



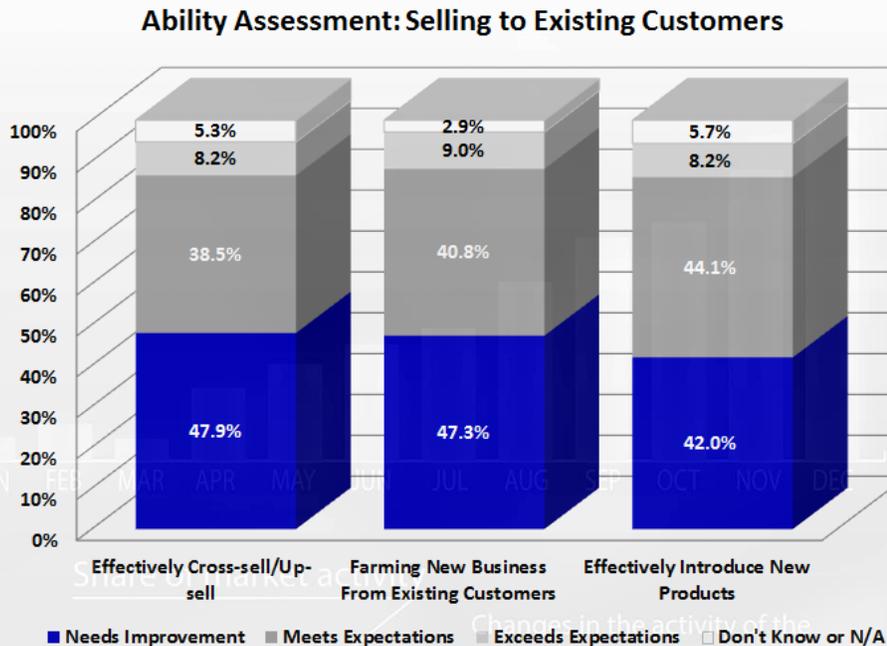
# Mine the Gold You Already Have!

By Jim Dickie and Barry Trailer

## Introduction

For decades, scores of books, articles, and presentations have focused on the value of a company’s customer base. Figures have been bandied around that it takes 6, 8, and 10 times the effort to close a new client than to get more business from an existing one. We all understand that, we all believe it, but many of us are not really good at it!

Consider the following findings from CSO Insights’ 2012 Sales Performance Optimization (SPO) study. As part of this research effort, we asked the 1,500+ firms taking part in the study to assess their effectiveness at cross-selling/up-selling, farming new opportunities from existing accounts, and introducing new products. The following chart summarizes their responses. (See Figure 1)



**Figure 1:**  
Few companies are great at optimizing revenues from existing accounts

What the SPO study data shows is that while what we should do is clear, how to do it is not so for many firms. Having benchmarked organizations that excel at account management, key trends emerged in regards to the methodology they use to manage these customers. Leveraging these insights, in this white paper we will present a structured approach for tapping into the full value of your customer base.

## Proactive Versus Reactive Account Management

The foundation for successfully realizing the full potential of existing accounts is having sales management ensure that the account team is being proactive versus reactive. So what do we mean by that? A temptation for anyone who has ever been in sales is to chase the latest leads. A CSO on our advisory board once referred to this as the *shiny object syndrome*; when a shiny new lead hits our desk, we drop what we are doing and start to pursue that opportunity. After all, if a prospect has raised their hand and seems to want to talk to us, we should reach out to them.

This is reactive selling. Under this approach to selling, we are letting the marketplace dictate our behavior. And if the lead flow is consistent, then reps can often generate enough business to hit their quota. But there is potential damage this approach to selling can cause. Continually going after new gold mines can often consume all of a rep's time, and keep them from fully mining the gold in the mines they already have inside their customer base.

Proactive selling begins with evaluating our customer base to determine which existing gold mines have the most future potential—as we can't afford to invest strategically in all of them. Once we have done that, we engage with the customer to build a vision of how we can best collaborate to deliver on *our client's* strategy. Accomplishing this generates long-term/high margin revenue growth, as well as deepening relationships with clients which enhances customer loyalty.

To consistently accomplish this, best-in-class (BIC) firms often use a formal process for effective account management. Based on leveraging insights from these programs, let us present a five-step approach that can increase the odds that your sales teams understand and realize the full potential from existing customers.

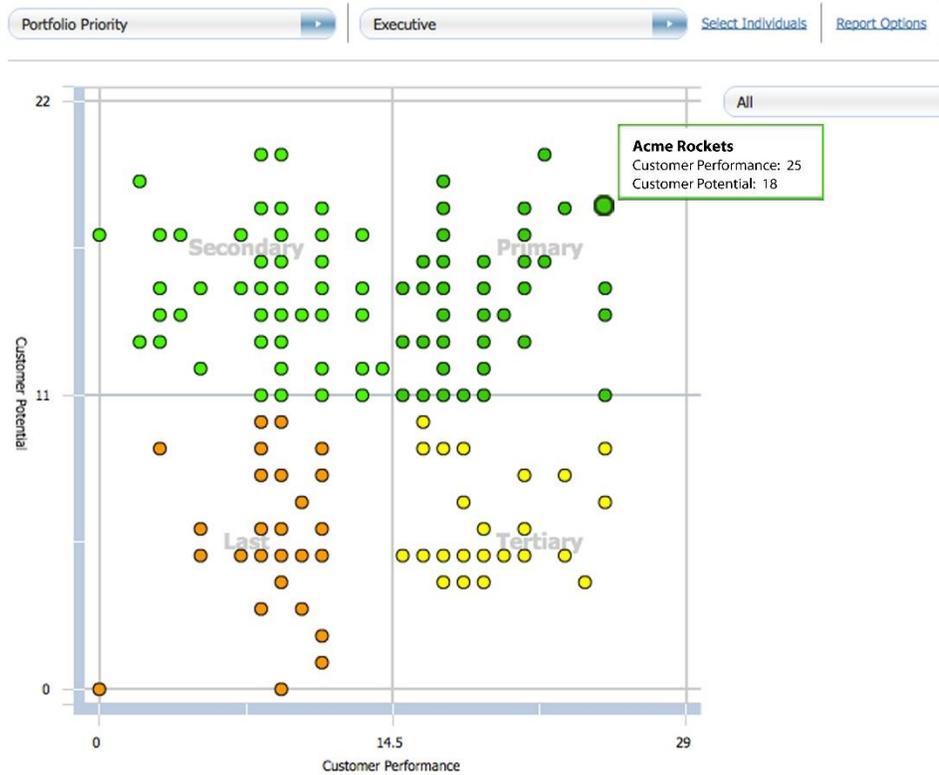
### Step One: Account Scoring

Over the past decade, marketing has started to appreciate the value of lead scoring. As prospects are surfaced, business criteria are used to evaluate each opportunity so that marketing can effectively separate sales ready leads, from marketing ready leads and from “no fits.” The end result has been increased ROI from marketing investments.

More sales organizations are applying this same type of approach to determining the value of existing customers. However the approaches they use can vary widely. The most common method is a fairly rudimentary analysis that categorizes customers into A, B, or C clients. The major determining factor is a review of past business. For example, ACME spends \$5M a year with us, and is our largest account. Therefore, we should make them an A account and continue to invest significant account team time with them.

BIC account management organizations are taking a more expansive approach to assessing account value. In addition to realized value, an additional factor they weave into the equation is potential value. Criteria to use in this type of analysis could include whitespace (additional business units, stakeholders, geographies, etc., you could penetrate), plus additional expansion of existing relationships.

To help do this analysis, they are mining the data from CRM, ERP, customer support, and other systems surfacing the attributes of different classes of customers. They are then feeding that data into CRM 2.0 account management applications to help score customers in a more holistic manner. Consider the value of the following image if you were trying to ensure that reps were spending the right amount of time with existing accounts. (See Figure 2.)



**Figure 2**  
**Assessing the Full Value of Customers**  
(Note: Visual printed with the permission of [Revegy](#))

The colored dots in the graphic above represent existing accounts that have been ranked by current performance (horizontal axis) as well as future potential (vertical axis). Through this analysis we see that there are some accounts (bottom right quadrant) that generate significant revenue that we will want to renew, but they represents very little incremental additional revenue growth. So given the option of looking for a new gold mine and spending time in a tapped out one, the choice is clear.

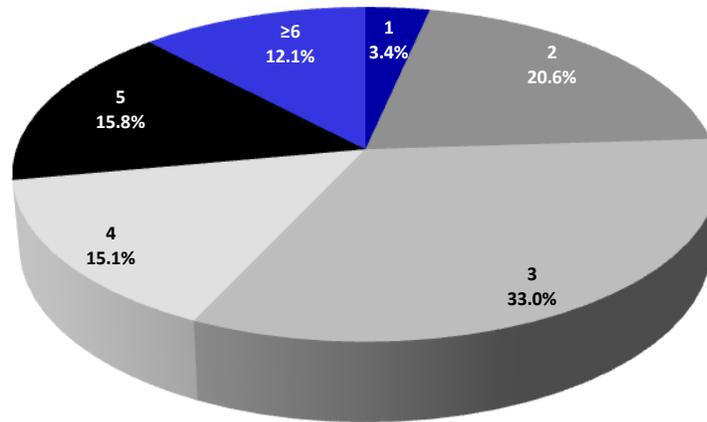
But look at the number of dots in dark green and light green. Here we have existing customers that represent significant to huge additional potential. For these accounts, the right choice is to invest the time to fully mine these accounts, versus seeking out new mines that might or might not represent the same level of value. Having the account team and sales management regularly go through this type of analysis can ensure that you are starting off the account management process with a clear picture of which customers to invest time with. The payback on your efforts is well worth it. Consider the following.

In analyzing the 2012 SPO study data, we found that 11% of the firms surveyed exceeded expectations at prioritizing which accounts to focus on; 42% met expectations and 47% need improvement. In terms of percentage of overall revenue plan attained, the exceeded expectations group averaged 94% of plan, compared to 89% and 83% respectively for the meets expectations and needs improvement firms.

## Step 2: Key Stakeholder Assessment

Once you know the accounts you should penetrate more strategically, the next step is to analyze the new and existing stakeholders you need to engage. As part of the 2012 SPO study, we asked the participants to tell us how many decision makers are involved in the ultimate decision to approve or reject a proposal. Figure 3 summarizes their responses.

**Number of Individuals Involved in Final Buy Decision**



**Figure 3**  
**Very Rarely Does One Person Decide to Buy**

Stakeholder analysis involves three aspects. The first of these is identification. By analyzing past deals you can gain insights into what types of stakeholder groups will typically be represented in a given opportunity: finance, manufacturing, IT, sales, marketing, etc. The objective then is to attach a name and title to each of those roles. Sales intelligence/social media services such as [InsideView](#), [LinkedIn](#), [OneSource](#), etc., can be very useful in determining who the players are in your existing accounts

This exercise also provides the insights needed to do task number two: assessing relationships with key stakeholders. What relationships do we have in the account—and what relationships do we need to be successful. Friends need to be further cultivated. Enemies need to be neutralized. You also want to identify influence hierarchies, instead of organizational charts. We all have had encounters with “empty suits”—people with impressive titles, but no real power. After assessing the players, you are ready to align the right members of your account team with the appropriate stakeholders inside your customer’s firm.

The next step is to determine each individual’s motivations. What are their goals and objectives? What impact will our products or services have their success metrics/KPI’s? Answering these questions can help your account teams tailor messaging for each individual so you can build consensus.

BIC companies collaborate using Sales 2.0 tools to identify the key stakeholders, who inside and outside our organization has relationships we can leverage and build an action plan to execute as a team.

## Step 3: Solution/Customer Strategy Alignment

To prepare your team to directly interact with the right stakeholders, they should begin to collect the insights and information needed to develop an overall picture of your customer's strategies and the key initiatives they have (or are putting in place). The objective at this step in the account management process is to ensure you can see a clear way to align your solutions to the strategic objectives of all major stakeholder groups.

To facilitate this, gleaming insights from sales intelligence systems about the customer's marketplace, their competitors, their customers, etc., can be very valuable. So is gathering intelligence from CRM, ERP, customer support systems, etc., on past deals you have done dealing with similar challenges. Another best practice is to see if you can get hold of the presentations that your customers are giving to the key business and financial analysts in their marketplace. If they think something is important enough to share in those materials, you know it is of keen interest to them.

As you go through this analysis, the temptation is often to focus on initiatives, as some of these could represent quick wins, whereas strategies tend to be longer-term, more complicated visions. Again, looking at BIC firms, they ensure the account teams focus on both initiatives and strategies—achieving a balance of short and long term revenue. The advantage to this is that if you can align your solutions to strategies, you can validate your role as a mentor/partner with your client. This earns you the right to start having discussions about working together not just in an initiative-by-initiative manner, but on a multi-year basis as well.

There is no argument that effective solution/strategy alignment requires effort. But let us share one fact. Over the past five years we have seen the percentage of forecast deals that result in “no decisions” increase from 19% to 24%. If you calculate the cost of *not* addressing this problem, you will immediately see that the payback to do a great job of alignment is well worth the investment.

## Step 4: Buy Cycle/Sell Cycle Alignment

Are you now ready to start engaging your customers? We would suggest one more planning step. Again, looking at sales organizations that excel at key account management, they realize that two processes will be happening simultaneously. Your account team will be going through the sales cycle, while you customers are going through their buy cycle.

Buy cycles come in two flavors. You can wait for the customer to decide that now is the time to do what is required to achieve gain or remove pain. Alternatively, you can leverage your insights to strategically engage your customers, challenge the status quo of how they are currently operating, and then build a vision of how things could be to create a sense of urgency to get the customer to start a buy cycle now versus later.

Buy Cycle/Sell Cycle alignment should also include determining how you are going to validate throughout the process that the buyer is tracking with you. BIC firms build into their process checkpoints to assess buyer behavior. Here you want to determine the specific tasks you need to see buyers execute to validate they are giving your offerings serious consideration.

To help account teams create effective sell cycle plans, and align them to the buy cycle, it is useful to provide them with templates. Realize, though, that as accounts are unique, the teams are going to have to customize those templates to the opportunity at hand. However, if you can get them 80% of the way there, you can decrease the time required to develop effective strategies and tactics for how you and the customer can collaborate together to co-create a solution to meet their strategic needs.

## Step 5: Account Penetration Tracking/Validation

As the team starts selling to the initiatives identified through strategic collaboration, the role of the sales manager becomes key. Management's responsibility is to continually assess that the account plans are being fully executed, and to also review how effective they are at moving the opportunity forward.

Having the insights necessary to coach the team means that managers need to interact with the team—not just the account manager. Periodic reviews with presales support, customer support, professional services, etc., can often be required to determine how things are progressing. The sales manager should also be monitoring external forces, assessing what impact other factors like new government regulations, HIPAA, or Sarbanes-Oxley could have on the progress of an opportunity.

Sales managers also need to be the ones who validate that buying behavior is tracking selling behavior. If the account manager sent an email to a key stakeholder outlining what they heard during a needs analysis call, did they get a response back from that individual telling them that they were on track or correcting assumptions? Did the top end user executive sit in on your team's presentation? Did the finance executive review the terms and conditions and identify areas where negotiations would be required? Before allowing a deal to be moved forward in the sales cycle, or before additional commitments of sales resources are made, buyer/seller alignment needs to be validated.

As always, to optimize their impact, the final proposal, implementation plan, and ROI analysis should be in the language of the customer, not the vendor. Clearly understanding the road to success will increase the odds of a client moving your proposals to the top of the "must do" list.

The other key role of sales management is to ensure that the account team is collecting the voice-of-the customer all the way through the sales process. Further, we should develop a strategic scorecard, with the customer, where they identify the business value they expect from us. After collaborating on this scorecard they should be willing to meet quarterly at the executive level, to review the value we delivered.

If this sounds like a lot of work—it is. But remember, in step one you determined the potential for each account. You don't invest this effort for all existing customers, only for the ones where the size of the prize is compelling enough to more than justify the effort.

## Conclusion

Let us share a few last comments. First, account management needs to be a "must do" versus an optional exercise. We are leaving far too much revenue on the table and greatly increasing our risk of non-renewal to not excel at this aspect of sales, especially as economic and political uncertainty continues.

Second, advances in CRM 2.0 technology can make this process far easier than if you try to do account management with the basic capabilities of your traditional CRM application. In addition, unlike written reports and PowerPoint slide decks that get created, shared once with the team and sales management, and then never see the light of day again, CRM 2.0 account plans are living entities that reps interact with and leverage every day. So educate yourself on the options available to do technology-enabled account management.

Finally, realize that great account management has not one, but two paybacks. Yes, you will realize significant net-new revenues from existing accounts. But even more important, you will be maximizing the life-time value of an

account, as your deeper relationships with key customers ensure that renewals and reorders happen far out into the future.

Comments or questions on this analysis can be directed to:

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## About Revegy Software



Revegy provides collaborative planning and execution software that enables sales teams to compete more effectively, strategically manage accounts and win more deals. Revegy's visual, intelligent tools deliver a true picture of an account, so that sales, account and channel teams can successfully navigate complex selling situations and visualize how to win deals and expand relationships. For more information about Revegy's solutions, call 770.999.1570, visit [www.revegy.com](http://www.revegy.com) or email [sales@revegy.com](mailto:sales@revegy.com)

## About CSO Insights

[CSO Insights](#) is the independent research arm within Miller Heiman Group™, dedicated to improving the performance and productivity of complex B2B sales. The CSO Insights team of respected analysts provides sales leaders with the research, data, expertise, and best practices required to build sustainable strategies for sales performance improvement. CSO Insights' annual sales effectiveness studies, along with its benchmarking capabilities, are industry standards for sales leaders seeking operational and behavioral insights into how to improve their sales performance and to gain holistic assessments of their selling and sales management efficacy. Annual research studies include: *Sales Best Practices Study*, *Sales Performance Optimization Study*, and *Sales Enablement Optimization Study*. Bi-annual studies include: *Sales Compensation and Performance Management Study* and *Channel Sales Optimization Study*.