

Marketing & Sales Practice

How digital is powering the next wave of growth in key-account management

New research highlights what the best-performing sales organizations are doing.

by Varun Kohli, Ryan Paulowsky, and Jennifer Stanley



“When you spend that kind of money, you expect the white-glove treatment.” This kind of thinking has dominated key-account management (KAM). It’s a push for a personalized experience delivered in person by representatives who often fly out to meet their customers, even for small requests. Its time may—and should—be up. Digital and advanced analytics are changing the game for B2B businesses, even for the largest of customers, and those that get it right see the rewards: the five-year compound annual growth rate (CAGR) of total returns to shareholders for digital leaders is *almost double* that of all other firms.¹

Building on an earlier analysis of changing customer preferences in the digital age, we carried out an extensive survey of more than 150 decision makers and buying influencers at large companies—all of whom would be considered “key accounts” by their major suppliers. The results revealed three specific areas of KAM where leading sellers are becoming more sophisticated: giving the right level of support, personalization, and better tools.

1. Be wise about what support customers actually want

More than a third of our survey respondents self-identified as “digitally savvy.” This is broadly in line with numbers for smaller-scale buyers—in other words, not all of today’s key accounts expect the white-glove treatment all the time. They prefer digital channels, as opposed to face-to-face or phone, across the customer decision journey. They evaluate suppliers using comparison websites, benchmark prices with online information, and read customer reviews when deciding whether to sign up or renew with a specific vendor. A smaller share of buyers was “middle of the road,” using a mix of online and offline information. A final third of respondents still favored traditional ways to access product and services information (exhibit).

This waning desire for in-person treatment at all times presents a clear opportunity for firms to be smart about optimizing support. Not every

product or service sold to key accounts is a complex, highly configured offering. A winning KAM strategy today requires a sophisticated and mature digital experience combined with the human touch where needed.

Smart sales organizations are responding by rolling out to these key accounts the same digital tools they use for their smaller accounts and supplementing them with tools to connect digitally savvy key accounts with reps, as needed. For instance, some use systems that alert a rep when a key customer raises a query using self-serve tools; others create round-the-clock links between their digital procurement platform and a specialist call center that can provide key customers with accurate information whenever it is needed.

A large manufacturer has developed a comprehensive easy-to-use B2B e-commerce solution for all its spare parts, using three channels: direct, indirect/distributor, and automated. The automated channel has since become the key accounts’ primary method for ordering aftermarket parts, given its simplicity, but when those accounts have more complex requests, they can still be served efficiently via the distributor or direct sales rep.

2. Personalize content to decision makers using account-based marketing

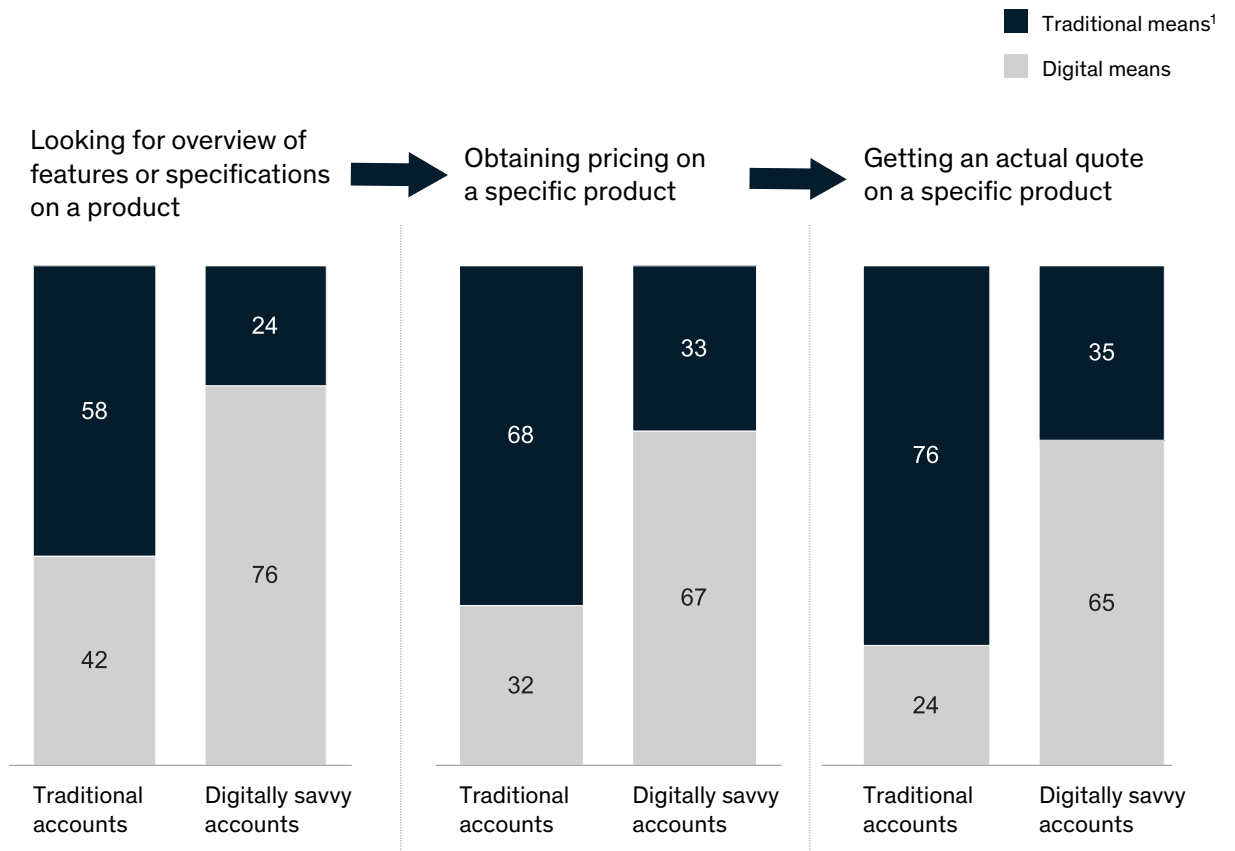
A new breed of marketer is moving away from broad-based messaging around products to account-based marketing (ABM). More than half of the firms in a recent industry survey² said that ABM spend was already 25 percent of their overall marketing budget, and they were planning on increasing it by more than 10 percent annually.

ABM engages a target set of accounts with personalized content through web pages, email, and digital ads, as well as through professional social platforms such as LinkedIn. Key accounts are prime targets for ABM, given the volume of

¹ ITSMA and ABM Leadership Alliance Account-Based Marketing Benchmarking Survey, July 2017.

² Ibid.

Exhibit
Customers increasingly prefer digital interactions.



¹ Traditional means include in person, phone, and print.

Source: McKinsey's annual survey of B2B customer decision journey; n = 146

their business and the depth of knowledge about the accounts, which make it easier to truly tailor marketing content.

ABM differs from traditional content and digital marketing in both the degree of targeting—a narrow set of accounts rather than casting a wide net—and the degree of personalization. This sharper personalized focus of both content and timing results in greater conversion. For example, personalized email campaigns often have five to six times higher open rates compared with mass mailers.

One of the world's largest software firms started using ABM about five years ago with a pilot for a single, large account in North America. Its objective was to accelerate the customer's decision making and increase its own share of spend. Through a series of personalized efforts, including a customized newsletter, webcasts, and account-specific networking websites, the ABM program started to generate momentum. The company extended the program to its 20 largest accounts in North America and eventually to all its strategic accounts. The impact has been impressive: ABM accounts outperformed non-

ABM accounts in pipeline conversion by 63 percent, which has translated into 19 percent higher sales value.

It is no coincidence that tech players are among the first to adopt ABM. Getting it right requires digital expertise and analytical clout. For example, ABM requires “propensity to buy” analysis that draws on data from CRM systems and third parties (Dunn & Bradstreet), as well as ad hoc behavioral data. It then uses sophisticated algorithms to evaluate and prioritize accounts.

Technology is not everything, though. Simply having all the right data and algorithms in place will not deliver the full potential of ABM. The companies that have achieved maximum effect have taken four clear actions:

- **Define objectives explicitly.** Campaigns to drive conversion will differ from those for pure demand generation. Firms should also explicitly agree on the performance requirements—pipeline, revenue, leading and lagging key performance indicators (KPIs)—to ensure full transparency across the organization.
- **Define sales and marketing roles.** Agree how the two functions will collaborate on ABM to avoid clashes over who is driving the program; for example, how will accounts be selected, who creates the messaging for different personas across channels, and at which points will different sales teams interact with the customer, and so forth?
- **Set up the right tools and infrastructure.** Decide how data (company data combined with third-party and sales data), design (types of content—messages, whitepapers), and distribution (emails to targets and so on) will work together, and what tools/infrastructure will be required to orchestrate the delivery.
- **Manage performance.** ABM programs will throw up large quantities of data. The best organizations track success continuously and refine both tactics and spend allocation.

3. Improve tools to democratize account strategy

Large customers are notoriously difficult to manage. They typically have a great number of decision makers distributed both geographically and functionally and are buying multiple product/service suites across several business units. This can require a correspondingly large sales organization.

Large buyers are also increasingly sophisticated: in our last key-account survey, 60 percent said they had increased purchasing centralization to get better negotiating terms; 40 percent had improved their insight into supplier’s costs; and 75 percent spent at least ten days preparing for every large contract negotiation. In such a scenario, sellers need to find tools and organizational alignment that can match the sophistication of their key accounts.

Account-planning software can help enormously. It can translate an offline, static account plan into a dynamic “democratized” version that is visible to all the relevant parts of the sales organization. Imagine if the PowerPoint and Excel account-planning templates were digitized and accessible across mobile and web channels with the ability to access live data streams. A number of software vendors offer such a solution, typically integrating on top of a CRM system.

Simply buying a system, however, is not enough. We believe there are three areas that firms should focus on to achieve the best results from enhancing their tools in this way.

Make it about growth, not just ease of working

It is tempting to think of these tools as efficiency plays, a way to avoid updating 20-page strategy documents every month. However, the firms that get the most out of them are driven far more by a desire to uncover growth opportunities.

A Fortune 500 medical-services firm realized that to reach its aspirational growth target it needed much tighter account-planning discipline. Existing plans were not delivering enough insights on what clients really needed, using the most up-to-date data, or being shared with other functions that could

strengthen them. As a result, sales staff barely looked at them. Sales leaders set up a specialist account-planning tool, starting with the global team that served the largest accounts. Knowledge and opinions that were only in the minds of the sales reps suddenly became institutionalized and available to all. Dynamic data updates meant leaders could access the latest information, and simple digitization meant that all functions could get a perspective on the full account, which facilitated robust discussions on cross-selling and up-selling opportunities. The result: the win-rate percentage went from the low 20s to the high 30s, propelling the company toward its growth target.

Go all out on adoption

Digital tools such as these are most successful when they are integrated into critical processes rather than being “nice-to-have” add-ons. This means convincing seasoned key-account managers, who may initially be inclined to see them as intrusive (data create transparency around time allocation), a threat to the exclusivity of personal relations (data record key attributes of customer relationships), or time consuming (data take time to be generated). A focus on communicating the benefits to the sales force is critical, so they understand these tools are an aide to achieving quotas and a good way to flag areas where they need support.

Successful deployment can also require a clear top-down push from leadership. An executive at a leading multibillion-dollar industrial products and services company took action when he realized the extent of siloed thinking in his organization. Sales reps had been working with customers and unearthing great ideas only to have other functions veto them as too hard to deliver. The executive implemented a digital account-planning solution to conduct joint monthly reviews across the product, supply chain, marketing, and

finance functions. Now that all the key decision makers are engaged, it has become much easier for leadership to ensure that high-value opportunities translate into sales.

Invest in building the necessary skills

About 70 percent of change programs fail due to a range of behavioral issues. It is significant that sales reps lack the skills they need to succeed in a digitally driven environment. The top third of organizations based on their capability-building skills deliver greater than twice the EBITDA³ margin of the bottom third. New sales-excellence programs, therefore, invest in both identifying needed skills and training to push changes in sales culture.

A large technology company had a complex B2B solution-selling organization, but its sales force did not clearly understand how to engage their key accounts effectively. They typically spent more time advocating existing offerings than they did trying to understand customer needs. The result was poor sales figures and a shrinking pipeline. Sales leaders used a tool to identify what skills successful sales reps needed at their firm and then created a tiered program that combined field commitments and a series of practitioner-led workshops to help reps develop those skills. The program was not optional, but the results spoke for themselves: more than ten times as many early-stage pipeline opportunities.

Key-account managers are facing ever more sophisticated and digitally savvy buyers. They need to understand that, while this creates new challenges, it also creates opportunities for those who are ready to become more digital in how they work.

Varun Kohli is an associate partner in McKinsey's London office, **Ryan Paulowsky** is a partner in the Atlanta office, and **Jennifer Stanley** is a partner in the Boston office.

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³ Earnings before interest, taxes, depreciation, and amortization.