacts for the team members and to get them involved in stretching, learning activities that are out of the norm of the team members' daily lives.

Outstanding key account managers are always looking for ways to be helpful to their people *before* they need those people's (often last-minute, emergency) assistance. They think about ways to make it easier for their team to serve the client. They give them tools, research, industry and client information, all in easily digested form.

They arrange for someone to read, summarize and circulate *every* trade magazine, industry association publication and financial analyst report in their client's industry, so that all team members are up-to-date about what's going on in the client's world.

Good managers go out of their way to make their team member's lives easy in ways large and small, because the best way to get someone to cooperate with you is to do them a favor first.

Above all else, the best key account managers travel a great deal. They maximize the amount of contact not only with client personnel but with their team members. They demonstrate a personal interest in every person on the team, and use the immense power of face-to-face appreciation to motivate enthusiastic involvement in their account. They work on the principle that if they serve their team, the team will serve the client.

Summary

The most important fact to note about key account management is that it is an investment activity for everyone involved. While it is relatively easy to define the roles and responsibilities of the key account manager, ways must be found to convince and reassure other team members that participation in the key account program is a valid, recognized firm activity, even when it is not billable.

It is for this reason that some firms allow the key account manager to "buy" the time of other personnel for what would otherwise be nonbillable activities, thereby allowing those helpers to get "full billable credit" for their participation. Significant (nonbillable) budgets must be set aside, and the program should be launched with a longer-term perspective than the traditional "fee credits" or "bookings" systems usually allow.

The best news is that key account management is in everyone's interests. Clients want it, and it benefits the firm by growing relationships and generating

new fees. Done properly, it can provide career-enhancing opportunities for every professional involved. Studies in many industries have proven the economic benefit of creating customer loyalty, and my own work with professional firms over the last 15 years have convinced me that there is a clear link between profitability and success in nurturing key accounts. It's hard work, but it's a clear path to economic success.



David Maister is the author of *Managing the Professional Service Firm* (1993), *True Professionalism* (1997), *The Trusted Advisor* (2000) (coauthor), *Practice What You Preach* (2001) and *First Among Equals* (2002) (coauthor.)

Prior to launching his (solo but global) consulting practice in 1985, he served as a professor at the Harvard Business School.

TEL: 1-617-262-5968

E-MAIL: david@davidmaister.com

WEBSITE: www.davidmaister.com

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