

Account Management: Strategic driver or glorified helpdesk?



INDEPENDENT INSIGHTS PROVIDED BY



Introduction

Welcome to our second installment: Tackling Travel Industry Taboos.

We've previously explored the data goldmine uncovering what TMCs really do with all that data – and how you can take control of your own data story. Now we're ready to look at the next taboo on our list.

Account Management

Account Management is widely perceived to make or break a buyer and TMC relationship – but it is often treated as a soft dollar trade off in negotiations. This would suggest that the value of today's account managers is up for debate. In a world where the role of the travel manager is changing rapidly, are account managers keeping up?

We commissioned independent global travel and meetings consultancy firm FESTIVE ROAD to pose this question to Account Managers, Team Leaders, Operations Teams, and Travel Managers from across the business travel industry to get a non-biased, truly representative understanding of the situation. Unsurprisingly, there's quite a split in opinion.

So, we're going to hand it over to you.

Over the next few pages you'll see two arguments: one stating Account Management is a strategic driver, the other arguing that the function is simply a glorified helpdesk. As you have come to expect, we will be talking frankly and openly around this function and its benefit (or lack thereof) to travel programs. For clarification, these arguments comprise of direct considerations or quotes from Account Managers and travel buyers across the globe, with 40% of buyers surveyed using TMCs other than FCM.

There will be no single conclusion drawn and no solutions posed. That is for a wider industry led debate. Here we want to present the argument to you, start the conversation and break this taboo.

WHERE WILL YOU LAND?



Account Management is a strategic driver

According to global jobsite, Indeed, Account Management is “the process of managing relationships with clients. An account manager’s job is to engage with existing clients and learn their needs, then determine how the company can best meet those needs.”¹

This definition speaks to strategy. Understanding a travel program, and the context in which that program sits; having knowledge of external industry factors, and which solutions to bring forward and then bringing all of these elements together to determine how the TMC can meet those needs: is the role of a strategic driver.

When you speak to both Account Managers and travel buyers, the same phrases are echoed over and over: partnership, an extension of the team, proactive and solutions-orientated. There is a clear focus on growth and success, driven from a strategic, consultative standpoint.

Since the pandemic, there has been an undeniable loss of experience in the business travel industry. This has led to an increase of new, inexperienced travel managers working on large, complex programs, alongside the consolidation of travel roles into wider procurement-focused positions. These changes mean a heavier reliance on Account Management to fill the knowledge gaps.

Alongside this, we have also seen mature travel programs evolve into strategic drivers for businesses as a whole. Considered as key facilitators in employee wellbeing, finance, risk management, sales and many, many more departments, travel is having a moment in the spotlight.

These shifts bring into focus the importance of Account Management. Far from being firefighters, Account Management is the ultimate knowledge hub – for both TMCs and buyers. As software company Kapta puts it, “... they know the nuances of their client – quirks, communication style, and their all-important lists of dos and don’ts.” They understand their business, their clients’ business and the wider macro trends impacting travel. They have contacts throughout each and every department within the TMC, and multi-level relationships client side. They are the escalation point, the sounding board, and the main point of contact. They are the gasoline in the car making everything run. Without them, it would all be fragmented.

Account Management is an extension of the clients’ business and the link to drive strategy.

But how is this value recognized?

Travel buyers are willing to pay for a strategically driven Account Manager. They don’t see the function as a soft-dollar trade, despite how sales teams may position it during negotiation. Buyers want, and need, proactive, strategic support to enhance their programs, now more than ever.

And Account Management is ready for this challenge too. They know the value they bring, helping clients build business cases, sharing industry insights, and connecting like-minded organizations to share best practices. This is not a helpdesk role – this is a consultant, working on behalf of their client to achieve success.

No-one is denying that times have been – and in some cases continue to be – hard for business travel. Clients and TMCs alike have had to bend and flex like Olympic gymnasts to keep up with the changes around them. But this is not a reason to devalue a role that brings so much benefit to the entire travel eco-system.

It is clear that buyers are ready to grow their programs and take a more strategic stance, and that Account Management is on standby to help them achieve those goals. Both sides want the same thing – successful, smooth programs that delight travellers and enable business objectives.

If this isn’t where your client/Account Manager relationship is, you need to question why, because the timing is right, and the desire is there.

Now’s the time to realize the value Account Management is bringing to the table as the partner and strategic driver everybody wants to see.



Account Management is a glorified helpdesk

This may be hard to hear, but right now Account Management is a glorified helpdesk. It is a role that deals in crisis management, customer service complaints, and is largely reactionary. It is not a strategic driver.

We can argue about what it used to be in the glory days pre-2020, but the reality is that TMCs and Buyers alike have failed to drive value from the function, making the strategic Account Manager role dispensable.

While we can't blame everything wrong in the industry on COVID, the majority of issues pertaining to Account Management's change in status start there. During the pandemic Account Managers overdelivered. They had to – sweeping layoffs and furloughs meant there was no one else to support clients. They had the time, so they rolled up their sleeves and got into the weeds, alongside the Buyers.

And it worked. A large part of the Account Management function, from a TMC perspective, is to retain the client at all costs. This approach retained business and showed solidarity.

But then the rebuild began.

Account Management wanted to close this chapter and return to “the way things were”, but this time had passed. Operations were still struggling, customer service was at an all-time low, and talent had been decimated. They needed to stay in the weeds.

The interesting thing is, buyers and TMCs continue to keep them there.

Let's admit it. Yes, mature travel programs need long term strategies. Spending time planning and blue-sky thinking is great, but the reality is that the day-to-day running of a travel program is far more important than planning its growth.

Look at it this way: If you had to pick between your program working, or being able to develop a killer strategy, which would you choose? It's going to be a smooth, cost-effective program that delivers traveller satisfaction every day of the week. The reality is you can't be strategic if the day-to-day isn't managed.

With continued operational issues and staff shortages, patience is running low. Buyers understand the strain the industry is under. The boardroom not so much.

“Essentially, what Buyers want from TMCs is better service,” states BTN's 2023 TMC Reboot survey. One global travel manager referenced in the survey stated, “Delays have led to pricing increases, lack of availability, and lack of confidence with the travel management companies.”

This need for improvement leads to Account Management adopting a helpdesk / customer service facing role to resolve issues. Where Buyers would once go directly to ops, they now go to the Account Manager. This is a fundamental change in focus, suggesting that not only do buyers no longer value the strategic input, but that hands on, reactive support is simply more crucial at this moment in time.

And what about the TMC? This shift isn't all buyer led.

Account Management is often seen as the soft-dollar trade off. While this may be driven by a need to “sweeten the deal” with a client, what is actually happening is a devaluing of the role by the very people who should be cheerleading it.

The culture in which the Account Management function sits is crucial to whether or not it is a strategic driver or glorified helpdesk. By using the function as a negotiation point, or a soft dollar trade off, TMCs are allowing buyers to question its value.

And what happens when the fee is waived altogether? The value is removed entirely.

Given that this happens frequently in the sales process, the only conclusion to reach is that it can't be a strategic function, it must be a glorified helpdesk. If you were providing a strategic, essential service, then you'd expect Buyers to pay the going rate. Waiving the fee sends one message loud and clear: We fail to see the value here.

If this argument surprises you, then ask yourself this: What are you doing to change it?

You may not want to admit it, you may not ever have wished to be in this situation, but here we are. Account Management is no longer a strategic driver because buyers and TMCs have failed to realize its potential and drive value. Together they are removing the consultative, strategic capabilities of Account Management and shifting the role into an omnipotent fire-fighter, a single point of contact through which all issues flow.

Until everyone takes a step back, this is where the role will remain.

Conclusion

Whatever side of the argument you land on, one thing is clear: There's work to be done on fully realizing the skill and value great account management can bring to a program.

There are no definitive answers. And we are not here to supply you with one. But we are here to challenge the industry and provoke thought, debate and discussion.

Next steps

Regardless of whether you have the Account Management relationship of your dreams, or you're heading for a tricky divorce, taking a moment to reflect on the objective and goals of the relationship is always valuable.

Here are some questions, brought out through our research, for buyers' consideration:

- Do I need to shift my mindset with my Account Manager?
- Am I blocking my Account Manager from being strategic?
- What more can I bring to the table to create a successful partnership?
- What type of Account Management support do I want and need?
- Am I happy with how we work?
- What changes need to be made to get the most from the relationship?

And Account Managers – you don't get off the hook. Have you considered:

- Setting clear boundaries and expectations with your clients?

- Strengthening internal relationships with operations?
- Discovering new routes and technology for troubleshooting, freeing up your time?
- Sharing your goals and objectives with your clients, to create mutual understanding?
- Challenging your role within the TMC environment?
- Whether the client needs strategy or hands-on support?

As with most issues within the travel industry, and business as a whole, collaboration is the key to finding a solution. This may be increased collaboration between buyer and TMC, or between the wider Account Management functions and the buyer community.

Either way, we hope to have lifted the lid on an ongoing debate and given you food for thought, remembering that with such skill, talent and passion in this industry, anything can be overcome, if we just put our minds to it.

Methodology

00000

Independent global travel and meetings consultancy firm FESTIVE ROAD conducted interviews with Account Managers and travel buyers across the global business travel community.

The interviews were conducted over Zoom, recorded and transcribed. Insights and comments from these interviews were used to develop the arguments in this debate.

This is how the interviews break down:

- 33% of Account Managers interviewed represented TMCs other than FCM.
- A total of 7 TMCs were represented from the travel buyers interviewed.
- Interviewees were based in the UK, USA, Singapore, Germany, Spain and New Zealand.
- All interviewees will remain anonymous.



ⁱ<https://kapta.com/resources/key-account-management-blog/key-account-management/key-account-management-not-glorified-customer-support>
ⁱⁱ<https://www.businesstravelnews.com/TMC-Reboot/TMCs-Staff-Up>

