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CRM and the Named Account Model - Square Peg, Round Hole?

By David Taber

Customer relationship management (CRM) systems are typically designed with a new prospect lifecycle that starts with Leads (someone who has said they want to know more, but is completely unqualified) and moves through the qualification and conversion process before the sales cycle really begins.

While there is frequent confusion about what is a Lead, a Contact, a Suspect, a Prospect and an Opportunity (I may write about this more in the future), in the CRM system there is a clear distinction between a Lead (which typically can't be attached to an Account) and a Contact (which *must* be attached to an Account). Leads are typically handled by marketing and lead cultivation/inside sales, and Contacts are handled by outside sales.

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All that makes sense when you're using a lead-generation model of marketing and sales, typically with a set of geographic territories. Somebody does a download or registers for a webinar, then the marketing automation system takes the Lead through a series of targeted vertical campaigns. As the Lead learns more about your products and interacts more with your website, their score gets high enough that it's worth it for inside sales to have a qualification conversation with them. From these Leads spring new Accounts and Opportunities — the classic early-stage and SMB marketing and sales cycle.

At some point (typically after the sales force has grown), a Named Account model is set up. While the name might be "strategic accounts" or "global accounts," the idea is that your most senior reps are focused on developing and growing the Fortune 500 customer base. Because these are big, multidivisional corporations, they need special attention from a dedicated rep who gets to know their businesses, their organizational structure, and the politics. The Named Account model often grows as an overlay on the geographic territories because those large accounts operate in several states, countries and vertical industries. For example, the owner of the Mitsubishi account may have to deal with ship-builders in Japan, car factories in the U.S., and bankers in London.

Just as the Named Account model typically causes some confusion on top of the standard geographic and industry territory definitions, it doesn't fit all that easily on top of a CRM system designed for those territories. For example, the goal of a regular sales rep is to get as many leads as he can so he can break open new accounts. In contract, the Named Account Manager (NAM) has a pre-defined list of accounts to grow, and his job is to develop the depth of penetration and repeat business in those accounts. The regular sales rep will kill for a few extra Leads, while the NAM will often view them as uninteresting or even irrelevant (if he's been doing his job, he already knows who the key people are). The regular sales rep may be measured by the number of phone calls made, emails sent and sales cycles started. The NAM is more likely measured by the number of golf games and the aggregate size of the opportunities closed.

How to set up your CRM system for Named Accounts

While CRM systems have a number of technical mechanisms (record types, page layouts, sales processes, etc.) to hide some of these symptoms, the issue is really deeper. NAMs are doing different things for different reasons than the standard rep, so you need to make some structural changes to make the CRM really useful for the NAM. You'll also need to make significantly different reports and dashboards for them so that upper management doesn't get confused.

Typically, the NAM has no interest in Leads — he just wants to make sure that nobody calls in to his Account. The first task is to find all the Leads who seem to be working for divisions of your company's NAM list. This can be a tall order when dealing with companies whose divisions are all over the map and don't have the parent company in their name or email domain (like Pixar and Touchstone and ABC for the Walt Disney Company). Expect to spend some time on that issue, but once you've got a lookup table you can (1) get the relevant Leads owned by the appropriate NAM and (2) instantly move them to Contact status. Make sure that your lead routing system is configured to use the lookup table before it evaluates other rules so that the ongoing lead flows behave the same way. (In most CRM systems, you'll have to write some code for this.)

To make things a little easier for the NAMs, you should set up an Account hierarchy to which you can properly associate each of those Contacts. Typically, we recommend setting up a holding company at the top of the tree (even if there isn't a formal holding company) with no contacts, opportunities, or tasks associated. The purpose of the holding company is to represent the corporate entity only, and we typically name it the stock ticker for the company (following our example, DIS). Underneath the top level are the various operating units which have employees (contacts) and do deals (opportunities), typically in a hierarchy of three or more levels. It's important to have a consistent naming convention across all the NAM accounts so that it's easy to pull reports at the national or divisional level (for example, Disney's radio stations might be under an account named "DISN - US - ABC Radio."

Finally, use the CRM system's security settings so that the standard geographic reps see little, if anything, about the NAM Account data. And the same thing in reverse. For most sales organizations, it's just none of their business: the NAMs and standard reps aren't executing the same business process. It's better if each sales team has visibility only into the data they actually need to work with.

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