



For lasting success, businesses and sales teams need to build long-term customer relationships. Effective account management strategies help you improve customer satisfaction, leading to increased revenue and a competitive edge in your industry.

In this article, we explore an account management definition and what it looks like in different businesses. We'll also go over best practices and common challenges faced by account managers.

### **What is account management?**

Account management is a strategic approach to managing and nurturing business relationships with key customers or clients. It involves identifying and understanding customer needs, developing customized solutions, and communicating regularly to build customer loyalty.

The goal of account management is to maximize ongoing value for the customer while also driving revenue growth and profitability for the business.

Effective account management involves collaborating with internal teams to ensure the delivery of high-quality products or services. For example, you might need to:

- Check in with sales to get a better understanding of the customer's needs.
- Work with operations to ensure those needs are being met.
- Coordinate with customer support to resolve any issues.

Improving the customer experience leads to more revenue because happy customers are more likely to be loyal, increasing customer retention and lifetime value.

An account management team also actively looks for additional ways to grow revenue, regularly reviewing accounts to identify upsell and cross-sell opportunities that align with customers' goals.

### **How to use relationship selling to connect and convert.**

For some businesses, an account manager and a customer success manager are the same role. Both prioritize long-term relationship building. However, the definition of account management places a greater emphasis on developing and executing account plans to maximize growth and increase revenue.

Despite similar names, account managers are also different from account executives. While account executives also offer after-sales support, they are mainly responsible for working with prospective leads and helping them through the whole sales cycle to closing a deal.

Account managers are responsible for maintaining and building relationships after a deal is closed.

## **Different account management types and how they apply to you.**

There are several types of account management you can use within your business. The right approach will largely depend on your budget and your business goals.

### **Sales account management**

The most basic form of account management, sales account management involves looking after a wide selection of the company's customer base. Sales account managers maintain regular contact with their assigned customers and handle any routine inquiries.

Typically there isn't a large potential for revenue growth here, so sales account managers spread their attention over a greater number of clients. However, they still look for ways to increase both the product's value to the customer and the customer's value to the business.

For smaller organizations with more limited resources, these responsibilities may be handled by the sales team.

### **Key account management**

Key account management (KAM) narrows the focus down to the business's most important customers, enabling account managers to spend more time with fewer accounts.

These clients may be important because they generate a lot of revenue, open up new areas for future growth, or lead to valuable publicity and prestige. Because they're integral to the company's success, it's worth spending extra time maximizing your service and exploring additional business opportunities with them.

For example, a SaaS company may assign one or more key account managers to look after those enterprise clients that represent the most significant source of revenue for the business.

### **Strategic account management**

For many people, key and strategic account management are interchangeable terms. However, some businesses make a distinction. They define a strategic account as one that is not only useful but absolutely critical to the business's plans and success.

These accounts typically generate a significant portion of the organization's revenue and require a strategic approach to ensure their long-term success.

For example, a global technology company might designate its Fortune 500 companies as strategic accounts and prioritize building long-term partnerships with those customers.

### **Territory and industry-specific account management**

Account management is often also categorized by other criteria like territory and industry.

For example, a large multinational business might benefit from focusing on clients from a specific geographic region. Customers then get to deal with an account manager who understands the intricacies of the local marketplace.

Likewise, you could group accounts based on business type and assign account managers who have specialized knowledge of that industry.

For example, an equipment manufacturer company could have a dedicated account manager for their construction clients. Providing expertise and advice in that area creates added value for the customer and builds trust.

### **Why Value Creation Is the Key to Sales Success**

Key skills and best practices for account management

The best account managers know it takes more than just the occasional message checking in with your customers to build strong relationships. Here are the account management skills your managers need to excel in their roles.

#### **Communication**

Communication is one of the most important soft skills to master in any sales-related role. Account managers need to clearly communicate with their assigned customers, quickly identifying their needs and presenting potential solutions.

They should communicate regularly, but quality is as important as quantity.

Have them make time for regular catch-ups, then use those calls to ask smart questions. As they get to know the customers and find out what's going on beneath the surface, they can uncover challenges the customers may not have fully recognized themselves.

#### **Proactive thinking**

Rather than waiting for customers to come to them, account managers need to be proactive. They should use their knowledge of the customer to anticipate their needs.

For example, maybe a customer has a big upcoming project. The project manager should consider what they'll need to make that project successful. Will your company's solution be sufficient, or will they need additional help?

Proactive thinking ensures customers avoid potential obstacles. It helps managers spot growth possibilities while demonstrating their commitment to the customer.

### **Collaboration**

Managers often have to work closely with internal teams to ensure they handle accounts to the best of their abilities.

Effective collaboration involves more than simply relaying messages or giving orders. Managers need to get to know their colleagues in the company and the way they work.

Rather than making big promises to the customer and then expecting other departments to follow through, managers should let the teams know what they're trying to achieve and ask for their advice.

This kind of open communication will help managers find the best solutions without placing impossible demands on the other teams.

### **Sales and negotiation**

While account management is technically a post-sales role, it still generates revenue. A good account manager will identify new mutually-beneficial opportunities within the account.

For example, an account manager may spot upsell opportunities where a customer would benefit from a product upgrade. Alternatively, they may know of a related service that would help the customer better achieve their goals.

Strong sales skills will help the manager articulate the value of these opportunities to the customer, negotiate the contract terms and close the deal.

### **Using the right technology**

From managing customer data to analyzing sales performance, technology makes account managers more effective at meeting customer needs.

A customer relationship management (CRM) system tracks customer interactions, manages account information and provides insights into the customer and their preferences. This information helps account managers better understand customer needs and tailor their approach accordingly.

Similarly, email marketing software helps account managers streamline their customer communication while automation tools take care of time-consuming admin tasks. This frees account managers up to spend time providing customers with more personalized assistance.

## **Continual learning**

Account management is all about growth. Account managers need to find ways to help customers and your business within that account grow. They also need to make time to grow themselves through regular learning.

For example, are they up to date on industry trends and developments? What are the latest regulations and best practices that will affect their customers?

Attending events in a customer's industry and reading relevant trade publications will help them understand their challenges and serve as their trusted advisor.

Formal sales training can also help people develop vital job skills. Attending conferences, courses, trade shows and other sales events can help them become more proficient account managers.

The account management process varies depending on your organization and the type of accounts you manage.

However, following these steps will improve the experience for both you and your customers.

### **1. Choose which accounts you'll manage**

Assigning a dedicated account manager to every single one of your customers isn't feasible for most businesses. Account management requires a significant investment of time and energy, so you'll have to choose where to invest those resources carefully to see a positive ROI.

Identify the customer accounts with the greatest potential for revenue growth and long-term profitability. Depending on your current objectives, you might also include more strategic accounts that will raise your profile or help you break into new markets.

Define your ideal customer profile (ICP), including industry, company size, location, and revenue. Use this picture of your ideal customers to prioritize your accounts.

Narrow your list further by considering factors such as the level of competition in each account, the strength of existing client relationships, and the resources required to manage each account effectively.

## 2. Identify account needs

Once you know who your VIP customers are, the next step is to get a deeper understanding of what they're trying to accomplish. Why did they buy your product or service? What's their goal?

For example, if you're representing a marketing platform, a key account may be looking to reach a new audience, break into different channels or recreate its brand story.

Establish open lines of communication with your customers. Take a proactive approach to understanding their business, conducting regular check-ins with key stakeholders and decision-makers.

You can also get insights by conducting customer surveys, holding workshops and analyzing customer data.

Account needs won't always be obvious, so conducting a thorough analysis is important. This could mean doing general market research or analyzing your existing sales data to understand customers' current state, identify areas for improvement and assess potential risks or challenges.

## 3. Set specific account goals

Create internal goals to help your accounts move closer to their objectives. In line with the SMART methodology, your goals should be:

- Specific
- Measurable
- Achievable
- Realistic
- Time-based

For example, in the case of a marketing agency, you might set a performance objective like increasing website traffic by 20% within the next six months by implementing a social media campaign.

Regularly review and adjust goals as necessary based on changes in the market or shifting customer priorities.

## 4. Develop tailored solutions

Now that you've worked out your account goals, create a roadmap to reach those objectives. In most cases, you'll need a long-term plan for managing the account and understanding the broader market and industry trends.

Work with internal team members to develop unique solutions that meet the customer's needs within your capabilities. A customizable CRM like Pipedrive can help you collect key information and tailor every step of the process to each account.

For example, you can store your notes and contact history for every account, including meeting recordings, email exchanges and documents sent. You can then personalize future interactions by recalling past conversations, offering relevant recommendations, following up on contract signatures and more.

Customers thrive when they get a personalized experience. By offering custom products or services, personalized communication and dedicated support, you can differentiate yourself from competitors that offer more generic solutions.

## 5. Continuously measure and improve

Regularly review your account objectives and verify whether you're on target to reach your goals. As part of your measurable SMART goals, you should already have defined specific sales metrics to measure your progress.

For example, in our above marketing agency example, success is based on a 20% increase in website traffic. A quick glance at your website analytics will tell you whether or not you've reached your objective.

However, you'll need other related metrics to determine the effectiveness of your plan. In this case, you'd look at activity metrics (i.e., how many social media posts you published) and engagement with your social media campaign (impressions, comments, clicks, etc.) to determine what worked and what needs to change.

On top of your specific plan, look at your overall account performance. Assess your accounts' satisfaction levels and revenue performance using metrics such as:

- Net promoter score (NPS)
- Customer satisfaction (CSAT)
- Number of cross-sells
- Number of upsells
- Customer lifetime value (CLV)
- Average order value (AOV)
- Revenue

This data, combined with your customer feedback, will identify trends and opportunities for improvement to help you maintain strong ongoing relationships.

## **How to solve common account management challenges**

Even the best account management program will run into challenges. Here are some common obstacles account plans face and practical steps to overcome them.

### **Limited resources**

Account management can feel like a magic bullet at times, strengthening customer relationships while also increasing revenue.

However, it can be easy to become overwhelmed trying to keep up with all of your accounts. Juggling too many dilutes your focus, making it impossible to give each account the attention it needs and leading to lackluster results.

*The solution:* Go back to step one and revisit how you decide which accounts get special attention.

If almost every customer is being designated a key account, get more strict with your criteria. Cut down managers' workloads by focusing them on the accounts that bring the biggest results.

You can also look for other ways to group accounts, such as by size, industry, region and other factors. Managers can work more efficiently when they have a more singular focus for all their accounts.

### **Balancing competing demands**

Account managers will often face competing demands within the account. For example, a client might be excited about your long-term strategic plans for their business, but they still want to see more immediate results.

You may also end up dealing with competing demands within your business, whether allocating resources to client accounts or coordinating internal departments on account projects.

*The solution:* Open communication, both internally and externally, is essential. Talk to your account contacts to ensure you understand their priorities and expectations. Provide them with regular updates on your account plan, breaking it down into smaller milestones so they get a sense of your progress.

Work alongside other departments and check that your expectations are realistic. Be flexible and willing to adjust your plans as necessary to help your internal teams and meet changing client needs.

### **Lack of information**



Account managers need a variety of information to carry out their role effectively, from customer details to detailed product specifications. Work suffers when they don't have this information, or when it's spread across multiple locations without any clear organization.

*The solution:* Determine the exact information you need and work with your customers and internal departments to uncover it. Collect it all in an organized database that's easy to access.

Invest in technology such as CRM software and ensure it's regularly updated, making it a reliable single source of truth for you and your other customer-facing teams.

### **Final thoughts**

Account management takes a lot of time and effort to get results. You have to choose your accounts wisely and work closely with them, effectively becoming part of their business and collaborating on their goals.

When you manage accounts effectively, finding the deeper alignment between their objectives and the solutions you offer, you'll forge stronger relationships while continuing to expand your business. The result is a genuine win-win scenario for you and your customers.

<https://www.pipedrive.com/en/blog/account-management-definition>