

Account-based Growth

Unlocking sustainable value through extraordinary customer focus



By **Bev Burgess** and **Tim Shercliff**, Inflexion Group

The 80/20 rule

When a business starts, it is based on a simple model. It solves a problem for a customer by providing a solution and is obsessed with delivering value to that customer. It's likely that everyone in the team is very well attuned to every customer's needs.

Over time, companies typically grow in two dimensions: find more customers who like what they do, and/or develop new solutions for existing customers. However, even in those early days with only a few dozen customers, a fundamental principle is starting to emerge: some customers will be far more important than others. In fact, a pattern soon develops which will probably reveal that around 80% of profitable revenue comes from just 20% of customers.

Once the pattern starts to emerge, it doesn't seem to change much over time. In fact, it may become even more pronounced.

Beyond the 80/20 rule

Fast forward a few years and guess what: the ratio applies equally in large companies! They may boast billions in revenues, have thousands of customers, tens of thousands of employees and a complex partner and supplier ecosystem. But the self-same 80/20 rule applies to these companies too. In fact, it is often even more skewed: sometimes 90 per cent of profitable revenues come from just 10 per cent of the customers.

But that's not all, because the 80/20 rule is fractal. This means it's a pattern that repeats itself, so within the first 80/20, there is another 80/20, leading to some remarkable findings.

We conducted research earlier in 2022 and we found that in B2B companies, on average, just 3.5% of customers accounted for 50% of their revenue (see figure 1).

Adapting to the new reality

Some companies, recognizing the value of their largest customers, have taken account management to new levels, investing in much more senior executives managing their most important customer relationships.

Sales, too, is going through its own revolution. Customer executives and increasingly sophisticated procurement functions expect their strategic suppliers to understand their business issues and be proactive in bringing them valuable insights and solutions that tackle these issues and challenges and achieve their business outcomes.

In parallel, over the last 20 years, the idea that a company should focus on its most important customers, treating them as a

allocating marketing resources to build highly-personalized marketing plans, has taken hold.

Account-based marketing emerged in the 2010s and is now recognised as a key element of B2B marketing.

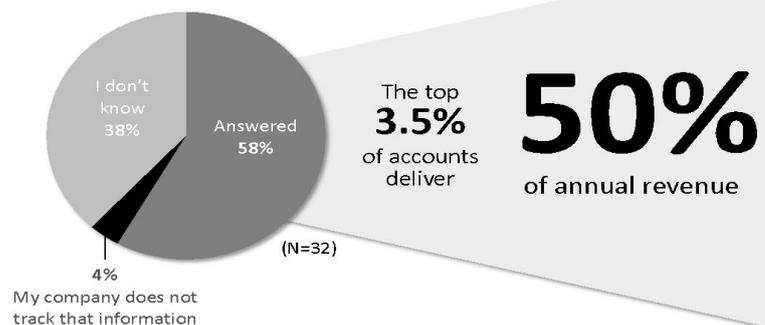
Developing customer centricity

This is not just about marketing, however. It never was. It's about how a company becomes customer-centric across multiple processes and teams. It's about growth and, more specifically, how to grow profitably with this huge imbalance between customers large and small.

In enterprise software and now increasingly in other sectors, companies have built customer success teams to attempt to ensure that customers realise value and achieve their desired outcomes, becoming advocates within and beyond their own organisations.

As organisations establish long-term, company-to-company relationships, they build executive-to-executive relationships, both of which often last decades. The technologies and the ecosystems may change at an ever-increasing pace, but the relationships endure.

What % of your annual revenue comes from your top account programme? (N=55)



© Inflexion 2022. All Rights Reserved

Figure 1: The universe is wonky and so is B2B business

Account-based Growth (continued)

Unlocking sustainable value through extraordinary customer focus

There is a lot to be gleaned by looking at how companies have approached the way they achieve sustainable, profitable growth with their most important customers. But, before we look at one such example, let's examine the challenge from a customer's perspective.

After all, customers see their strategic suppliers as key to their business, so they want them to perform well.

It's clear from Ninian's perspectives what he's looking for in a strategic supplier and how he differentiates between those that work well with

Vodafone, and those that have room for improvement. One of the best examples of a company that has excelled in the way it works with its most important companies, sustained over many years, is Accenture and its Diamond Client Programme.

Ninian Wilson, Group Procurement Director and CEO, Vodafone Procurement Company, shares his thoughts on what makes some strategic suppliers stand out from others.

What should companies expect from their strategic suppliers?

1. The first is a dedicated account team – the supplier should invest sufficiently to make the strategic relationship work; and customers should reciprocate by ensuring access to the right executives.
2. Next, an unfair share of their research and development budget – if a customer is really strategic, it should be translated into competitive advantage through access to innovation and assets.
3. Strategic customers need to be first to receive new products and services, and also be 'first among equals' commercially.
4. Strategic suppliers should be highly connected at all different levels across the business, starting with CEO to CEO, and right through the executive teams and functional leaders in both organizations.
5. Governance is really important too. Governance reviews should start with current performance, and then move on to future innovation and opportunities.
6. It takes a seasoned, experienced executive to run this kind of

strategic relationship. That person represents our voice into the supplier company. They need to be senior enough to be able to make things happen on our behalf.

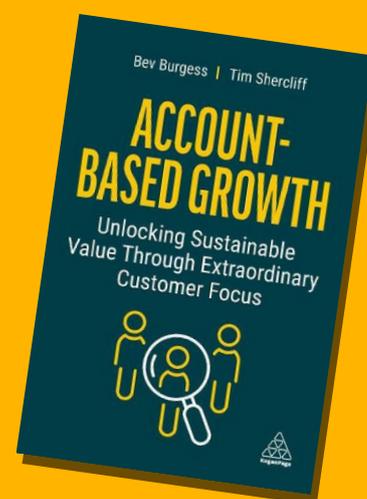
And typically, what are some of the main faults?

A lack of connection internally across the supplier's account team is one that comes to mind. A lack of professionalism can be an issue, for example, not sending meeting materials in advance of the meeting so that the customer has time to prepare.

Leaving issues unresolved is a real problem that can really damage the relationships. The supplier's account executive has to be able to escalate problems and get them sorted quickly: cut a deal, sort it out, and move on.

A lack of commerciality, and empathy as to what our objectives are, is another issue. For example, as a customer, we'll have objectives to reduce costs over time, so we want our strategic suppliers to acknowledge this and bring us ideas on how this can be achieved rather than try to hold on to the current revenue from the contract.

And finally, I would say that trying to cut procurement out of discussions is the wrong way to go. Strategic suppliers need to understand the role and positioning of procurement leaders in the wider business.



Account-based growth: unlocking sustainable growth through extraordinary customer focus

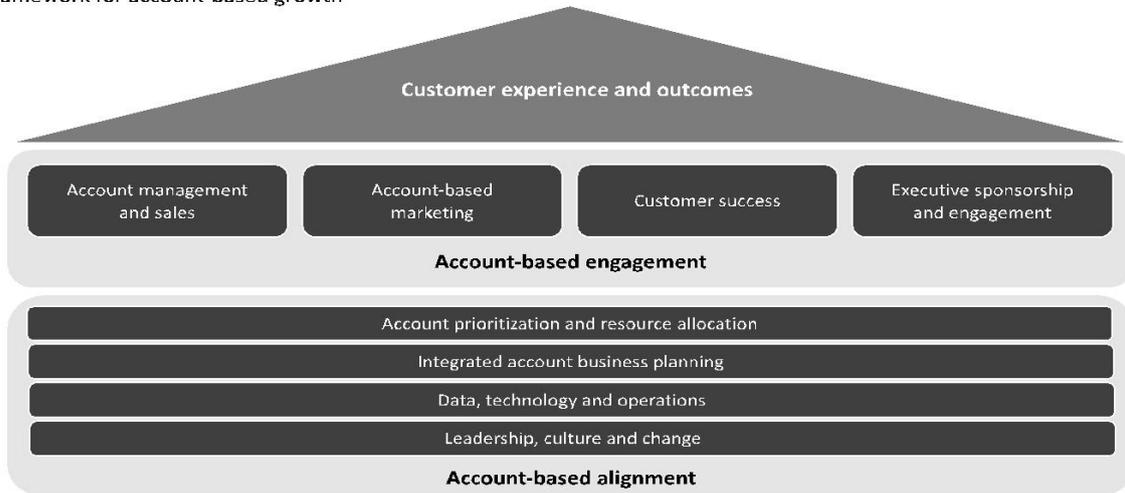
- Chapter on each element of the Account-based growth framework, featuring leading company case studies and viewpoints
- Assessment tool you can use to assess how your company stacks up and where it needs to improve

Published by Kogan Page in November 2022.

Account-based Growth (continued)

Unlocking sustainable value through extraordinary customer focus

A framework for account-based growth



© Inflexion 2022. All Rights Reserved

About Accenture

Accenture is a global professional services company with revenues in 2022 of over \$60bn and more than 700,000 employees.

Enduring client relationships

Ninety-eight of its top100 clients have been clients for over 10 years. In April 2022 it reported that 70% of its new bookings were sole-sourced; and in the two years since the pandemic was declared, it achieved a 50% increase over the prior two years in the number of clients with quarterly bookings over \$100 million.

Accenture's largest client relationships, which it refers to as "Diamond clients," comprise more than 50% of its total revenues. These numbers reflect the scale of Accenture's work with its top clients and their level of trust, which sets the company apart. Accenture clients have increasingly taken on bold transformation programs, often spanning multiple parts of the enterprise and in accelerated timeframes — an approach the company refers to as 'compressed transformation.'

Voice of the customer at the top of the company

Recognizing the importance of its Diamond client relationships, Accenture has appointed a senior managing director, Arjun Bedi, to lead this strategic portfolio of clients as a member of the company's Global Management Committee (GMC). In his role, Arjun leads an Executive Leadership Team comprised of client account leaders representing the company's three geographic regions — North America, Europe and Growth Markets — who together bring the voice of the customer to the very top of the company.

Arjun Bedi, Chairman, Diamond Client Leadership Council, commented: "Trust is at the heart of developing deep strategic relationships. We solve for our client's interest first, and also ensure it aligns with value for Accenture. This requires understanding the industry context and the strategic objectives of the customer in order to provide a view of value across multiple dimensions to ensure a '360 degree view of value' — it means going beyond financial measures to include all dimensions of value that matter to the client."

Account-based growth framework

Companies should take a more aligned view of how they manage, sell to, market to, deliver services to, and leverage their executive relationships for their customers, their customers, particularly the 3% or so that are driving half their profitable revenue.

They need a holistic view as to how to allocate resources and organise themselves more effectively to deliver profitable, sustainable growth and outstanding value for the most important customers. Done effectively, the impact on long-term profitable growth is significant.

The account-based growth framework to bring all these elements together (see figure 2). With the perfect storm of geopolitical uncertainty, economic pressure and the climate challenge facing all of us, now is the time to focus on those customers that matter most, working with them to build sustainable long-term value for your companies, your communities, and the planet.

By Bev Burgess and Tim Shercliff,
Inflexion Group,
www.inflexiongroup.com. ©