

## The Rise of Account-Based Marketing: Leading Practices for Generating Greater Returns from Marketing

By Susan Buddenbaum and Bernie Thiel

As a customer-centric focus increasingly proves critical to the success of professional service firms, account-based marketing (ABM)—the dedication of marketing resources, time and attention to specific accounts and prospects—has become one of the most important elements of firms’ overall marketing plans.

To understand the rise of ABM and the key components of a successful ABM program, Alterra Group recently completed a comprehensive research initiative involving 50 U.S.-based practice leaders, marketers and business development executives across professional services sectors. In this paper, we explore the rise of ABM as a professional services marketing strategy and describe the typical lifecycle of ABM programs, as well as share what we learned from our research about how ABM leaders derive higher returns from their ABM investments through the use of a variety of ABM best practices.

It’s no secret that companies that strategically focus on their customers are more profitable and more likely to exceed financial goals of return on shareholder equity, return on assets, revenue growth and market share growth than their non-customer-centric counterparts. This is especially true during the recent recession, which demonstrated the value of customer loyalty to the revenue and profitability of all types of businesses, including professional services firms.

But customer centricity doesn’t happen by accident. Indeed, it requires marketing to be far more customized and sophisticated to be successful. Marketing now must gain far deeper insights about customer beliefs and buying behaviors—as well as act on those insights by tailoring marketing programs and messages to address customers’ unique challenges and concerns.

A long-time client recently told Alterra Group, “As our clients become more sophisticated in their buying, we have to become more sophisticated in our marketing and business development. To be truly relevant in our marketing efforts we have to have a much tighter connection

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to our customers and prospects and deliver marketing programs that are specific to their needs.”

For a growing group of professional service firms, account-based marketing (ABM)—the dedication of marketing resources, time and attention to specific accounts and prospects—has become a key enabler of greater customer centricity. In fact, our recent experience has revealed that ABM now is one of the most important elements of firms’ overall marketing plans, a trend that

has only been accelerated by the recent recession.

To understand what’s behind the rise of ABM, as well as the factors underpinning a successful ABM program, Alterra Group recently completed a comprehensive research initiative involving 50 U.S.-based practice leaders, marketers and business development executives across the management consulting, accounting, law, corporate training and other professional services sectors. Our research included both one-on-one executive interviews as well as a quantitative survey.

In this paper, we explore the rise of ABM as a professional services marketing strategy and describe the typi-

cal lifecycle of ABM programs—from choosing target accounts and staffing, to identifying specific marketing tactics and measuring results. Along the way, we share what we learned from our research about how ABM leaders derive higher returns from their ABM investments through the use of a variety of ABM best practices.

### The Rise of Account-Based Marketing

Our research confirmed what our experience had led us to believe: Among professional services firms, ABM is indeed growing in importance. In fact, the vast majority of survey respondents (86 percent) use ABM as part of their marketing mix. In addition, 80 percent said it will become more important to their organization in the next year. Larger companies are even more bullish on the future of ABM, with 92 percent of firms generating more than \$1 billion in revenue believing ABM will become more important in the next year (compared with 72 percent of smaller firms).

Why this rise in importance? For the majority of survey respondents, the increased focus on client retention and growth at their firms was a major reason (Figure 1).

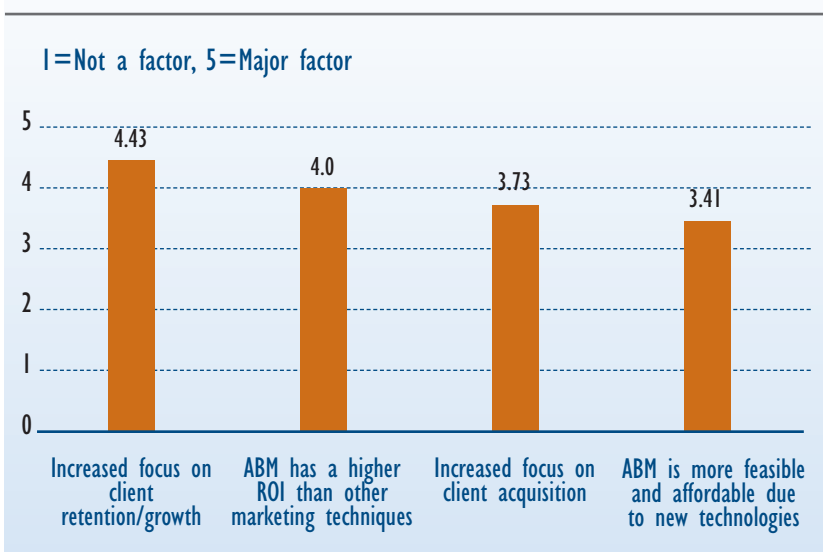
In our research, one chief marketing officer at a mid-sized law firm clearly articulated this dynamic. He told us that his management team’s decision to invest in ABM was driven by the firm’s recognition that in the recessionary economy, its success depended on a handful of accounts. The firm thus shifted its strategy and resources to focus on preserving and expanding those account relationships. ABM was a natural marketing strategy to support this change in focus.

As greater customer-centricity drives the adoption of ABM in professional services, the efficacy of the approach is reinforcing its value. Indeed, 97 percent of survey respondents said ABM has a somewhat higher or much higher ROI than other marketing initiatives (Figure 2). Eighty-four percent said that ABM’s

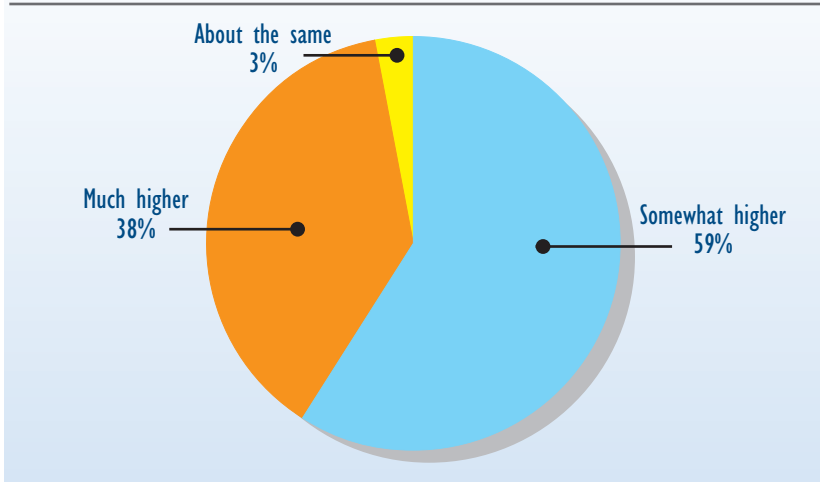
### ABM Best Practices at a Glance

- > Consider quantitative and qualitative factors when choosing target accounts. Use a flexible approach for gauging the opportunity.
- > Focus on those accounts in which there is a high degree of team continuity in terms of knowledge and relationships.
- > Make firm marketers accountable to provide strategic direction to ABM programs or drive the execution of specific elements of ABM programs, as opposed to playing a supporting or reactive role.
- > Staff ABM initiatives with marketers who possess deep account and industry knowledge in order to create account-relevant marketing messages and programs.
- > Maintain a tight linkage between sales, marketing and account teams.
- > Take advantage of templates and reusing content to the fullest possible extent, balancing the need to scale with the need for account-specific relevance.
- > Closely measure the impact of ABM spending, focusing primarily on quantifiable business metrics such as revenue growth.

Figure 1:  
Reasons for Increasing Importance of ABM



**Figure 2:**  
ROI of ABM Versus Other Marketing Techniques



higher ROI is a significant factor in its increasing importance. Eighty-four percent also gave ABM a four or a five rating on a five-point scale for its ability to help firms expand client relationships (Figure 3). For 65 percent, it earned a four or a five for its power in attracting new clients. At a time when many professional services firms face declining revenue and thriftier clients, these are powerful benefits.

**Choosing ABM Targets: Revenue Potential is Key, but Qualitative Factors Matter**

What can professional services firms do to ensure that their ABM initiatives generate returns such as these? One of the most important success factors is deciding which clients will be the targets of ABM programs. After all, given the more intensive demands on resources from across the firm that ABM requires, firms must be careful to pick those accounts where the return justifies the investment.

Most respondents seem to agree on how ABM targets should be chosen. Seventy-eight percent said that potential future revenue from the account is the key decision criteria, closely followed by the current or projected profitability of the account. In contrast, a high risk of losing an account is not a key criteria, nor was the existence of projects that cross firm practices or geographies (Figure 4). In other words, ABM is used primarily as a forward-looking, proactive

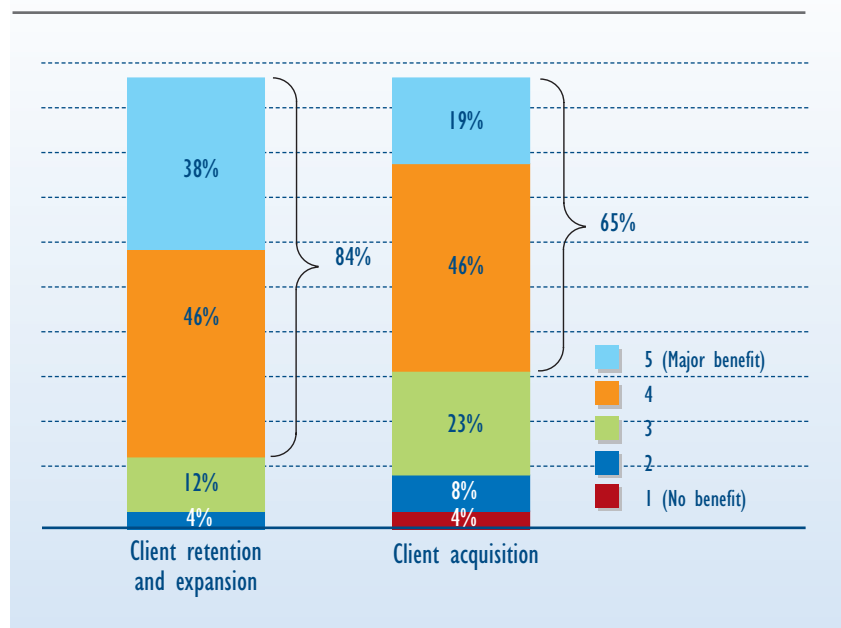
approach—not as a defensive strategy or a means of better managing client relationships made more complex by the scope of the engagement.

Beyond choosing accounts based on future revenue potential and profitability, there are a number of non-financial account-selection criteria that surfaced in our research. For instance, in some firms the revenue stream from an account is often erratic or cyclical. An account could have one large project such as a big litigation, acquisition or systems integration that makes it a top revenue generator for the firm for a single year, yet a similar-sized opportunity might not occur again for many years. In such a case, current revenue

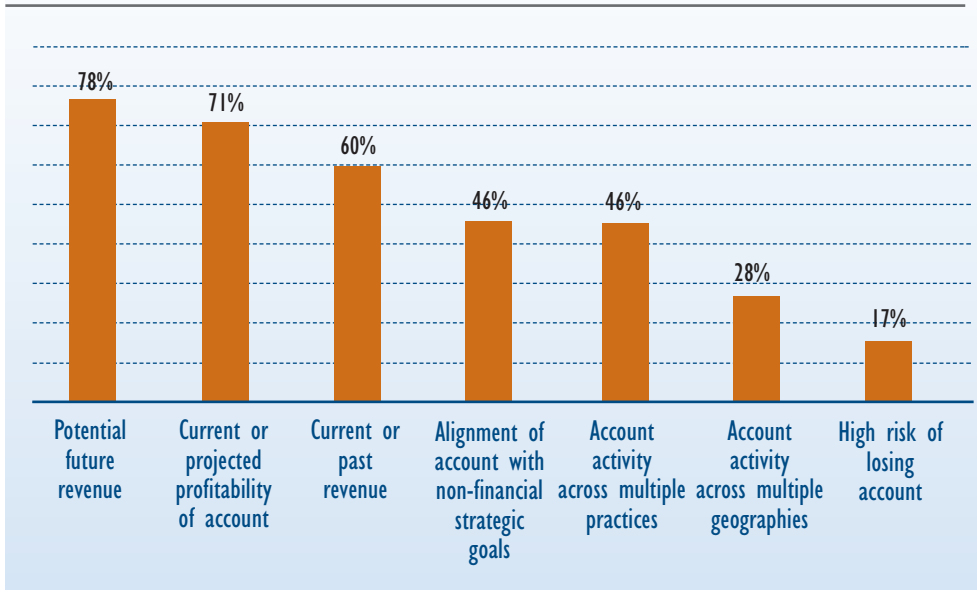
is not an indicator of future success with the account. Thus, a firm may opt to analyze the specific upcoming opportunities at top accounts to determine whether marketing could help the firm increase its odds of winning.

Another important element in ABM account selection is the degree of continuity in the account team. In many instances, teams are created around pursuits and specific projects and disbanded when the pursuit or work is done. In such cases, it is more difficult to fully execute ABM due to the lack of internal team continuity, more limited account knowledge and fewer enduring account relationships.

**Figure 3:**  
ABM’s Impact on Client Retention and Acquisition



**Figure 4:**  
Criteria Used to Choose ABM Targets



The maturity of account planning and business development processes is yet another critical determinant of success in choosing the most appropriate ABM targets. When these processes are robust, they provide a natural structure for creating and executing account-based marketing programs. When they are weak, ABM typically takes a different form. In the latter situation, marketing resources participate in (and coach and provide tools for) developing structured account planning and opportunity review discipline before embarking on actual account marketing programs.

Many firms also are challenged by bringing together multiple practices and services into an integrated ABM program. Some of the difficulty comes from within. In some firms, there are scant formal incentives for individual practices to help other groups within the firm establish themselves in a given account. In other cases, the challenge derives from the client. In one such instance, a company we profiled chose not to use ABM for a particular account out of fear of revealing just how much work their firm was collectively getting from the client. The firm was concerned that drawing too much attention to its collective fees could cause the client to take action to diversify vendors or negotiate volume-based fee reductions.

Leading firms deal with these challenges by staying flexible in their approach and focusing on accounts with a high degree of revenue potential as well as team continuity, a willingness to embrace ABM and few internal barriers to implementation (Figure 5).

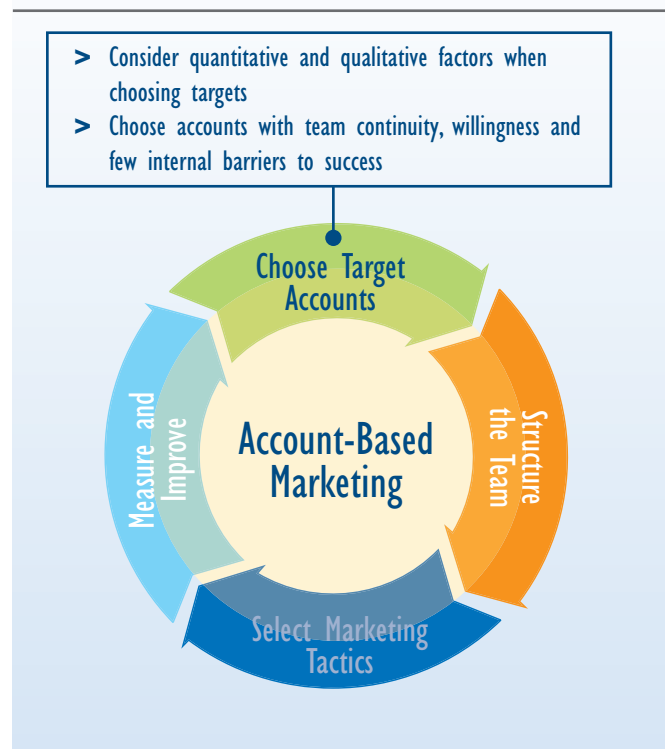
played supporting roles only (Figure 6).

However, some differences of opinion do emerge on the role of marketers within ABM programs upon a closer look at the data. For instance, within large firms—presumably with larger and more mature mar-

### Structuring the ABM Team: Right People, Right Skills, Right Roles

Another key success factor is structuring ABM teams correctly. For the vast majority of firms we studied, this means putting marketing staff in positions of authority within their ABM programs. In fact, 79 percent of respondents said that marketers either provided strategic direction for ABM initiatives or drove the execution of specific parts of these initiatives. In contrast, just 21 percent said that marketers

**Figure 5:**  
ABM Targeting Success Factors



keting capabilities than many smaller firms—no respondents said marketers played only supporting roles in ABM, versus 31 percent of respondents from small firms.

There also appear to be differing perspectives between marketers and non-marketers regarding the role that marketing plays on an account team. Almost half of non-marketers said marketing played only a supporting role in ABM while 36 percent perceived marketing as playing a strategic role on the team. In contrast, 53 percent of marketers said they provide strategic direction on ABM activities and no marketers considered their role as only a supportive one (Figure 7). This data suggests that there is work to be done in most organizations to clarify team roles and expectations when initiating account-based marketing.

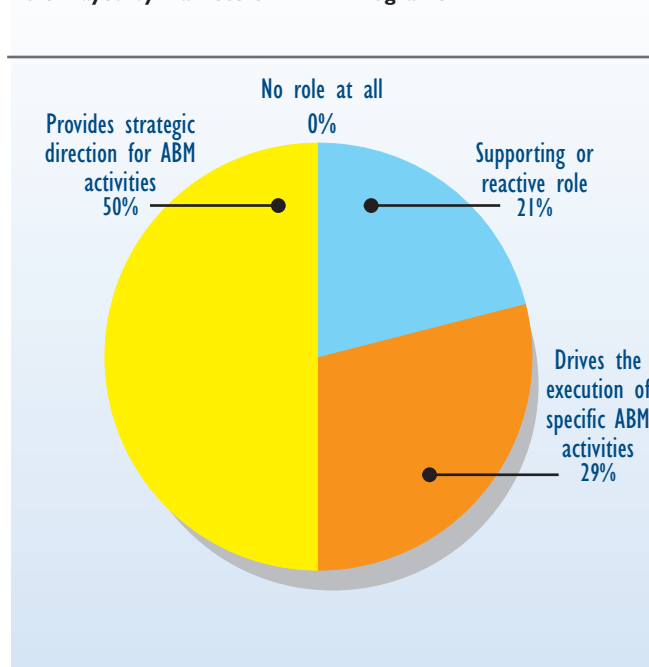
Regarding the appropriate role definition for marketing, our leaders/laggards analysis showed a definitive trend. Ninety percent of leaders—defined as those respondents who reported major benefits to either client retention or acquisition as a result of their ABM programs—described the role of marketers in ABM as either providing strategic direction or as driving the execution of specific elements of ABM programs. In contrast, just 69 percent of laggards described the role of marketing staff thus, with 31 percent saying that marketers played only a supporting or reactive role.

What else do leading firms do to structure their ABM teams more effectively than others (Figure 8)? Our interviews revealed the importance of recognizing and responding to the need for different marketing skills than those required by traditional professional services marketing initiatives. In particular, our interview subjects told us that marketers need deep account and industry knowledge to build effective marketing programs, create account-relevant marketing messages and garner respect within the account team.

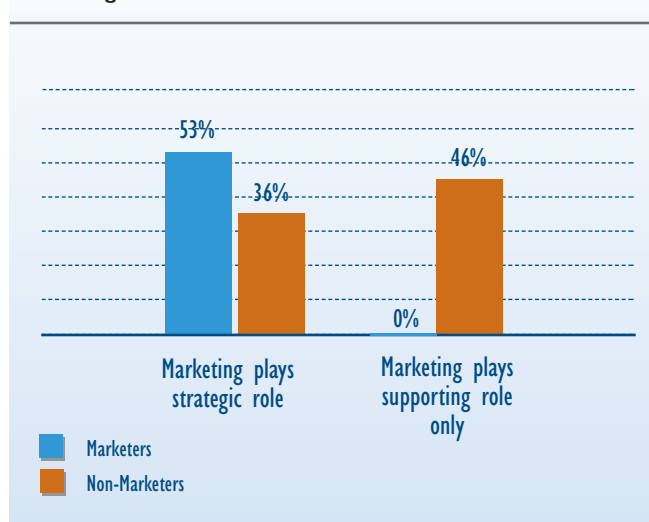
“A different skill set is required from marketing to do ABM,” said one consulting firm marketing director. “Marketers must have company knowledge, but also industry experience for the industries you are serving. If they don’t, the learning curve is tremendous. Marketers also have to be content people: It’s very difficult to create a strategy based on marketing tactics without having deep account and business issue knowledge.”

Our research further revealed that in companies generating substantial results with ABM, marketing staff are deeply integrated into the account team. One marketing executive who works across numerous ABM teams commented, “Now that ABM has become a greater focus for our company, we have stronger alignment between marketing and sales and marketing is more embedded with account teams—all of which

**Figure 6:**  
**Role Played by Marketers in ABM Programs**



**Figure 7:**  
**Differing Opinions on the Role of Marketing within ABM Programs: Marketers vs. Non-Marketers**



makes us more successful.”

While tight integration between marketing and account teams is ideal, it is not always feasible. In our experience, it is a function of three factors:

- **Support from leadership for a multi-discipline account-centric focus.** First and foremost, a firm’s leadership must be committed to a client-centric strategy and support that strategy with the operating model and resources required to execute effectively. It may be that such an account-centric strategy applies only to the top tier of accounts, but for those chosen as “top accounts,” leadership must reinforce the importance

**Figure 8:**  
**ABM Team Structure Success Factors**



selected accounts. The ideal pilot is a willing account team that believes marketing can make a difference at its client matched with a marketing resource who is well respected for his or her industry and business knowledge as well as ability to execute.

A final factor in creating the necessary team structure is budget. For 92 percent of respondents, ABM budget comes from marketing budgets (50 percent) or account-specific budgets (42 percent). In contrast, only 8 percent said that ABM is funded by

of spending time on account planning, management, marketing and relationship development.

- > **The resourcing and capacity of the marketing team.** The availability of marketing resources with the right skills is a critical determinant of the approach a firm takes to ABM implementation. Establishing a tight integration with an account team and playing a strategic role on that team require significant time from a marketing resource. The degree to which that time is available will determine how many accounts are targeted by an ABM program and how customized the marketing can be to each account. If a firm has significant marketing capacity constraints, its approach to ABM requires a more replicable and scalable approach such as the creation of templates and materials that can be “mass-customized” by account teams without marketing assistance (see section on ABM tactics).
- > **The track record and credibility of marketing staff.** A third factor in marketing’s integration into account teams is the success rate that marketing has had with teams in the past. In firms where historically marketing has not worked closely with field teams, they have begun by piloting ABM in carefully

a business unit or practice-level budget.

### Selecting ABM Tactics: Balancing Scalability and Relevance

Companies have a wide range of ABM tactics at their disposal, including client-specific events, annual reports, email newsletters and microsites, webinars, and social networking activities. According to our survey, however, most respondents use a fairly narrow range of activities. In fact, for eight out of the 12 possible tactics we studied, less than one-quarter of respondents reported heavy use. The most heavily used ABM tactics included company-specific educational events, trade show meetings, customized “annual reports” and email newsletters (Figure 9).

Generally, the most frequently used tactics also were perceived as the most effective (Figure 10). Tools thought to be most effective at fulfilling ABM goals include company-specific educational events (50 percent of respondents said these worked very well), annual reports (42 percent), and microsites (31 percent). However, email newsletters are more widely used than they are effective, while microsites—private websites dedi-

One company we profiled chose not to use ABM for a particular account out of fear of revealing just how much work their firm was collectively getting from the client. The firm was concerned that drawing too much attention to its collective fees could cause the client to take action to diversify vendors or negotiate volume-based fee reductions.

**Figure 9:**  
**Percentage of Respondents Using Each ABM Tactic to a Large Extent**

Tactics	Use to a large extent
Company-specific educational events: Providing access to internal/external topical experts to your clients	46%
Hold meetings with individual clients during trade shows or industry conferences	46%
“Annual reports” on the overall client relationship	35%
Email newsletters customized for and targeted to specific clients and prospects	31%
Client- or prospect-specific webinars	23%
Develop customized presentations, white papers and other thought leadership documents for specific clients based on new points of view	23%
Microsites: Private website dedicated to the relationship with a client	15%
Social/sporting events for specific clients or prospects	15%
Conduct promotion for the client—speaking slots, case studies, PR, etc.	8%
Highly-targeted advertising (such as in the elevators of client buildings)	8%
Benchmark a specific client or prospect against recent research findings	4%
Client- or prospect-specific groups or blogs on social networking sites	0%

**Figure 10:**  
**Use and Effectiveness of ABM Tactics**

Answer Options	Use to a large extent	Consider tactic to be very effective
Company-specific educational events: Providing access to internal/external topical experts to your clients and prospects	46%	50%
Hold meetings with individual clients during trade shows	46%	38%
“Annual reports” on the overall client relationship	35%	42%
Email newsletters customized for and targeted to specific clients and prospects	31%	19%
Client- or prospect-specific webinars	23%	19%
Develop customized presentations, white papers and other thought leadership documents for specific clients based on new points of view	23%	23%
Microsites: Private website dedicated to the relationship with a client	15%	31%
Social/sporting events for specific clients or prospects	15%	23%
Conduct promotion for the client—speaking slots, case studies, PR, etc.	8%	23%
Highly-targeted advertising (such as in the elevators of client buildings)	8%	12%
Benchmark a specific client or prospect against recent research findings	4%	15%
Client- or prospect-specific groups or blogs on social networking sites	0%	8%

cated to the relationship with a specific client—are more effective than they are widely used. In our experience, microsites are already in wide use among the largest and most sophisticated firms, and we expect that as more firms progress along the learning curve, microsites will become more prevalent. At the same time, as the volume of email marketing continues to mushroom and open rates plateau or decline, we expect that for some firms such activities will become relatively less important.

Indeed, our research supports these predictions (Figure 11). While 58 percent of respondents intend to increase their usage of microsites (the largest percentage among all tactics), only 38 percent intend to increase their use of email newsletters. Respondents also plan to increase their use of customized thought leadership and company-specific educational events. Tactics getting the fewest votes for increased use include benchmarking of clients against existing research, highly targeted advertising, and social/sporting events.

As stated earlier, 86 percent of respondents use ABM as part of their marketing strategy. For two-thirds of those respondents who do not use ABM, the reason was a lack of internal resources. Indeed, creating the customized content required

for effective ABM can be prohibitively time-intensive for many firms. Thus, taking advantage of templates and reusing content to the fullest possible extent is critical (Figure 13).

Examples include an “event in a box”—everything an account team needs to host a client luncheon on a topic of interest to most clients—or an email newsletter whose content can be customized by the account team to make it more relevant to a specific client. “We have developed tools that help us serve different clients with the same content,” noted one consulting industry marketing executive. “We simply put a custom wrapper on it.”

Our research also confirms that providing tools and templates for account teams to customize is key to doing ABM at scale. In fact, 67 percent of ABM leaders provide such tools to a large or very large extent, versus 46 percent of others (Figure 12). (Large firms also are more likely than small firms to emulate this standard: 66 percent of large firms use customizable tools and templates to a large or very large extent, versus 35 percent of small firms.)

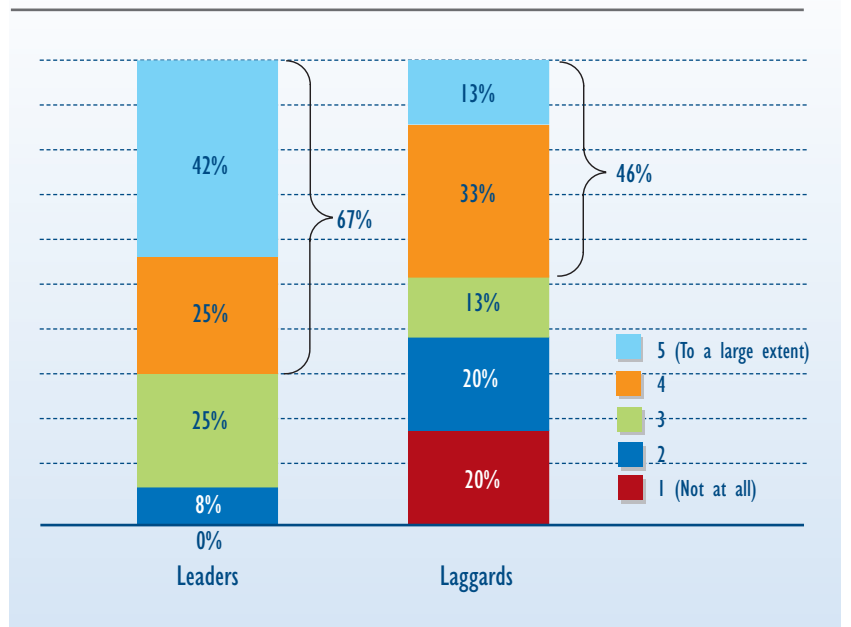
Using tools and templates, however, does not come without challenges. According to our interviews, the largest challenge lies in balancing the need to scale account-based marketing across the firm with the need to maintain a high level of relevance to each particular account. In fact, a marketing professional at one consulting firm admits his company spends considerable time thinking about how to balance re-use with account-specificity. This person’s best estimate of what they are ultimately able to do: Sixty-five percent of ABM content can be effectively repackaged, and 35 percent must be new each time.

**Figure 11:**  
Intentions to Increase Usage of ABM Tactics

Answer Options	Consider tactic to be very effective	Intend to increase usage over next 12 months
Company-specific educational events: Providing access to internal/external topical experts to your clients and prospects	50%	50%
Hold meetings with individual clients during trade shows	38%	27%
“Annual reports” on the overall client relationship	42%	42%
Email newsletters customized for and targeted to specific clients and prospects	19%	38%
Client- or prospect-specific webinars	19%	35%
Develop customized presentations, white papers and other thought leadership documents for specific clients based on new points of view	23%	54%
Microsites: Private website dedicated to the relationship with a client	31%	58%
Social/sporting events for specific clients or prospects	23%	23%
Conduct promotion for the client—speaking slots, case studies, PR, etc.	23%	31%
Highly-targeted advertising (such as in the elevators of client buildings)	12%	23%
Benchmark a specific client or prospect against recent research findings	15%	19%
Client- or prospect-specific groups or blogs on social networking sites	8%	42%

According to our research, keeping that 35 percent tailored to each client is critical to building marketing programs that are flexible, adaptive and responsive to changing account needs. Our interviews revealed that

**Figure 12:**  
Use of ABM Tools and Templates: Leaders vs. Laggards

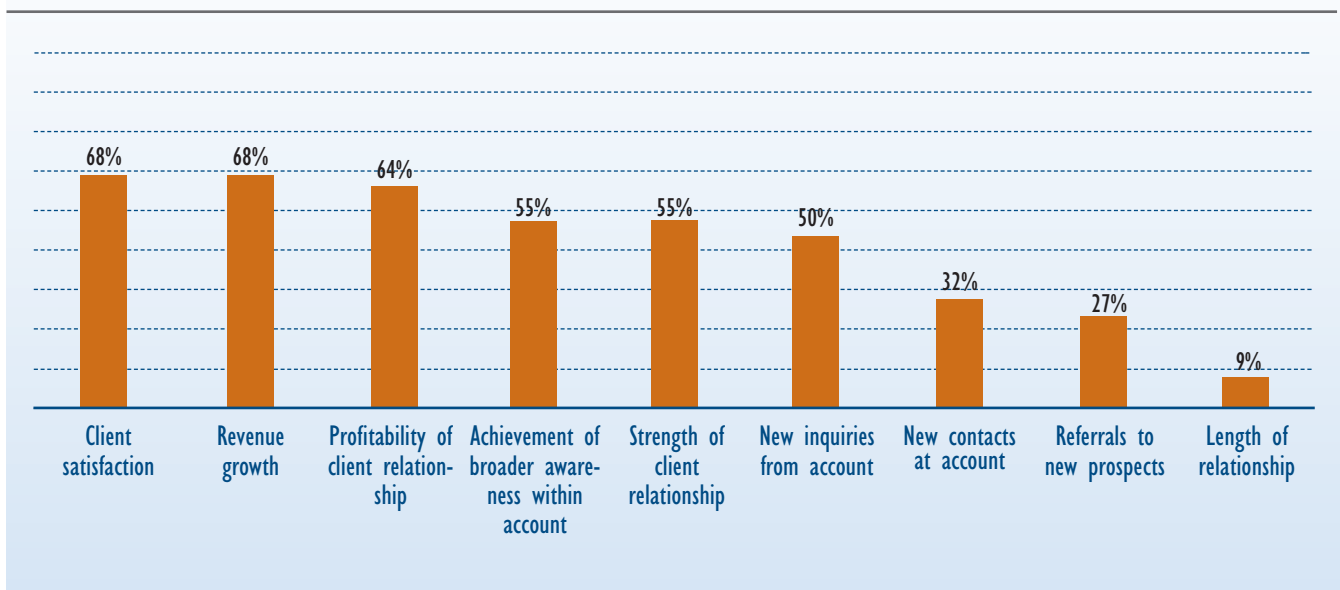


**Figure 13:**  
**ABM Tactic Selection Success Factors**



leading firms strive to continuously “put themselves in the client’s shoes,” focusing on the client’s needs and perspectives rather than the solution they are selling or delivering. The resulting ABM programs are driven by client issues and thus are responsive to their needs over time.

**Figure 14:**  
**Metrics Used to Measure the ROI of ABM**



### Measuring the Results of ABM: The More the Better

In this era of constrained budgets and heightened growth expectations, measuring the ROI of marketing spend is a given. This applies to ABM as well: Sixty-four percent of respondents measure ABM’s ROI to at least a moderate degree (a rating of 3, 4, or 5 on a 1 to 5 scale, where 1=not used at all to 5=used heavily). To do so, they focus on client satisfaction (68 percent), revenue growth (68 percent), the profitability of client relationships (64 percent), the achievement of broader awareness within the account (55 percent), the strength of client relationship from a qualitative perspective (55 percent), and the number of new inquiries/leads from the account (50 percent) (Figure 14).

When asked to identify the most important metric, 36 percent chose revenue growth in the client relationship. This was followed by the profitability of the relationship and the strength of the relationship from a qualitative perspective (cited by 25 percent and 21 percent, respectively).

Perhaps not surprisingly, small firms measure the ROI of ABM to a lesser extent than their larger counterparts. In fact, 56 percent of small firms only measure the ROI of ABM to a minimal extent or not at all. After all, when there are fewer opportunities in the pipeline and fewer resources involved in pursuing them, it’s intuitively easier to sense and attribute the contribution of marketing to revenue growth. However in large firms with numerous opportunities and resources contributing to revenue growth track-

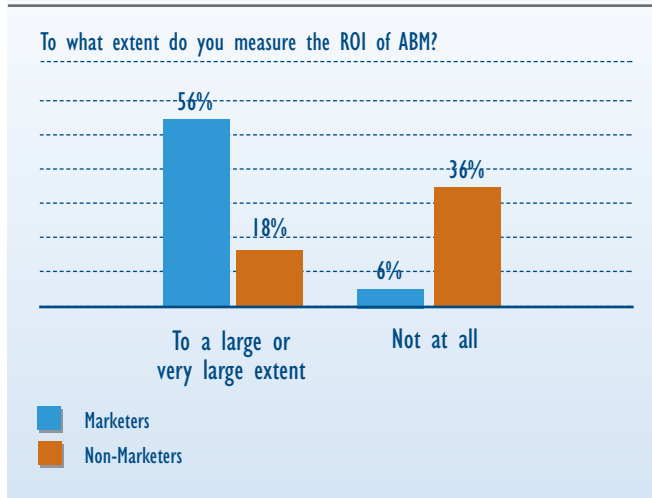
ing, the success of ABM requires a more rigorous approach. Consequently, no larger firms reported measuring ABM results minimally or not at all.

Our research also reveals several differences of opinion between marketers and non-marketers regarding ABM measurement. For instance, the majority of marketers (56 percent) said they measure the ROI of ABM to a large or very large extent (a rating of 4 or 5 on a scale of 1=not at all to 5=a very large extent), compared with 18 percent of non-marketers (Figure 15). In addition, 44 percent of marketers, compared with 20 percent of non-marketers, said revenue

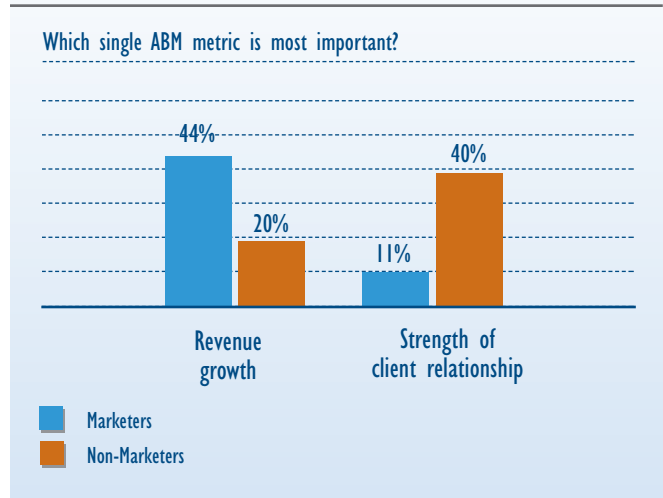
growth is the most important metric for gauging ABM success. Non-marketers considered the most important metric to be the strength of the client relationship from a qualitative perspective (40 percent said this was most important, versus 11 percent of marketers)(Figure 16). In short, our research highlights the fact that marketers and non-marketers are often on different pages when it comes to what should be measured and the extent to which measurement is taking place.

And what is one of the most critical success factors for measurement? To put it simply, the more measurement, the better. Our survey shows those firms that said

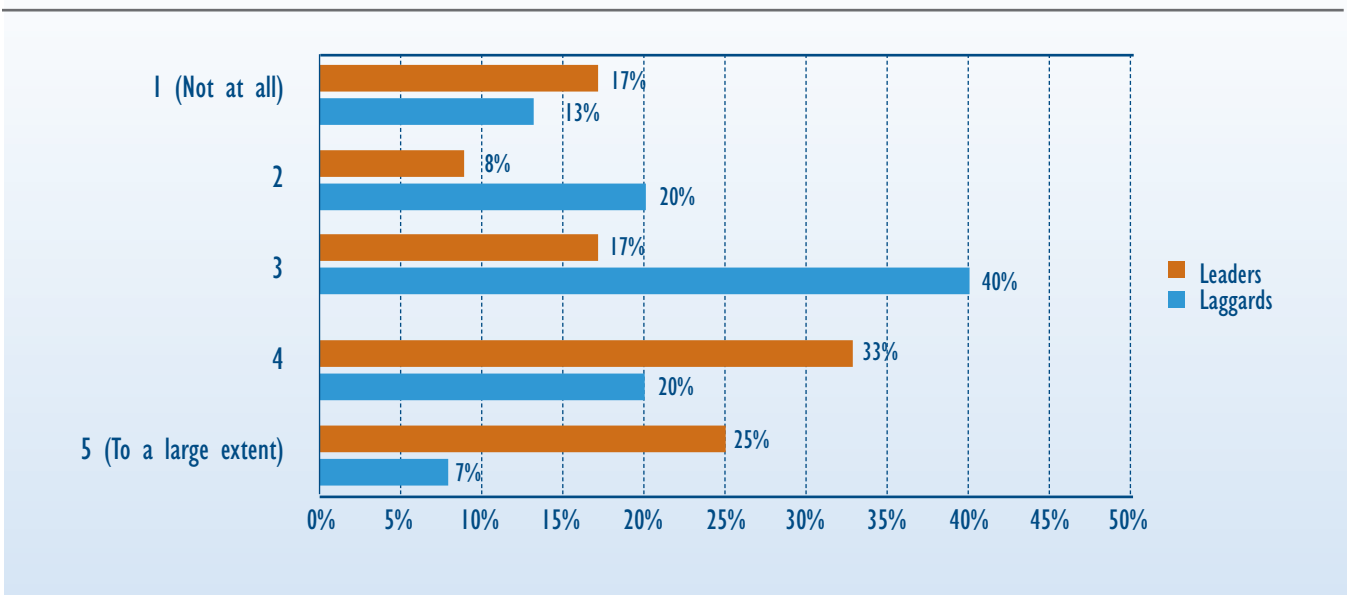
**Figure 15:**  
Differences of Opinion Regarding ABM Measurement:  
Marketers vs. Non-Marketers



**Figure 16:**  
Perception Gaps Regarding Most Important ABM Metric:  
Marketers vs. Non-Marketers



**Figure 17:**  
Extent of Measurement of ABM Programs: Leaders vs. Laggards



their ABM initiatives resulted in major benefits for either client retention or acquisition were more likely to closely measure the impact of their spending (Figure 17). Indeed, 58 percent of leaders said they measure the ROI of ABM to a large or very large extent, compared with 27 percent of laggards. And when they consider ROI, leaders focus primarily on quantifiable business results, choosing revenue growth as the single-most important measure of ABM's ROI.

**Figure 18:**  
**ABM Measurement and Improvement Success Factors**



### **Making ABM Work at Your Firm**

As professional services firms focused on retaining and growing their best accounts during the recent downturn, account-based marketing became a much more important element of their marketing plans. With its superior ROI versus mass marketing methods, ABM is a natural choice for firms looking to strengthen client relationships as cost effectively as possible. Given the results that many of the participants in our study have experienced, ABM likely will remain important well after the recession has passed.

Yet ABM can be a challenging discipline. It demands different skills than traditional marketing activities, it

forces firms to prioritize their accounts and work across functions, and it demands dedicated resources. As our research reveals, leading firms have developed innovative ways to choose the most appropriate targets for ABM programs, staff their ABM teams with the right professionals, reuse and recycle content while staying relevant and, ultimately, measure the impact of their ABM investments. By adopting these best practices, professional services firms stand to derive substantial returns from ABM, regardless of the economic climate. ▲

### **About the Authors**

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Alterra Group helps professional services organizations raise awareness of and create demand for their services among key target audiences. We do this via three principal services: developing unique points of view, articulating those points of view in a variety of publications, and building powerful marketing campaigns around the content in those publications to get points of view in the hands of current and prospective clients. We have applied our approach to thought leadership marketing in a diverse group of professional services firms, including leading global outsourcing and systems integration companies, influential trade associations, midsize consulting and strategic advisory firms, boutique consultancies, and independent consultants and authors.

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