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Driving Growth in Healthcare Organizations through a Strategic Account Management Program

Priyanka Taranekar

Independent Researcher, USA

* Corresponding Author: **Priyanka Taranekar**

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Abstract

This paper examines the implementation and impact of Strategic Account Management (SAM) programs in healthcare organizations with a proposed framework as the solution to overcome limitations of traditional SAM models. The study presents a comprehensive framework for developing and executing SAM programs, focusing on seven key steps: strategic account identification, account profiling, internal resource alignment, value co-creation, KPI establishment, change management, and continuous performance monitoring. The paper also considers the economic impact of implementing the proposed framework with a case analysis of a mid-sized healthcare organization with USD 100M in revenue. The impact assumptions include a 5% year-over-year revenue growth, 1% increase in gross margin, and improved customer retention, resulting in a significant economic benefit of USD 5.2 million increase in annual gross profit. The findings suggest that SAM programs enable healthcare organizations to build stronger partnerships with high-value accounts, enhance customer satisfaction, and maintain competitive advantage in an increasingly dynamic healthcare landscape. This research contributes to the understanding of how healthcare organizations can transition from transactional relationships to value-driven partnerships through structured account management strategies.

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Keywords: Strategic Account Management (SAM), Healthcare landscape, Customer-centric solutions, Revenue growth, Value-driven partnerships

Introduction

State and Federal regulation, political dynamics, changing socio-demographic characteristics and constant technological development cause significant changes in the healthcare sector resulting in a dynamic state of the overall healthcare landscape (Safonov *et al.*, 2022) ^[1]. To navigate this landscape, organizations must prioritize innovation to drive growth and retain their market position. Traditional sales models, often focused on a "one-size-fits-all" approach, are no longer sufficient to meet the complex needs of healthcare providers and key accounts. Shifting the focus from transactional relationships to value-driven partnerships that fosters long-term success and mutual growth, embedding a Strategic Account Management (SAM) Program can offer a transformative solution for organizations looking to reinvent their sales function.

This paper, "Driving Growth in Healthcare Organizations through a Strategic Account Management Program," examines how healthcare organizations can implement SAM programs to build deeper connections with their most important accounts. Organizations should co-create tailored solutions that align with their customers' specific goals & targets by understanding the unique challenges and opportunities within their client base.

The SAM approach emphasizes account prioritization, customer-centric solutions, and measurable outcomes. It requires a well-defined strategy that includes identifying high-potential accounts, aligning internal resources, and fostering collaboration with key stakeholders.

SAM Programs have the potential to drive impactful and meaningful change within an organization with real world outcomes, such as significant increase in revenue growth and a double-digit rise in customer satisfaction, amongst others. This paper provides a roadmap for healthcare organizations seeking to elevate their growth strategies through Strategic Account Management, ensuring competitive advantage in a rapidly evolving industry.

Problem Statement

In today's healthcare environment, traditional sales models are insufficient to meet the evolving needs of high-priority accounts. Many organizations rely on transactional, product-centric approaches that fail to address the unique goals and challenges of their most influential customers. This lack of strategic focus leads to missed opportunities for revenue growth, weakened relationships, and diminished competitive advantage.

Healthcare providers, MedSpas, dermatology practices, and

buying groups (especially those backed by Private Equite funding) demand personalized engagement and solutions that extend beyond product offerings. However, distributed sales models and siloed marketing efforts often hinder organizations from delivering customer-centric strategies. Furthermore, the absence of clearly defined account prioritization criteria and coordinated growth plans makes it difficult to achieve meaningful impact with strategic accounts.

A Strategic Account Management (SAM) program, when set up correctly, can help bridge these gaps. SAM enables healthcare organizations to redefine customer relationships, create tailored value-driven solutions, and drive sustainable growth in an increasingly competitive industry.

Note: The author uses the terms "Key Account Management" (KAM) and "Strategic Account Management" (SAM) interchangeably as the industry and research parlance is co-mingled as well on both these terms.

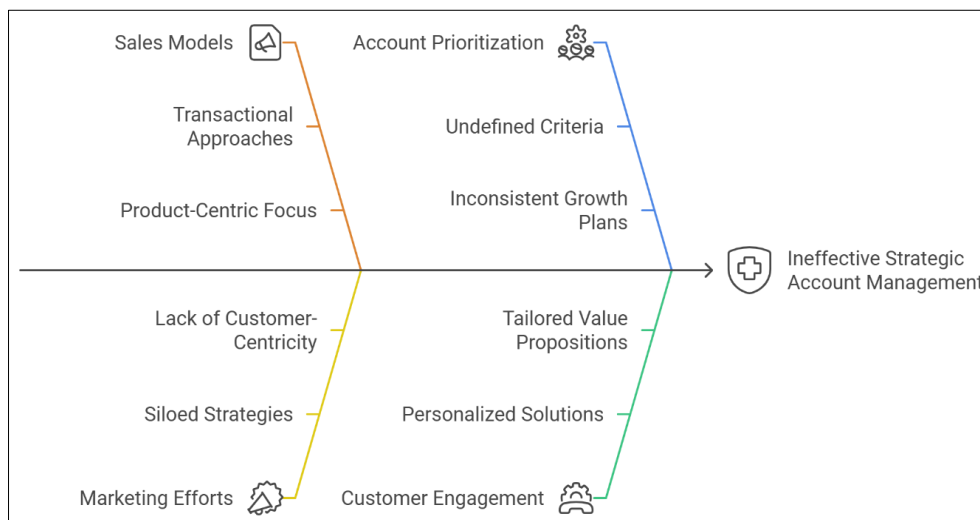


Fig 1: Enhancing Strategic Account Management in Healthcare

Literature Review

Definition of SAM or KAM

Key account management or Strategic Account Management is the approach for managing long-term relationships with customers. It represents a set of processes and practices for managing interdependence between companies and customers in order to create added value for both sides. Such an approach to managing relationships with customers is of strategic importance for enterprises in the business market, as it allows the creation and development of synergic partnerships with valuable customers. A high level of interdependence, orientation to creating and delivering a set of benefits that exceed the basic product / service orientation to increased learning in relationships and reduction of uncertainty are the major characteristics of KAM or SAM (Đukić & Stanković, 2014) [2].

Evolution of sales strategies in healthcare

Traditional product-centric sales models in healthcare are limited by their lack of personalization, regulatory challenges, and ineffective engagement. Over the past decade, customer expectations have evolved towards digital

engagement, enhanced patient experiences, and value-based care. Strategic customer engagement plays a crucial role in building trust, enhancing patient experiences, and adapting to market changes, thereby driving competitive advantage in the healthcare sector.

Strategic account management (SAM): Frameworks and implementation

A successful SAM framework in healthcare requires long-term strategic thinking, stakeholder involvement, and digital integration. Tailoring strategies to high-priority accounts involves customized implementation and continuous learning. Critical success factors for implementation include strategic intent between suppliers and customer, stakeholder engagement, resource management, and addressing contextual factors (Ryals & Davies, 2013) [3]. These elements collectively promote value co-creation through a combination of strategic levers - product performance, economic impact, institutional relationships, commercial organization (Leone *et al*, 2021) [4]. A well-implemented SAM framework drives service quality, patient satisfaction, and operational efficiency in healthcare organizations.

Challenges of customer-centric strategies in distributed sales models

Most firms struggle with the challenge of managing their key customer accounts. There is a significant gap between the importance of this organizational design problem in practice and the research attention paid to it. Sound academic research on key account management (KAM) is limited and fragmented. KAM (or SAM) can be defined with key constructs in four areas: (1) activities, (2) actors, (3) resources, and (4) approach formalization (Homburg *et al.*, 2002) ^[5]. Yet another challenge is the channeling a strategic approach over the long term with SAM or KAM where organizations are missing the follow-through and understanding lifetime value for strategic accounts. This problem is accentuated by the propensity of sales teams to mismanage accounts with available tools at their discretion such as sales promotions and discounts effect. Sales failure is influenced by a synergistic relationship between selling strategy, management capability, and salespeople skills, aptitude, professionalism, and psychological factors, affecting an organization's full sales potential (McGowan, 2020) ^[6].

Proposed approach: Steps to create a strategic account management program for healthcare organizations

1. Identify and prioritize strategic accounts

Define criteria to identify high-value accounts with significant growth potential. Focus on factors like revenue contribution, growth rate, and strategic alignment. Example: A healthcare organization categorizes accounts based on annual revenue, market share, and patient volume. Accounts contributing 30% of total revenue and showing 10% annual growth are prioritized as strategic.

2. Develop a comprehensive account profiling system

Gather detailed insights into each strategic account, including organizational goals, key decision-makers, and customer challenges. Use this data to tailor strategies. Example: A MedSpa network's profile includes details on patient demographics, treatment preferences, and operational pain points, enabling tailored service offerings.

3. Align internal resources and teams

Build cross-functional teams comprising sales, marketing, and support staff to collaboratively manage strategic accounts. Assign dedicated account managers for consistent communication.

Example: For a dermatology practice group, the SAM team includes sales representatives for product needs, marketing for patient outreach campaigns, and legal for compliance support.

4. Co-create value-driven solutions

Work closely with accounts to identify shared goals and design customized solutions that address mutual challenges.

Example: Partner with a large healthcare provider to co-develop a patient engagement platform that increases adherence to treatment plans, improving outcomes and boosting product usage.

5. Establish measurable KPIs and metrics

Define success metrics for each account, such as revenue growth, customer satisfaction, and patient outcomes, and ensure ongoing monitoring.

Example: Set KPIs like increasing portfolio spend by 15% within a year and achieving a 20% improvement in patient satisfaction scores.

6. Develop a change management and communications plan

Create a clear roadmap for implementing the SAM program, ensuring alignment with internal stakeholders and seamless integration with customer workflows.

Example: During the rollout of a new SAM initiative, conduct workshops with internal teams to clarify roles, communicate benefits to strategic accounts, and gather feedback for adjustments.

7. Track performance and continuously refine the program

Monitor program effectiveness through regular reviews and stakeholder feedback. Refine strategies based on changing market dynamics or customer needs.

Example: A quarterly review with a strategic MedSpa partner identifies emerging interest in a new product category, prompting the organization to expand its offerings to meet demand.



Fig 2: Proposed Approach - Strategic Account Management Program Step

By following these steps, healthcare organizations can build a robust Strategic Account Management program that drives growth, fosters deeper partnerships, and enhances competitive positioning in the market.

The Economic Impact of Deploying a Strategic Account Management Program to Drive Meaningful Growth in Healthcare Organizations

Implementing a Strategic Account Management (SAM) program in healthcare organizations yields significant economic benefits by fostering stronger partnerships with high-value accounts and optimizing resource allocation. SAM shifts the focus from transactional interactions to value-driven relationships, delivering measurable impacts on revenue, profitability, and customer satisfaction.

Calculating economic impact

Base Assumptions: The author assumes a mid-size healthcare organization at USD 100M in revenue with 50% revenue and 40% profit contribution from strategic accounts. The author also assumes a gross margin of 16% on the strategic account's portfolio of customers.

Impact 1 - Revenue growth: A systematic SAM program can conservatively yield growth of 5% in year-over-year revenue. This translates to USD 2.5 million in revenue growth annually. If we translate this revenue to gross margin at 16%, it translates to USD 0.4 million.

Impact 2 - Gross Margin growth: A well-structured SAM can help increase profitability by managing discounts, promotions, upsells, and cross-sell opportunities. The author assumes a 1% increase in gross margin which caps out to 25%. At a mean of 20%, this translates to gross margin impact of USD 4 million.

Impact 3 - Customer Retention: Assuming 1% of annual revenue as cost of acquisition for strategic accounts, a retention improvement of 5% translates to a) savings on customer acquisition of USD 50,000 annually, but more importantly, b) savings on lost profit which is calculated for the 5% customers retained (earning 5% of USD 100 million revenue) for 16% gross margin equating to USD 0.8 million in profit.

Overall economic benefit: Annual economic benefit (gross profit) is USD 5.2 million.

Operational efficiencies gained through SAM further enhance economic outcomes. Streamlined account planning and coordinated cross-functional efforts reduce resource duplication, while co-created solutions drive mutual benefits for both organizations and their customers.

By deploying a SAM program, healthcare organizations can achieve meaningful growth, solidify competitive advantages, and create sustainable economic value in a rapidly evolving industry.

Conclusion

SAM is a systematic marketing management approach aimed at building profitable and long-lasting relationships with major accounts. It involves both organizational and individual-level management to cater to the needs of key customers effectively (Ojasalo, 2001)^[7]. If implemented properly, SAM has a transformative effect on organizations seeking to drive meaningful growth in an increasingly competitive and dynamic environment. By prioritizing high-value accounts and building customer-centric partnerships, SAM enables organizations to move beyond traditional sales models and unlock new levels of revenue growth, profitability, and customer loyalty.

This paper has highlighted the economic and operational benefits of deploying a SAM program, including revenue increases, higher gross margins, and significant improvements in customer satisfaction. These results underscore the importance of aligning organizational efforts with the unique needs and goals of strategic accounts. Through co-creating value-driven solutions, fostering stronger relationships, and leveraging data-driven insights, SAM programs position organizations to achieve both short-term and long-term success.

To fully realize these benefits, healthcare organizations must invest in robust SAM frameworks that include precise account identification, tailored strategies, and cross-functional collaboration. Effective communication, leadership engagement, and continuous improvement are critical to ensuring program adoption and sustainability.

As the healthcare industry continues to evolve, SAM programs provide a proven roadmap for navigating complexity and driving impactful growth.

The author is confident that by leveraging these strategies, a healthcare organization can significantly enhance customer outcomes, further strengthen their market position and secure long-term success.

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