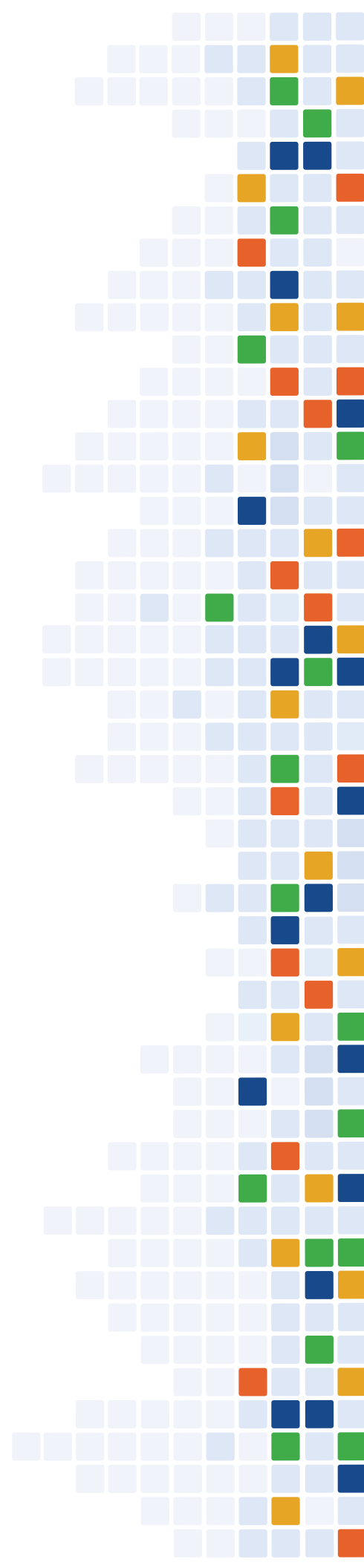




# THE CRITICAL ELEMENTS OF **PROACTIVE CLIENT RETENTION**

**ABBREVIATED REPORT**



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## INTRODUCTION

Here is the reality: every year, businesses lose billions of dollars in sales due to poor customer service and inefficient account management.

A recent survey quantified the amount of money lost annually by US businesses at roughly \$62 billion. That number accounts only for clients who decided to switch providers directly because of sub-standard service. But the real number is even higher-probably \$100 billion.

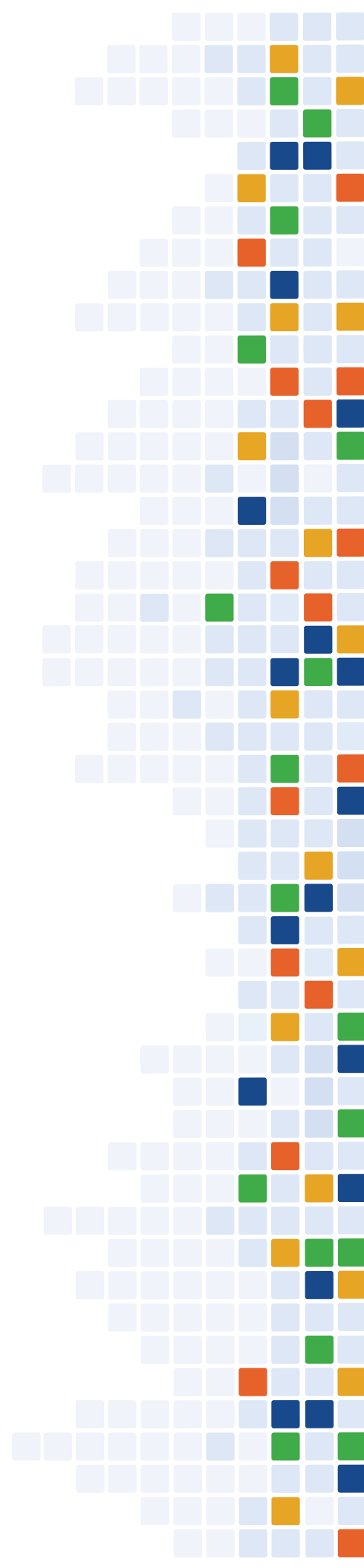
Of all the clients who changed suppliers in 2019, 68% did so not because they were offered a better shiny deal or lower prices, but because they no longer felt valued by the incumbent supplier.

We set out to discover how the most successful companies manage the relationships with their most important accounts so that we could share their secrets with you.

### **There were five sections:**

- Strengthening the Relationship
- Ensuring Relevance
- Sustaining "Win-Win"
- Delivering Value
- Growing the Partnership

This report follows on from the summary of our findings and includes our observations and thoughts.





## STRENGTHENING THE RELATIONSHIP

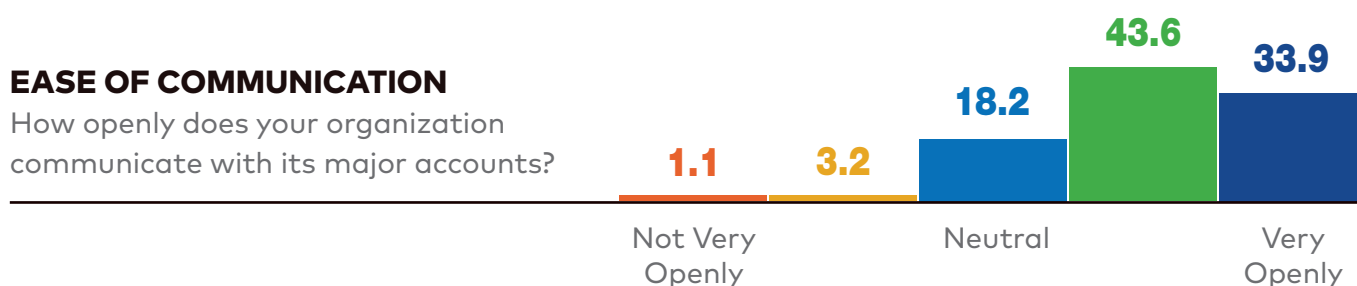
### WHAT WE STATED

*"Most sales professionals tend to inhibit their influence in important accounts by making and fostering one or two strong contacts, believing they have it all sewn up. This is a serious mistake. Most major account buying networks consist of multiple individuals from across the organization, bringing different functional and behavioral points of view to the decision-making process. Understanding the roles, responsibilities and influences of these buyers sets the stage for the communication and strategic interaction so critical to winning, growing and keeping major accounts."*

**Next are the questions we asked and the responses we received ...**

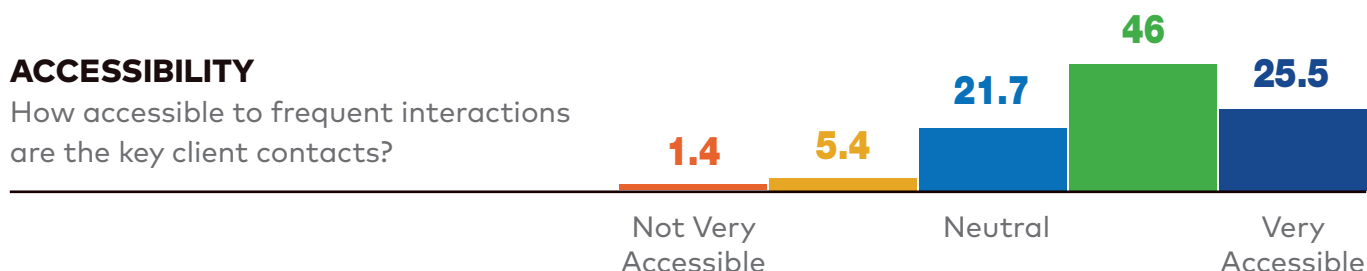
### EASE OF COMMUNICATION

How openly does your organization communicate with its major accounts?



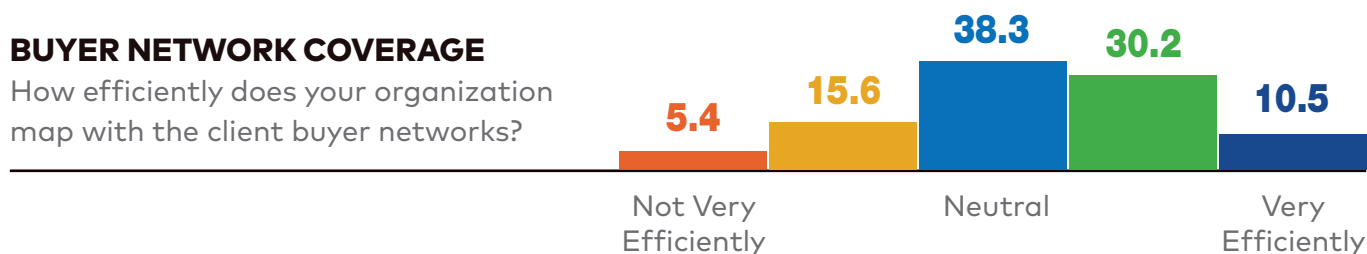
### ACCESSIBILITY

How accessible to frequent interactions are the key client contacts?



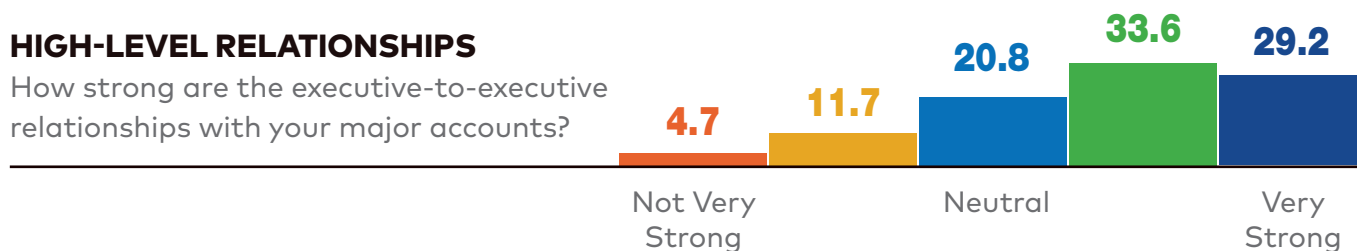
### BUYER NETWORK COVERAGE

How efficiently does your organization map with the client buyer networks?



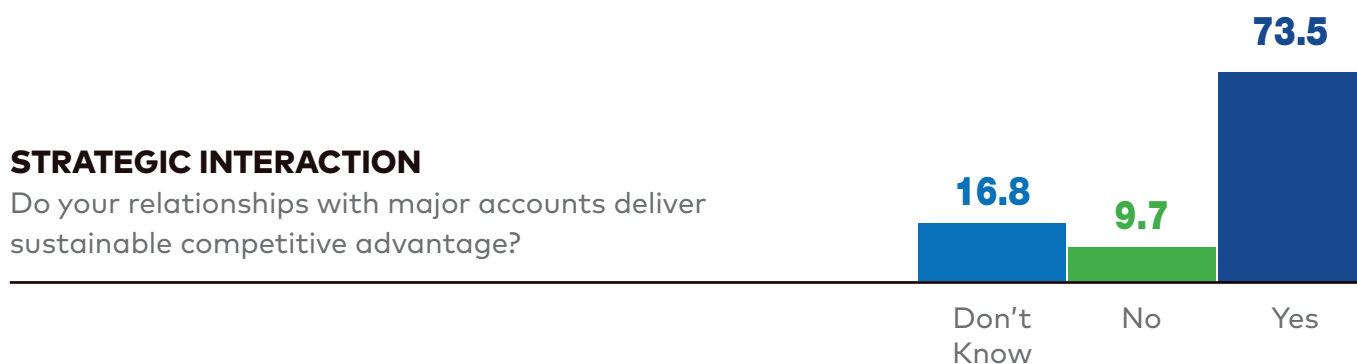
### HIGH-LEVEL RELATIONSHIPS

How strong are the executive-to-executive relationships with your major accounts?



### STRATEGIC INTERACTION

Do your relationships with major accounts deliver sustainable competitive advantage?





33.9%

#### EASE OF COMMUNICATION

33.9% reported that their organization communicates **Very Openly** with its major accounts.



29.2%

#### HIGH-LEVEL RELATIONSHIPS

29.2% told us that the executive-to-executive relationships with their major accounts are **Very Strong**.



25.5%

#### ACCESSIBILITY

25.5% stated that key client contacts are **Very Accessible** for frequent interactions.



10.5%

#### BUYER NETWORK COVERAGE

10.5% believe that their organization maps with their client's buyer networks **Very Efficiently**.



73.5%

#### STRATEGIC INTERACTION

73.5% of respondents confirmed that their relationships with their major accounts deliver sustainable competitive advantage.

## THOUGHTS

Now, more than ever, selling organizations need to get closer and remain close to their best clients/customers. The most compelling reason to do this is because the immediate future climate remains financially uncertain and, in times of such uncertainty, those clients/customers would prefer to give their business to organizations that they trust and can rely on.

The responsibility lies entirely with sellers to ensure a relationship is continually strengthened. It requires a proactive strategy, which focuses on improving lines of communication and increasing the number of contacts, specifically targeting those within the known DMU (Decision-Making Unit). But it should also involve identifying recommenders and users (where appropriate), as well.

The most obvious way to achieve all of this is to map out the organizational structure and then identify where each role fits – much in the same way one would piece together a jigsaw puzzle.

One final significant action is to attempt to increase influence at every level within the account. In other words, match seniority and roles on the client team with those who share the same roles in your organization. The “Lone Ranger” approach to selling, particularly for larger and more significant opportunities, has been consigned to the annals of history. No single salesperson has the necessary commercial bandwidth or is sufficiently commercially multi-lingual to operate at all levels.



## ENSURING RELEVANCE

### WHAT WE STATED

*"Relevance is not a constant. It changes as your clients' needs and trading climates change. This can be a huge selling challenge in major accounts as they represent marketplaces in and of themselves - ecosystems of organizational needs and pains. Your ability to deliver value in as many client areas and departments as possible is critical, as is your ability to provide multiple offerings from your solutions portfolio. Realistically, your mindset must be that your accounts depend on you to expand within them and that it's nothing short of your obligation to do so."*

**Next are the questions we asked and the responses we received ...**



### DEEP AND WIDE IN ACCOUNT ECOSYSTEM

How effectively do you penetrate major accounts?



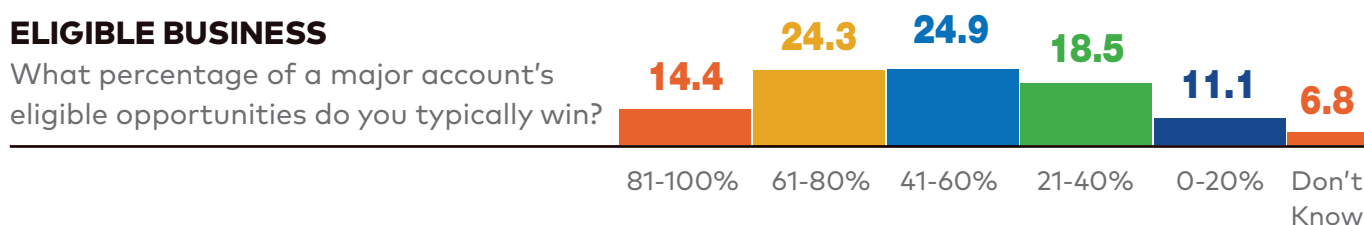
### DEEP AND WIDE IN PRODUCT/SERVICE PORTFOLIO

How successfully do you deliver a variety of products and services?



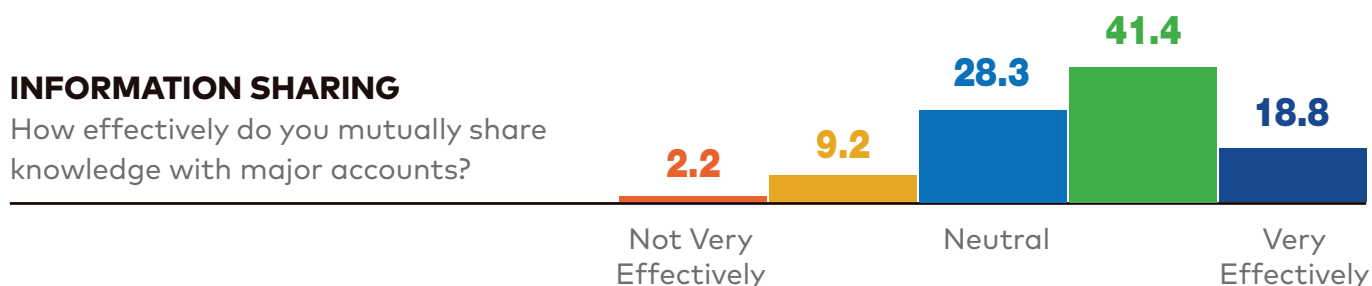
### WALLET SHARE OF ELIGIBLE BUSINESS

What percentage of a major account's eligible opportunities do you typically win?



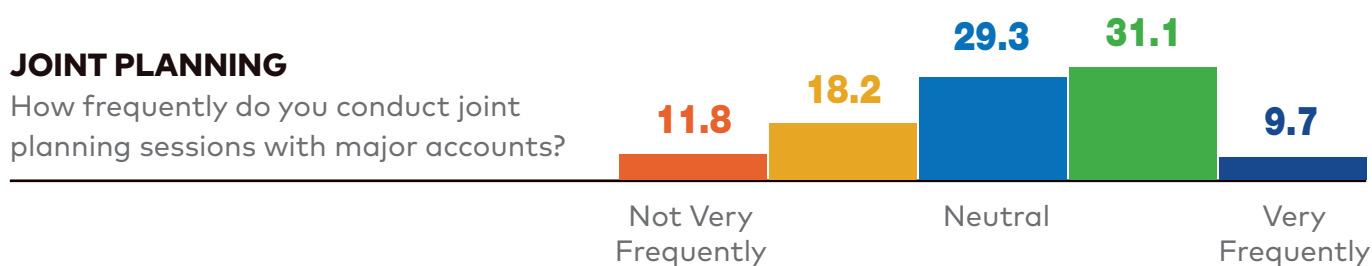
### INFORMATION SHARING

How effectively do you mutually share knowledge with major accounts?



### JOINT PLANNING

How frequently do you conduct joint planning sessions with major accounts?





9.6%

**DEEP AND WIDE IN ACCOUNT ECOSYSTEM**

9.6% reported that they penetrate major accounts **Very Effectively**.

19.3%

**DEEP AND WIDE IN PRODUCT/  
SERVICE PORTFOLIO**

19.3% deliver a variety of products and services **Very Successfully**.

14.4%

**WALLET SHARE OF ELIGIBLE BUSINESS**

14.4% win **81-100%** of their major accounts eligible opportunities.

18.8%

**INFORMATION SHARING**

18.8% mutually share knowledge with major accounts **Very Effectively**.

9.7%

**JOINT PLANNING**

9.7% conduct joint planning meetings with major accounts **Very Frequently**.

## THOUGHTS

Within the introduction to this section, we suggested that, "Relevance is not a constant. It changes as your clients' needs and trading climates change." We have to conclude that as a result of COVID-19 and the ensuing challenges, what was relevant to your clients in February may be totally irrelevant today, as they battle to survive, let alone thrive. So, how can you ensure that you and what your organization offer is wholly relevant to them?

Every organization, everywhere, has commercial objectives. Some forward-thinking CEOs insist on projecting over three years or even five but, in today's rapidly changing climate, that can be extremely tricky. At the very least, every company will have a well-documented plan that describes what they expect to achieve over a 12-month period. It could include, for example, a desire to increase market share, or introduce new product lines, or widen market exposure.

Herein lies a significant secret to help you remain relevant: by ensuring that you are always completely aware of your clients' commercial objectives – and when they change – you can align your products, solutions and services to assist them.

It is also vital that you make your client/customer totally aware of your full range of offerings. You cannot abdicate that responsibility to them and expect them to embark on a journey of discovery, so you need to ensure that you do not simply "product dump" and only offer products and services which are relevant.

Your primary objective with all of your most important accounts must be to position yourself in "only me" territory wherever possible. If you are operating in "me too" or even "me first" territories, you remain vulnerable to competitive activity and you have less chance of increasing your wallet share of eligible business.



## SUSTAINING "WIN-WIN"

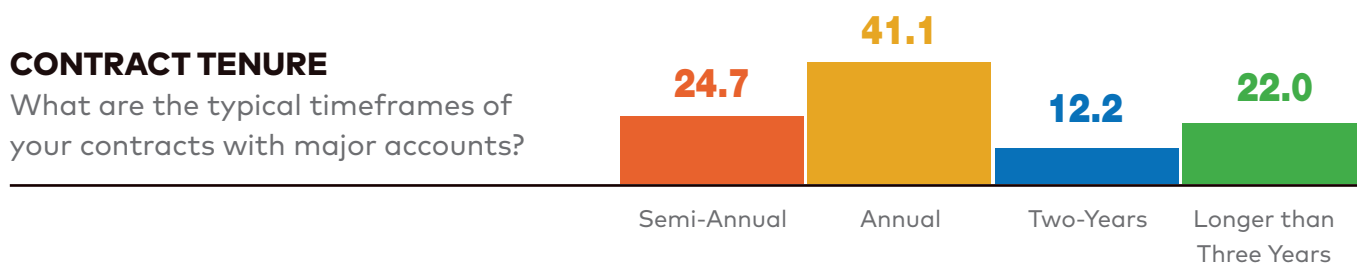
### WHAT WE STATED

*"Pursuing a successful account retention strategy requires total commitment to the principles of "win-win," with both partners gaining real value to lay the foundation for further growth together. This requires openness, investment, and a collaborative commitment by each partner to their mutual success. In major account relationships, as in personal relationships, one-sided focus is simply unsustainable."*

**Next are the questions we asked and the responses we received ...**

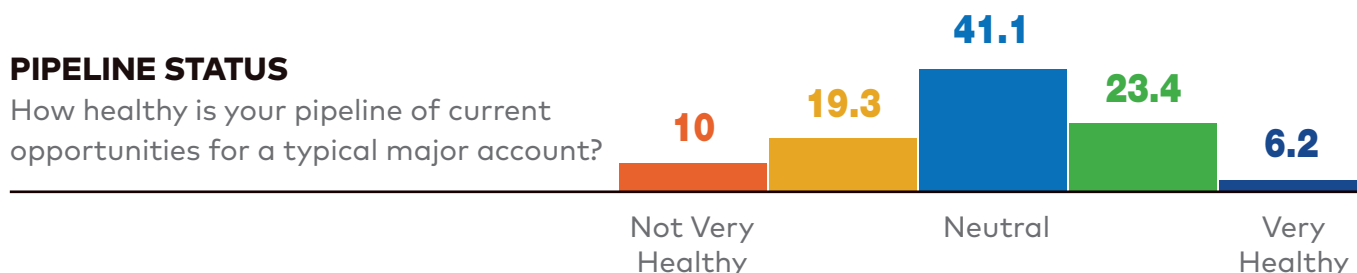
### CONTRACT TENURE

What are the typical timeframes of your contracts with major accounts?



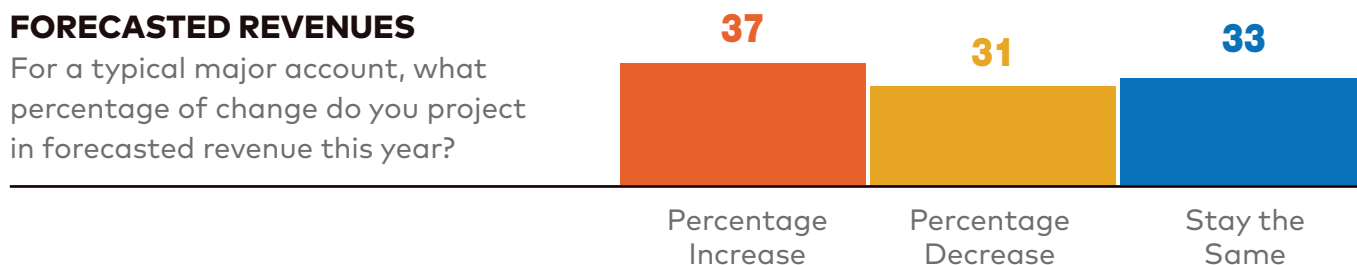
### PIPELINE STATUS

How healthy is your pipeline of current opportunities for a typical major account?



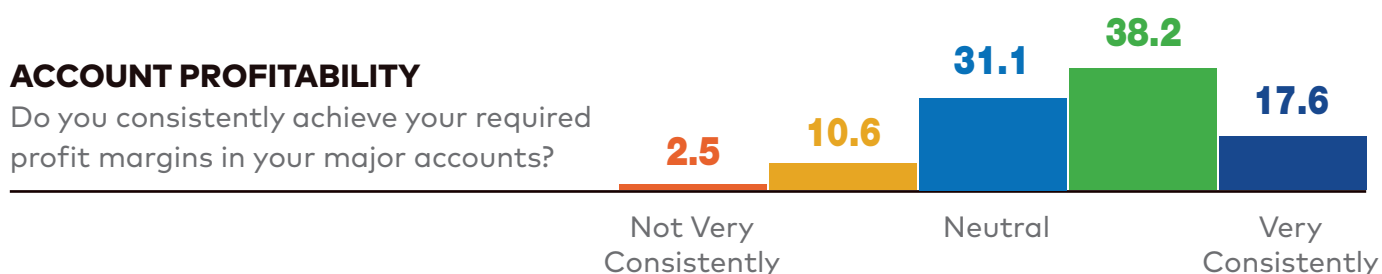
### FORECASTED REVENUES

For a typical major account, what percentage of change do you project in forecasted revenue this year?



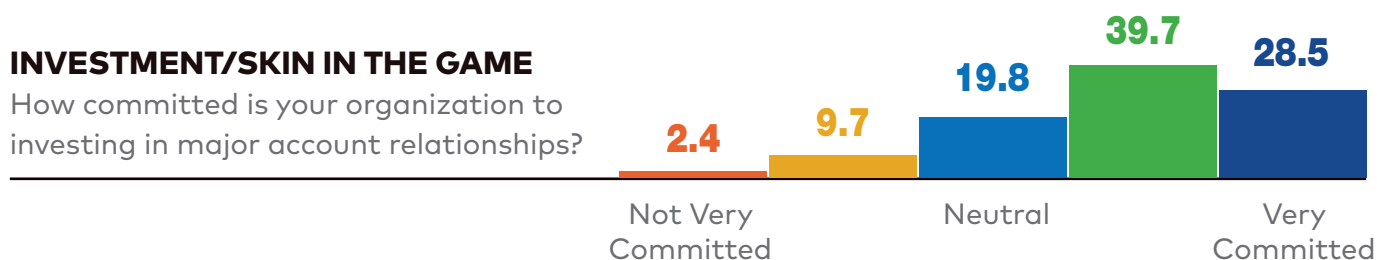
### ACCOUNT PROFITABILITY

Do you consistently achieve your required profit margins in your major accounts?



### INVESTMENT/SKIN IN THE GAME

How committed is your organization to investing in major account relationships?





41.1%

#### CONTRACT TENURE

41.1% confirmed that their typical contract time frames were for **one year**.



6.2%

#### PIPELINE STATUS

6.2% told us that their pipelines of current opportunities were **Very Healthy**.



37%

#### FORECASTED REVENUES

37% believe that their revenue from major accounts will **increase** in 2020.



17.6%

#### ACCOUNT PROFITABILITY

17.6% of respondents achieve **Very Consistent** levels of profitability.



28.5%

#### INVESTMENT/SKIN IN THE GAME

28.5% said that they are **Very Committed** to investing in major account relationships.



## THOUGHTS

Throughout all of our research since we launched at the beginning of 2019, the team here at SRC has consistently placed great emphasis on the need to develop symbiotic relationships and to always work with "win-win" principles.

Within this section, there were three results that we found disappointing - the most serious being that only 6.2% of respondents reported that their pipelines were "Very Healthy." But realistically, the pandemic will have had an effect here because opportunities virtually dried up in the early weeks. It could also be the case that there has been more time for everyone to rigorously re-examine their pipelines and weed out, at the very least, the 33% we know are not going to happen, for a variety of reasons. We need optimism, but it must always be balanced with an appropriate amount of realism. It is important to understand that qualification is not a single event, but rather an ongoing process because circumstances change. The only way to ensure that your pipeline is always in the rudest of health is stay on top of it and inside it.

We were also concerned to note that just 17.6% of respondents achieve Very Consistent levels of profitability. This again may be indicative of a sales environment attempting to transact business at any price, just to get runs on the board during uncertain times. Or, possibly, it is a sign that far too many frontline sales professionals do not have the necessary negotiating skills and are working to "lose-win" principles. Either way, we will be taking a much closer look.

Finally, the number investing in their major accounts – just 28.5% – is woefully low. Be assured that appropriate re-investment back into any relationship will pay dividends – providing symbiosis exists in that relationship. Investment means making time for your clients, maintaining regular contact via whichever medium they prefer. It means listening to them because the one trait that clients value more than any other is "active listening" and, of course, understanding them.



## DELIVERING VALUE

### WHAT WE STATED

*"Client value is frequently determined via value propositions that quite often are more connected to selling organizations than to accounts. Selling-focused client value, beyond being a contradiction in terms, represents a strategy for failure. Real value begins and ends with the client and clearly understanding this earns you the right to win, grow and keep major accounts."*

**Next are the questions we asked and the responses we received ...**



**DELIVERY OF REAL VALUE**

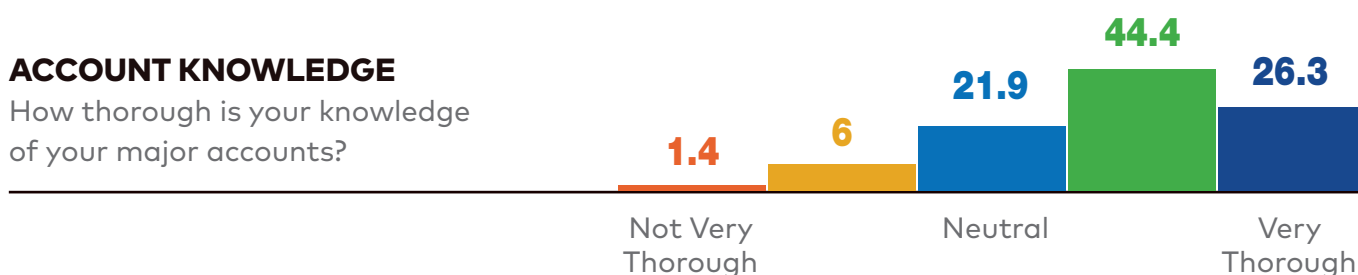
From the client's perspective, how effective is your company at delivering real value?

**DELIVERY TRACK RECORD**

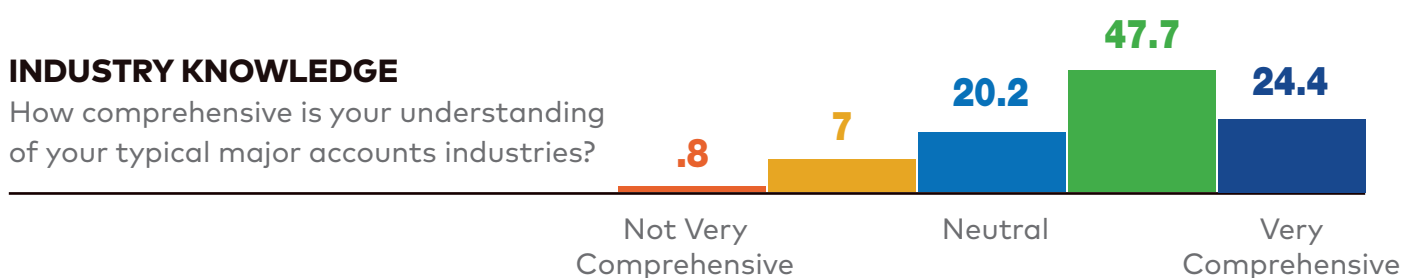
And also from the client's perspective, how successful is your track record of delivery?

**ACCOUNT KNOWLEDGE**

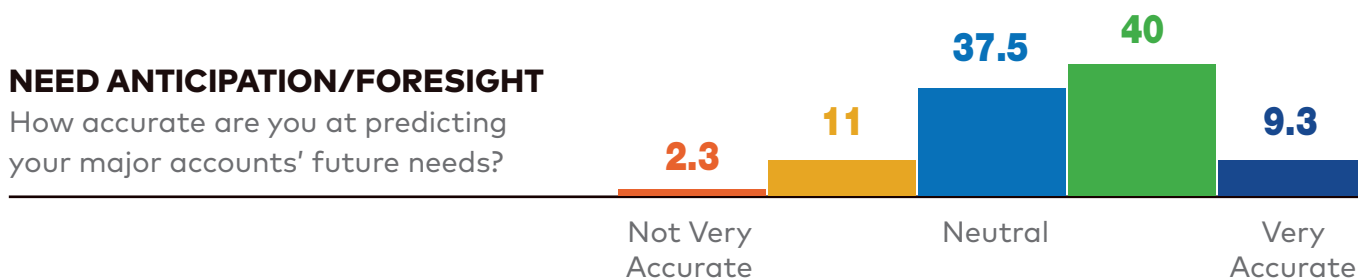
How thorough is your knowledge of your major accounts?

**INDUSTRY KNOWLEDGE**

How comprehensive is your understanding of your typical major accounts industries?

**NEED ANTICIPATION/FORESIGHT**

How accurate are you at predicting your major accounts' future needs?



**24.5%**

**DELIVERY OF REAL VALUE**

24.5% suggested that their company was **Very Effective** at delivering real value from their clients' perspective.

**28.8%**

**DELIVERY TRACK RECORD**

28.8% told us that their track record – again from their clients' perspective – was **Very Successful**.

**26.3%**

**ACCOUNT KNOWLEDGE**

26.3% believe that they have a **Very Thorough** knowledge of their major accounts.

**24.4%**

**INDUSTRY KNOWLEDGE**

24.4% confirmed that their knowledge of their typical client's industries was **Very Comprehensive**.

**9.3%**

**NEED ANTICIPATION/FORESIGHT**

9.3% of respondents said that they were **Very Accurate** at predicting their major accounts' future needs.

## THOUGHTS

Value is always measured from the buyer's perspective and can never be judged as a seller's perception. So how do we know if we are consistently delivering true value? Obviously, we regularly ask the buyer.

We should also remember that the value we bring via our products, solutions and services as a "long-term ally" and "trusted advisor" will never be a constant because the significance of that value can change when viewed through our customer's eyes. It can be like shifting sands.

This is just one reason why regular review and planning meetings are so critical to the health of the relationship.

It would be easy to become discouraged by some of the results we have witnessed within this section. For example, just 24.5% suggested that their company was Very Effective at delivering real value from their client's perspective, and only 9.3% of respondents said that they were Very Accurate at predicting their major accounts' future needs.

However, we already knew from our previous research that most selling companies are far too focused on winning new business than they are at building brick walls around their existing best clients/customers, even though - as we have reported on several occasions - a typical commercial organization that has been trading for more than two years will gain 80% of its revenue from those existing clients/customers.

This is just one of the reasons why in 2019, only 44% of salespeople achieved quota and we expected this number to decline further in 2020 - possibly down to 40%. Of course, until the current crisis passes, we will be unable to obtain any sort of accurate measurement.



## GROWING THE PARTNERSHIP

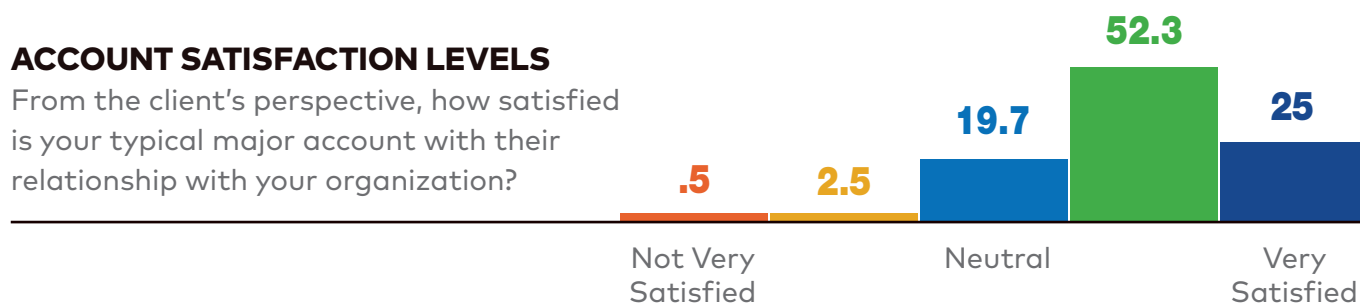
### WHAT WE STATED

*"While it has become almost a cliché, the harsh reality is that it now costs fifteen times as much to locate, qualify and sell to a new prospect than it does to an existing customer. That's a compelling reason in itself to constantly strive to strengthen account partnerships. Focusing on increasing satisfaction, building trust and promoting collaboration are important in maximizing the likelihood that clients remain clients for a long time."*

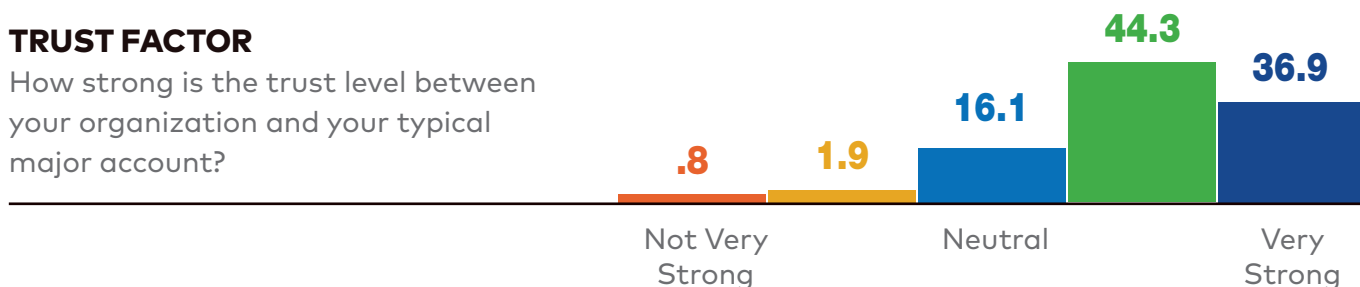
**Next are the questions we asked and the responses we received ...**

**ACCOUNT SATISFACTION LEVELS**

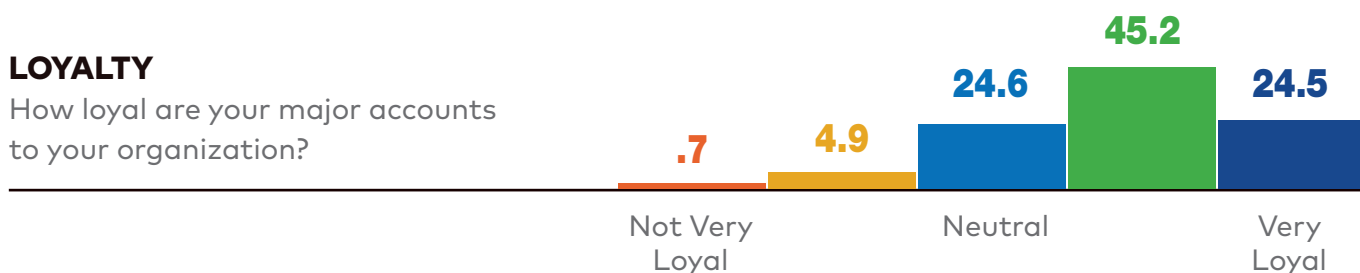
From the client's perspective, how satisfied is your typical major account with their relationship with your organization?

**TRUST FACTOR**

How strong is the trust level between your organization and your typical major account?

**LOYALTY**

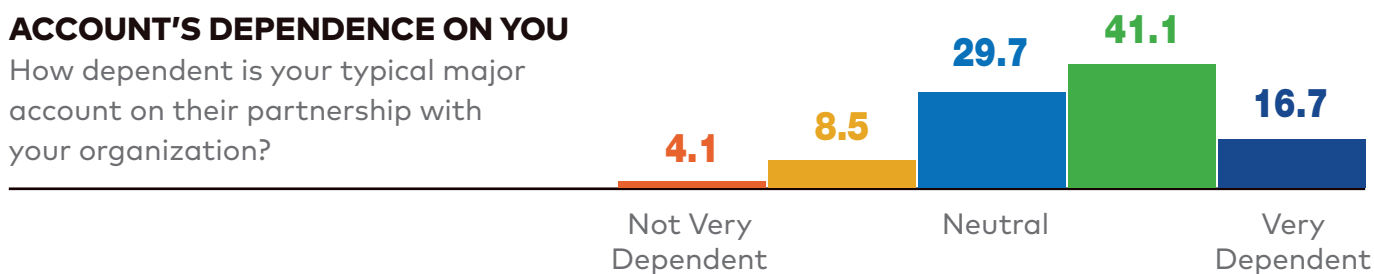
How loyal are your major accounts to your organization?

**MUTUAL BENEFIT OF GROWTH**

How effectively does account growth benefit both your organization and your major accounts?

**ACCOUNT'S DEPENDENCE ON YOU**

How dependent is your typical major account on their partnership with your organization?





**25%**

**ACCOUNT SATISFACTION LEVELS**

25% believe that if asked, their typical major account would say that they are **Very Satisfied** with the relationship.

**36.9%**

**TRUST FACTOR**

36.9% of respondents told us that the trust level between their organization and their typical major account is **Very Strong**.

**24.5%**

**LOYALTY**

24.5% felt that their major accounts are **Very Loyal**.

**24.5%**

**MUTUAL BENEFIT OF GROWTH**

24.5% confirmed that account growth is of mutual benefit to their organization and their major accounts.

**16.7%**

**ACCOUNT'S DEPENDENCE ON YOU**

16.7% said that their major accounts are **Very Dependent** on them.



## THOUGHTS

Just as a farmer strives to achieve the maximum yield from crops and stock, we must ensure that we are gaining the optimum level of growth and, hence, profitability from every one of our major accounts. If we don't, the relationship will not simply stagnate, but quite possibly regress, opening the door for a competitor who has identified our negligence and is more than ready to take advantage.

Achieving an acceptable level of growth (and profitability) requires planning and consistent input from each client/customer because they are no longer willing to simply be part of the audience.

It also takes trust – high levels of trust – if we as sellers are to be given access to the information we need from our buyers to make those plans a reality. Trust cannot be demanded or bought; it has to be earned, and that takes time. We have returned to that word "symbiosis" again because information needs to flow both ways, freely and without restriction.

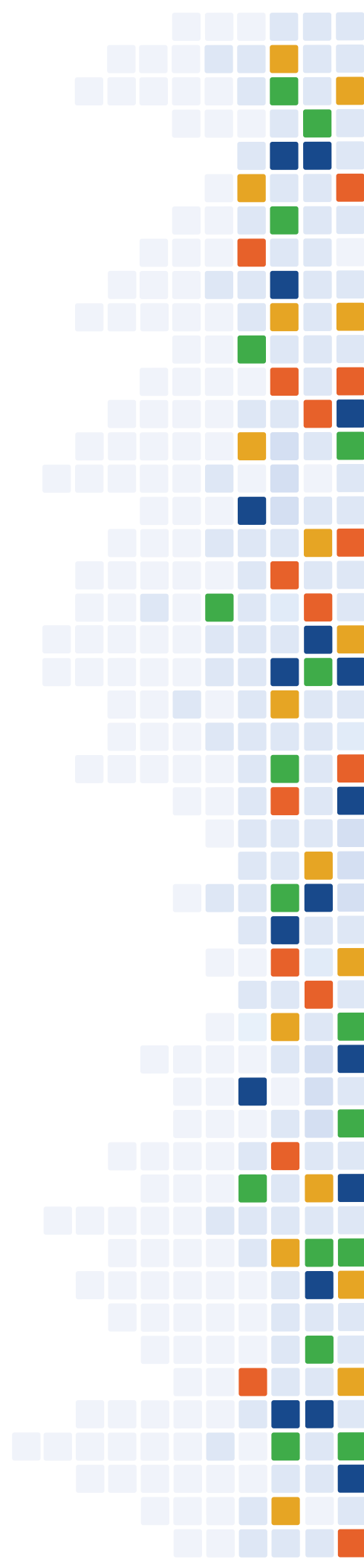
Trust leads to loyalty, which persuades the buyer that the cost of changing supplier and the risks involved are simply not worth contemplating. It also allows the seller to charge premium prices for products, solutions and services – and the buyer, in those circumstances, understands that the seller is in business to make a profit and has placed a value on the relationship. They have also recognized the mutual benefit of account growth.

Complacency on the part of the seller is, by far, the greatest enemy to growing any relationship. It has no place in modern major account trading. There needs to be a realization that, as sellers, we are only as good as our last interaction with any of our clients/customers. What we did last year, last month or even last week will be quickly forgotten if we in any way abuse the relationship tomorrow. We must strive to earn the right to every single piece of business our clients are prepared to transact with us.



## TOP FIVE TAKEAWAYS

1. Meet regularly with all of your important accounts to review the relationship and the client's experiences.
2. Map out the organizational structure and identify where each role fits, and then attempt to increase influence at every level within the account.
3. Continually strive to maintain relevance and constantly stay updated in terms of your client's commercial objectives.
4. Work to strengthen each relationship, which in turn will increase trust and will lead you into "me only territory."
5. The strongest and most enduring relationships are built on symbiosis, so always work with "win-win" principles.

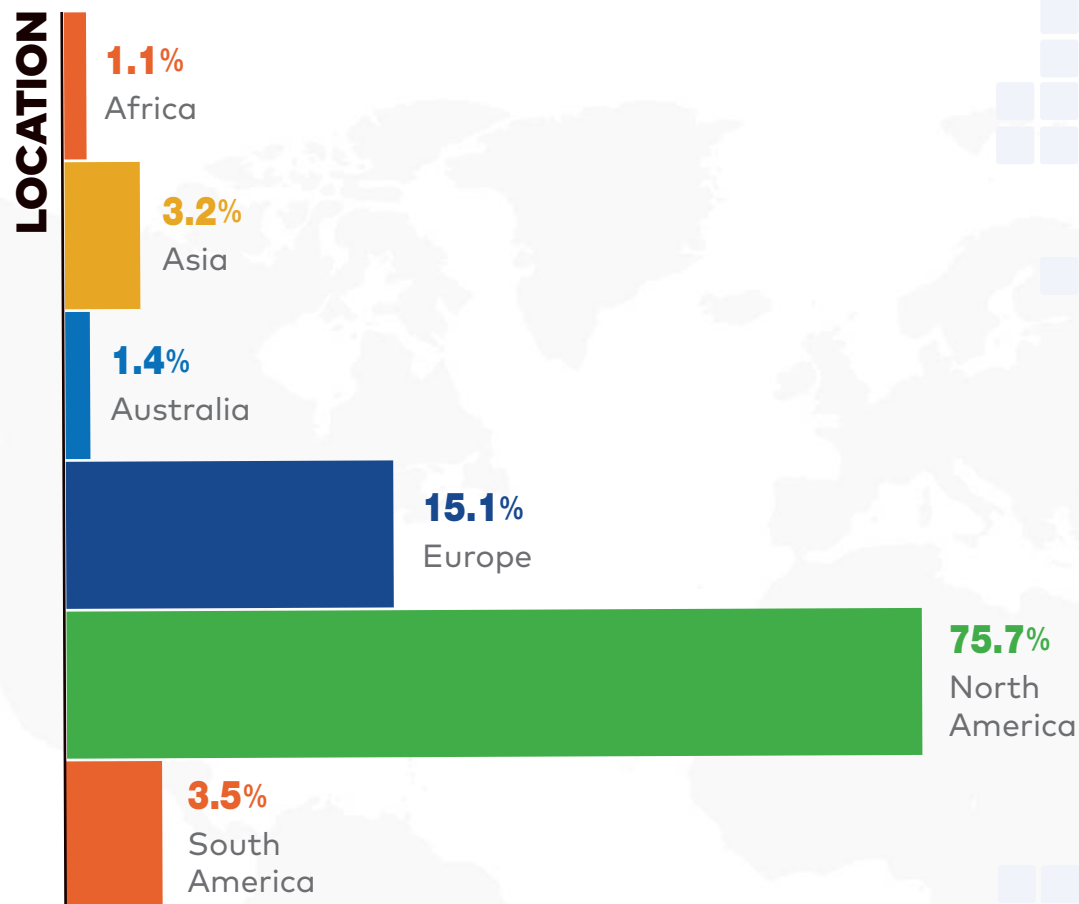




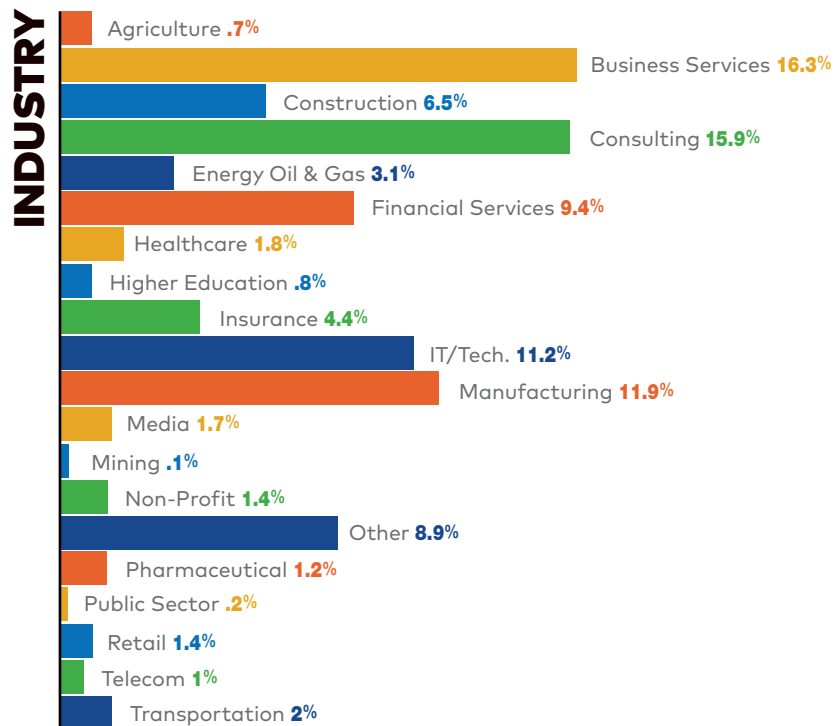
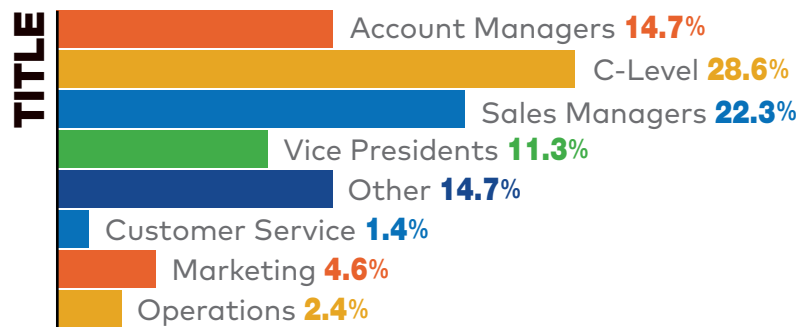
## SURVEY METHODOLOGY

This survey represents the data collected from 887 respondents, from more than 495 distinct business or companies from 55 Countries. Invitations to take the survey were digitally distributed using social media, email, and other digital publications, reaching a substantial, global audience.

The survey collected data from March 31 - May 31, 2020.



## SURVEY METHODOLOGY (CONT.)





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