

How Key Account Management Can Truly Help Your Firm

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Key account management is a neglected art, but A/E firm principals, managers and marketers who have tried it swear it can deal successfully with a serious challenge. As Gordon H. Chong, whose term as AIA president ended in December, plainly stated recently, "People are just sick and tired of being sold to."

This simple statement reflects what Chong (www.ghcp.com) has learned from his on-going analysis of how clients think. Marketing A/E services must change in style, content and approach, he argues, to have a chance of reaching potential clients with any sort of credibility. There may be a place for the usual practices of socializing with potential clients, making cold calls and responding to RFP's; but to get heard, he argues, professional services firms of all types must infuse client contact with content and build relationships over time.

Enter: account management.

One response a firm can make is to develop an account management system in relating to clients. The difference between that and business as usual is that your firm manages accounts—as opposed to merely dealing with the client's organization on individual projects.

This story is focused on key account management. Key accounts are highly valued clients who can be expected to generate work over time. This creates a unique set of protocols and behaviors. Product and services businesses have operated on this basis for decades: companies such as Xerox, IBM, AT&T and more recently Sun Microsystems and Oracle have accepted key account management as a critical part of their marketing strategy so thoroughly that the term has morphed into tailored programs supported by an entire industry of so-called CRM (customer relationship management) tools provided by such vendors as People-Soft and Seibel Systems.

Data from a cross-section of industries shows that key accounts are critical to the success of high-growth firms (see Figure 1: How Key Accounts Help High-Growth Firms).

Figure 1. How Key Accounts Help High-Growth Firms

	High-growth Firms	Low-growth Firms
Percent with an "extremely clear view" of the most valuable customers	38%	22%
Percent of revenue from top 10% of customers	46%	32%

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Yet the A/E industry seems largely to have ignored this concept, focusing instead solely on capturing enough projects to sustain and grow a business. Firms pay lip service to the value of developing relationships over time (in lieu of merely chasing projects), but the approach is seldom formalized and it's unevenly embraced. In the design and construction community, the lure of the project is seductive, consuming, and traditional.

How it works.

Key account management is the practice of assigning to an individual the stewardship of the relationship between the A/E firm and one or more significant clients over time. This responsibility includes periods of in-activity and periods where one account manager may not be enough. **It is not just a marketing role:** the individual assumes overall responsibility for guiding the resources of the A/E firm to meet the client's needs in all business situations.

Key account management is related to both marketing and project management. It's marketing in the sense that serious account managers are always in front of their accounts and can anticipate requirements; it's project management because it anticipates and deploys resources in the most advantageous fashion, managing the firm's performance to meet the clients' expectations from project to project. Increased operational efficiencies usually result from key account programs.

How do A/E firms benefit?

Craig Park, currently president of the Society for Marketing Professional Services (SMPS: www.smps.org) and vice president for professional systems at Harman Pro Group (www.harman.com), which specializes in audio products and services, runs strategic marketing programs for his entire company. Says Craig: "Account managers are huge informational resources for their own firms. They can provide feedback, tailor services and products, and create awareness of all services for their account."

But Craig knows the A/E world well: "An evangelical effort is necessary", he laments. "It is not so much that A/Es are resistant: it's just that they are technical problem-solvers and their nature is to focus on projects." Adds Steve Kulinski, principal in charge of marketing at Gresham Smith and Partners (www.gsp.net) Nashville, Tenn.:

"It's tough to find the right people for key account manager positions within A/E firms. They often just don't get out of the box of traditional thinking and are always looking for architectural or engineering solutions to problems: not all problems have A/E solutions! Also, A/E's tend to be introverted and clients want to partner with a peer. A bright, young dual-degreed person (MARCH/MBA; MBA/PE) would be great: someone who understands business and organizational structures."

Why are A/E firms so blasé about such a simple and powerful concept as account management when other industries adopted it long ago? In addition to the inbred focus on projects, there appear to be cost reasons why the world of design and construction has failed to adopt account management as a client relations strategy.

Standard forms of contract do not allow for account management as an integral part of the design or construction process. As a result, some firms claim that they cannot afford the position of account manager. What's more, the limited profit margins of most firms are

stretched tight. If account management is simply seen as an attitude adjustment, firms may commit in principle. But to add another individual at a high level is not a high priority when the relationship between the firm and its client is already adequate—or appears so.

Yet careful management of an account relationship on a proactive basis reduces marketing expenses over time, plus acts as a defense against a client's straying to a rival firm. Through continuous attention and performance over time, an owner would have no reason to turn to another firm.

But key account programs cannot be a force fit: they are only viable if the program benefits both parties (see Figure 2. Key Account Management: Benefits and Cautions).

Figure 2. Key Account Management: Benefits and Cautions

Benefits for Service Providers	Benefits for Clients
<ul style="list-style-type: none"> • Improved understanding of the key account's goals and requirements • Increased costs to the client in switching provider • Enhanced ability to manage any complex relationship 	<ul style="list-style-type: none"> • Single point of contact for any service or geography • Enhanced value from provider as a trusted advisor • Guaranteed delivery when capacity is short

Cautions on Key Account Management to Service Providers and Their Clients)
<ul style="list-style-type: none"> • Too many eggs in one basket • Insufficient benefits • Limitation of opportunities (e.g. requests for exclusivity or restriction on other relationships) • Bureaucracy • Significant organizational change

Firm believers.

Not all firms have ignored the potential of account management as a tool for improving performance and attracting new work to the firm from a valued, long-standing client. HOK (www.hok.com) has gone a great distance in institutionalizing key account management. At least one member of the firm carries the title of

account manager (with no additional responsibilities) for Nortel Networks, HOK's largest client in the middle to late '90s.

David Whiteman, HOK's senior vice president for integrated corporate services, has focused on refining the firm's concept of key account management along with the discipline it implies. Whiteman stresses that HOK, as the provider of services to multiple organizations, must organize a unique strategy for each client that deals with each client's real goals. HOK has identified its top 20 corporate clients and is pushing to develop a key account system with a more formalized set of rules and roles for each of those clients.

It works for IA.

Craig Park, Harman's VP, believes the firm that best observes key account management is IA, the nation's largest interiors-only design firm (www.iaglobal.com). To the firm's CEO, David Mourning, account management is an attitude. It permeates the firm, so there's hardly any geographic argument over client "ownership" and revenue sharing. It's simply understood that the principal handling a specific account will mobilize the resources of the firm wherever needed.

Often A/E firms have practiced key account management without giving it a name. Laurin McCracken, marketing and strategies officer for architect Looney, Ricks, Kiss (Memphis, Tenn.; www.lrk.com), recalls the triad method used 30 years ago by Caudill Rowlett Scott (since acquired by HOK). For each client, CRS coupled a project manager with a designer and technical director. It was understood that the project manager "owned" the client. All communications with the client went through the project manager, who checked in with the client periodically – sometimes as much as once per month – not to discuss a project but, through conversation, to mine the needs of the client's organization, to test CRS performance, and generally provide their client the opportunity to vent.

The project manager, according to McCracken, became such a vital part of CRS' method, that the best route to the top of the organization was through project management. Designers loved it: the approach let them focus on what they were good at.

While he was director of marketing for RTKL (Baltimore, Md), he helped the firm develop the Asian market in the late '80s and early '90s. McCracken recalls one client

actively re-requesting RTKL to consider him as "their guy" and demanded his presence at critical points in the execution of large projects to ensure that they had someone to represent them inside RTKL.

Kulinski, at Gresham Smith and Partners, reports a similar situation with one of the firm's major healthcare clients. This organization asked specifically for an individual dedicated to it over time—someone who understands the client's business concerns and can be the cultural translator back to their firm.

And yet these examples of account management are largely intuitive behavior about how best to serve a client, rather than an institutionalized approach consistent from client to client.

What does a key account management system look like?

Account management functions are included in the job description of principals and top managers of many firms, but how each one interprets those requirements is up to the individual. A *system* implies integration and supports a goal. A system is probably codified; it is communicated consistently to all stakeholders, including the client; and it includes performance measurements so all team members know what is expected of them over time.

Here are specific features that form part of a systematic approach to key account management:

- **Position definition:** Identifying responsibilities lets the account manager, the rest of the team and the client know what the account manager can do for the process. Key account management is a function—just like project architect or principal-in-charge: those who hold the position need to know that they are accountable. It is not just a casual, informal set of decisions;
- **Agreement:** Often A/E firm and client craft a formalized agreement. It assures buy-in and commitment. Those agreements are binding documents, signed by both parties.
- **Communications protocol:** Throughout the account relationship with a client, at least three communications tools report on the health of the relationship:

1. *Periodic account reviews*: This formal process evaluates performance of both parties. It allows for a frank exchange, and feedback takes place. It is often accompanied by a ...
 2. *Scorecard*: Specific goals and outputs are stipulated. Performance metrics are developed—usually for the service provider but sometimes for the client as well. These are evaluated over time. Performance reports may be consolidated into an ...
 3. *Annual report*: both parties benefit from reviewing mutual accomplishments on an annual basis. Here is a chance to highlight efficiencies achieved and goals met.
- **Account websites**: Password-protected web sites give both the service provider and client access to information specific to their relationship, not just to the project that is currently active. Websites can include frequent news bulletins of mutually useful information.
 - **Training**: Professionals both from the A/E firm and its client often benefit from joint training. Topics can include: pricing policies, contract formats, evaluation criteria, changing requirements, and shifting priorities.

Position descriptions and guidelines are often too vague to be of much help to the incumbents and the firm.

Example:

- Assume responsibility for at least three clients
- Contact clients at least four times per year.
- Maintain contact with major clients even when there is no project.
- Get to know your clients' organizational objectives and communicate them to project teams.

In these statements, expectations are not spelled out clearly and individual practitioners are relied upon to invest the statements with meaning, creating an inevitably inconsistent approach to the practice of account management.

Institutionalizing account management.

Not all clients are candidates for an institutionalized approach to key account management. They may have no recurring need for design and/or construction services; they are not geographically or organizationally dispersed;

and the lead executive (e.g. corporate real estate director) doesn't subscribe to the benefits of the system. But where it is appropriate, here are four good reasons for institutionalizing it:

1. **Account leadership**: If your firm pitches the process of key account management to the client as shaping the relationship over time -- punctuated by contact practices and deliverables -- clients will sense leadership as well as expertise. The relationship is managed, not just the project. When the inevitable problem arises, the client knows that both parties are in it for the long haul and the atmosphere for reconciliation is warmer.
2. **A differentiated way of doing business**: By giving it a name and practicing it consistently, firms with key account management know they are selling process as much as design and technical expertise. The result is a firm that is clearly differentiated from its competitors who focus only on skill and experience.
3. **In-house buy-in**: When an account manager is doing a good job, project teams are far more likely to see their project as a means to a larger end. They see performance against a background of an overall mission, not just in terms of the project.
4. **Benchmarking**: If key account management is part of a firm's way of business, data can be collected among accounts. This is sure to suggest operational improvements at the account level. A report card developed in one account may be a big leap forward for another. One client may develop a series of performance indicators which you can adopt for all clients.

It takes time.

Most firms that have tried it have found that a well-oiled relationship may take years to develop. Given the complexity of two organizations acting in opposing roles – buyer and seller – elapsed time is a necessary ingredient for the trust that underlies mutual self-interest. That, after all, is what key account management is all about.