

Driving B2B growth with account-based marketing

B2B marketing differs in many ways from its consumer counterpart and has its own techniques. In this article, **Bev Burgess** explains how account-based marketing has evolved to outperform any other marketing approach and why it is time to position it as a business change initiative to drive company growth

WHEN 84% of marketers who measure return on investment tell you one marketing approach delivers higher returns than any other, you listen. Especially when half of those people go on to describe the returns they're achieving as 'significantly higher'.

The approach in question is account-based marketing (ABM) and it's a whole lot more than reverse IP lookup. Defined by ITSMA as 'treating individual accounts as a market in their own right', ABM focuses the end-to-end marketing process on just one company. When that company is the ICBC (Industrial and Commercial Bank of China, with assets worth \$3,322bn), Walmart Stores (revenues of \$486bn), Royal Dutch Shell (revenues of \$420bn), or Toyota (revenues of \$252bn), it's easy to see the logic of treating it as a global market in its own right. After all, there are only 39 countries in the world with a GDP larger than Toyota's revenues.

The higher returns you can achieve with this approach shouldn't come as a great surprise. ABM has specific objectives and a narrow audience. It is, by definition, an integrated, coordinated programme of activities that proactively brings valuable propositions and relevant ideas to the client. ABM also fosters closer cooperation between marketing, account management and sales, as they work collaboratively through the seven steps for an individual account (Figure 1). The same cannot be said for all of the programmes marketers run.

The widespread adoption of ABM by some of the largest technology companies in the world is testament to its success: they include BT, Capgemini, CSC, Fujitsu, HP, Microsoft and Oracle. ABM's reach now extends beyond the IT sector into professional and other business services. Its growth has spawned a supply-side industry with agencies offering ABM research and campaign services, or even specialising just in ABM.

FIGURE 1: ITSMA's seven-step ABM process



Source: ITSMA, 2015

FIGURE 2: B2B marketing strategies pyramid



Source: ITSMA, 2015

But if this approach really does deliver such consistently high returns, why isn't everyone in B2B doing it? And why aren't those who are using ABM doing more of it?

HOW AND WHERE ABM WORKS

ABM is a long-term programme that is resource-intensive. It takes more than a year to deliver substantial returns. It costs thousands to do well, and so is only relevant to firms whose deal size warrants that level of investment. And even for the large technology firms that pioneered the approach, it is only worth investing in ABM for the most important accounts.

ABM sits at the top of your marketing

pyramid as the strategy for those accounts that will make or break your future business (Figure 2). The objective of ABM is either to grow your small share of a large wallet or to defend your already large share of that wallet. Either way, ABM only makes sense in accounts with large budgets. All other existing or target accounts will be more cost-effectively served through segment (e.g. industry) or mass-customised, technology-enabled marketing.

One of the most critical elements in growing or defending wallet share is changing the perception of your organisation in the collective mind of the account so that you can cross- or upsell. Juniper and Cognizant, both winners in the ABM category of ITSMA's

CASE STUDY: JUNIPER NETWORKS

■ **CHALLENGE:** Juniper Networks knew that its largest customer was evaluating potential partners for a critical project – its next-generation virtualised, software-defined network. This leading-edge project would likely set the direction and tone for the whole industry, defining the technology leaders in the process. Juniper’s future success hinged on securing a partnership role. But the customer viewed Juniper as a small hardware vendor, not a strategic partner.

■ **OBJECTIVE:** Change the customer’s perception of Juniper from a small hardware vendor to a strategic software partner that could support the customer’s future business most effectively, even when compared to larger companies.

■ **APPROACH:** The first step was to form a customer team from multiple functions across the company, including marketing and sales. Juniper hired a dedicated marketing manager to oversee ABM activities. The team began by conducting extensive internal and external analysis to develop a comprehensive view of the customer’s current

and future state. They developed a three-year, integrated marketing plan, aligned with the sales plan and the customer’s vision.

Marketing worked with sales to segment the account contacts into three groups: the decision makers; circle of influence; and operational teams. Each contact was assigned a mindshare score, which combined to determine the account-level mindshare score. All the ABM work was designed to improve these scores over time.

The key components of the execution strategy included a long-term communications plan, thought leadership through education, awareness building, and sales-enablement tactics.

A multiphase communications plan included highly targeted messaging for each individual. Communications were delivered through executive advisory boards, round tables, briefings, newsletters, webinars and events. The team also communicated to the external circle of influence, including analysts, bloggers, and technologists, followed closely by the decision makers.

The team first determined who they needed

to reach based on their current mindshare status, then developed the appropriate content.

Juniper focused its thought leadership efforts on educating customers on new technologies, and the implications of those technologies, rather than on products. Targeted audiences received this content through customised Innovation Day events, user groups, webinars, direct marketing, and one-to-one meetings. The marketing team also developed extensive customer insight reporting to enable sales to bring extremely relevant messaging to individual contacts.

■ **RESULTS:** Juniper became the second strategic partner selected in the customer’s new network strategy and the first in its competitive set. Revenue from the account increased 30% year-on-year. Marketing contribution grew to represent 30% of a multibillion-dollar pipeline. Marketing also demonstrated a substantial increase in account mindshare.

Juniper has since expanded its ABM programme into other accounts and verticals.

2014 Marketing Excellence Awards, illustrate the art of the possible in applying ABM to reposition and accelerate account growth (see case studies above and opposite).

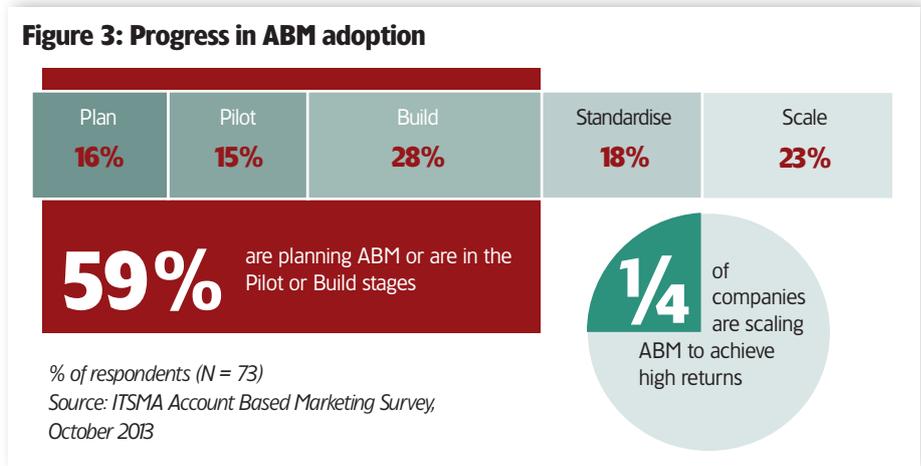
THE CHALLENGE OF SCALE

As these case studies demonstrate, ABM can and does yield impressive results. Even so, the biggest risk faced by most ABM programmes is a direct result of their success: the demand for more. Many companies pilot ABM and see early results, then try to scale their efforts across business units and geographies, only to decide that it is, after all, too difficult to implement. Today, just one in four companies is at the point of scaling its ABM programme (Figure 3).

One of two things tend to happen as marketers are asked to scale their ABM programmes, since typically the request comes without much additional investment.

■ **ABM Lite:** In ABM, less is definitely not more. Successful ABM requires dedicated staff, preferably – as in the Juniper example – one marketer to one account. It can even work with the more typical scenario of one marketer looking after three to five accounts. The difficulty comes when marketing is asked to scale without additional people or money.

The result is ABM Lite, and it comes at a cost. Limited resources means limited ability to conduct crucial activities, such as gathering account insights, developing compellingly tailored propositions and generating appropriate content. You may generate



some additional benefit beyond standard industry-specific marketing campaigns but they probably won’t justify the additional investment. They certainly won’t match what true ABM would deliver. With the dilution of effort (and investment) comes the inevitable dilution of results.

■ **Burnout:** The other issue is burnout. Sales teams love the benefits of ABM: uncovering new opportunities; increasing wallet share, revenue and margin; and having richer conversations with customers (Figure 4). Their demand for ABM increases faster than the supply of qualified marketers can keep pace with it. Like any good marketer, ABMers typically do their best to fill the void, whether they have adequate resources or not.

At ITSMA’s global ABM Council meeting

in Boston in June 2015, experienced ABM programme leaders cited burnout of their ABM marketers as one of their biggest challenges. Although one in five companies say the problem of finding and recruiting people with the right skills is a barrier to scaling ABM, it seems that once you have those people, you risk burning them out within two years if you don’t support them with appropriate investment.

OVERCOMING THE OBSTACLES

Emerging marketing technologies will inevitably help. Earlier this year, Demandbase received a \$30m injection to accelerate growth around ABM technologies, and Marketo’s founder, Jon Miller, received \$10m to create Engagio, a more targeted platform for ABM.

A raft of forthcoming tools promises to automate some of the ABM process at scale. Agent³ already does this for account insight, supporting companies such as BT and CSC, which deliver ABM on a global basis.

But no technology can replace the need for critical and creative thinking. To reach its full potential in B2B organisations, ABM needs qualified marketers in place (see ITSMA's

Certification Programme for more details), working as team members alongside their sales and account management peers.

For ABM to be successful beyond a concept and small pilots means positioning it as a business change initiative. ABM programmes need to be recognised as impacting people, processes and systems, inside the marketing function and beyond. Our 2014 ABM

benchmarking study showed that we still have a long way to go. Among marketing organisations using ABM:

- Seventy-five per cent see ABM as predominantly a marketing-led, rather than a business-led initiative.
- Two-thirds of respondents have multiple, uncoordinated ABM initiatives in different geographies, business units, or both.
- Most ABM practitioners are doing ABM without a governing council or programme management office.
- ABM initiatives are being funded primarily by field marketing, which results in ABM remaining a localised, tactical activity.

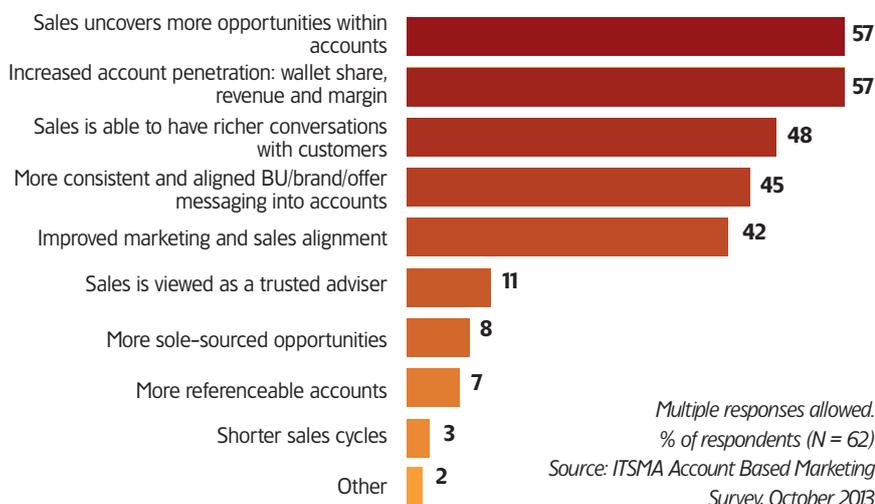
I believe the best way to achieve success with ABM is to change the way management teams think about marketing in this context. Rather than trying to 'contain' marketing spend and headcount in what they have traditionally seen as a centralised support function, it's time to see ABM as something akin to account management, championed by the business. After all, if an account management programme scales by adding more account managers, why doesn't ABM?

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Full article with references available from the author at www.itsma.com

Figure 4: Benefits of ABM for sales

What are the key benefits of your ABM programme for sales?



CASE STUDY: COGNIZANT

■ **CHALLENGE:** Cognizant's manufacturing and logistics practice has a diverse client base that includes one of the world's leading automobile OEMs, based in North America. A strategic approach was needed to bring greater business value to this important client and to Cognizant.

■ **OBJECTIVE:** Change the client's perception of Cognizant from a transactional vendor to a key strategic partner and map Cognizant solutions and capabilities to key business technology challenges in the client.

■ **APPROACH:** The ABM approach was anchored by a full-day event with the company's senior executives (called the Cognizant Partnership Day). The content was focused solely on the auto OEM's existing state and strategic initiatives. It offered prescriptive suggestions on next steps. Cognizant also adopted personalised web pages for participants, targeted messaging about the event with delivery of related content, audience engagement using mobile-based gaming aimed at portable handheld devices, and information kiosks to enhance engagement.

The entire campaign delivered a consistent message on the client's future state strategy. A

core team of executives was identified from a wide range of Cognizant business units to gain internal buy-in and ensure precision execution.

The Cognizant Partnership Day featured exclusive talks presented by leadership on a variety of topics shaping the auto industry, such as mobility, social media and emerging automotive technology. A mobility presentation featured its proprietary, custom-developed mobile apps, which were delivered through portable devices given to the audience. This ensured the highest levels of audience engagement and partnership.

Information kiosks on each of the core focus areas offered participants specific information on the topic and the opportunity to engage in meaningful, one-on-one interactions with our leadership team and subject matter experts.

■ **RESULTS:** In addition to 100% year-on-year revenue growth, with a headcount growth of about the same rate, the programme delivered the following outcomes:

- Multiple prospects and follow-up calls in mobility, analytics, agile development and engineering – a 500% increase in demand
- Cognizant now involved in all of the

client's major strategic business initiatives – a 400% mindshare increase.

- A 500% increase in new services opportunities and 300% increase in new executive meetings.
- Cognizant now shortlisted for every service opportunity (a 500% increase) and in some instances preferred vendor.
- Change in perception from vendor to thought leader, taking conversations with leadership to the next level.
- Opportunities to engage with multiple product groups, multiple levels of the organisation and different functional lines.
- More client invitations for pursuits in multiple lines of business of the client organisation, including engineering, automotive technology, business consulting and mobility.
- Cognizant has been chosen as a preferred partner for the client's mobility projects. In addition to now being among the top five accounts in the manufacturing and logistics practice, this account consistently topped annual customer satisfaction surveys conducted across all engagements. It has scored about 7% higher than the average customer satisfaction score of clients in the manufacturing and logistics practice.