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The keys to effective strategic account planning

**Key 3: Assess and strengthen
the account's most strategic
relationships**



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By Steve Andersen

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The keys to effective strategic account planning" is a best-practice model Performance Methods Inc. has developed from our extensive client work in the strategic account management area as well as our affiliation with the Strategic Account Management Association. Chances are, if you've recently gone to a SAMA event, you even may have attended a session bearing the same name. This model, based on 10 critical best-practice areas, establishes a SAM execution framework. In this article series, we will "unpack" each key and provide insight into how global industry leaders achieve SAM excellence through effective implementation of best practices.

Assess and strengthen the account's most strategic relationships

Developing strong relationships is an essential component of any successful SAM program. We never see effective programs or successful strategic account managers not committed to developing trust-based customer relationships. Deere & Co. (www.deere.com), a leading provider of farming, construction and forestry equipment and financing, is an organization that understands relationships' importance in business.

"We go to market through a global network of dealers," says Jim Heseman, senior vice president of sales at John Deere Credit, "and as the finance division of John Deere, we are here to work with our dealers and their customers as effectively as possible. Strong trust-based relationships provide a solid foundation upon which all can grow, and we consider relationship development to be one of the highest priorities of our account management program."

What seems less obvious to many organizations is the importance of ongoing assessment and measurement of relationships. Many companies have learned that it is one thing to build customer partnerships grounded in trust but quite another to sustain and grow them through periods of market change. Profitable account growth is what most SAM programs try to achieve, but how they do varies greatly from business to business.

What is account growth?

For many organizations and SAMs, the expression account growth reflects the volume of business between them and their customers. It certainly seems reasonable, especially

Figure 1.

The keys to effective strategic account planning

- 1: Define "What is a strategic account?" and assess the ongoing fit.
- 2: Discover what the customer values most and validate it.
- 3: Assess and strengthen the account's most strategic relationships.**
- 4: Position and differentiate the supplier's unique value with the customer.
- 5: Integrate and balance the account and opportunity planning processes.
- 6: Align the supplier's objectives with the customer's.
- 7: Develop and implement a proactive growth strategy to grow the account.
- 8: Engage the customer in the account planning process.
- 9: Establish performance metrics to measure and track SAM execution.
- 10: Provide coaching and sponsorship to account teams as needed.

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when you look at growth in terms of revenue with an eye toward the top/bottom line. But consider an alternative perspective: What about the growth that occurred before the revenue growth? In other words does the latter happen in a vacuum independent of other customer-supplier dynamics? Of course not. As we all know, when it comes to strategic relationships, it's not only about the numbers. In fact show me some serious account revenue growth and you can bet relationship growth drives it. If not, it won't be sustainable.

It's hard for many people to think beyond the numbers when the topic of account growth comes up, but in almost every case with our clients, relational factors are at work creating

gain insight and expertise. Imagine a family member facing a financial crisis or a friend dealing with a medical challenge. In these cases, the last thing we want is to be sold something. What we typically need is expert advice and ultimately a plan of action to provide a little peace of mind. Even better, if *consultation* is available with someone who can be trusted, then maybe we will learn how others dealt with similar situations and benefit from shared best practices.

In effective SAM it is hard to think of anything more important than relationships and value. The most effective, long-lasting relationships that we see with our clients are based on the creation and co-creation of measurable

Connections and disconnections, alignment and misalignment

Why do these kinds of relationships develop? Is the creation of authentic relationships that are considered strategic by both the customer and supplier purely accidental? Hardly! In fact the most effective SAMs seek to proactively align their account team members with the customer team members. To successfully do this requires planning, coordination and serious consideration of how to select account team members who best fit specific customer team members. We call this team-to-team alignment, and when a supplier connects an individual with a customer team member who is a good fit, we have potential for an authentic relationship that can bring the

two organizations into closer alignment.

Fit means many different things in team-to-team alignment, such as connecting people who have similar backgrounds, interests or expertise. Experience has taught us that even with a strong fit between two customer and supplier team members,

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the opportunities for value creation and co-creation that fuel the increase in revenue. Our work with global industry leaders has taught us that while strong relationships can lead to revenue growth, the converse just isn't true. Indeed history has shown that significant spikes in revenue not grounded in strategic relationships are subject to the types of scrutiny and organizational stress that can be hazardous to long-term growth. This is less likely if involved parties are in a trust-based relationship.

Trust and credibility: more than just words

In difficult times, both business and personal, many of us desire to speak with someone more knowledgeable so we may

business value that is mutual, meaning that both the customer and supplier benefit. When this is the result, we describe the relationship as authentic in nature because the relationship has evolved into one in which each party wants the other to succeed. In these types of customer-supplier relationships, people have a history of doing what they said they would do and credibility has been earned that provides the foundation for trust. Authentic relationships between people establish connections that can survive an occasional issue of performance or delivery because the trust between the parties and mutual value that has been created make a compelling case for resolving problems and moving forward together.

if internal alignment on the supplier's side is inadequate, it will be very difficult to maintain organizational alignment with the customer. Internal alignment or lack thereof on the supplier's side is typically apparent to the other party in a relationship, and this is true on the customer's side, too! Insufficient internal alignment on the part of the supplier's account team can result in a relationship in which the supplier feels as if the customer views the supplier as a partner or adviser while the customer actually sees the supplier as just another vendor. This raises an important question: How can we assess our level of connection or alignment with our most important customers?

Figure 2. PMI Account Relationship Assessment Worksheet Criteria

Trusted Adviser Status	<ul style="list-style-type: none"> <input type="checkbox"/> The new business default is, “Why not us?” <input type="checkbox"/> Collaborative planning and strategy meetings occur regularly between our team and the customer’s that mutually result in action to create value to which both parties are committed <input type="checkbox"/> The customer routinely consults us on matters regarding its growth and go-to-market strategies as well as how to create value for its end-customers <input type="checkbox"/> Ongoing executive-level access is in place, and an executive sponsor at the customer understands and is committed to our value and value proposition for the customer
Planning Partner Status	<ul style="list-style-type: none"> <input type="checkbox"/> Some new business is now uncompetitive, and we typically know more about the customer’s plans for our competitors than they know about the customer’s plans for us <input type="checkbox"/> We understand the customer’s external drivers, business objectives and internal challenges, and the customer recognizes and acknowledges the uniqueness of our value and value proposition <input type="checkbox"/> The customer routinely consults us regarding how to solve its business problems and invests time in building plans together that will address these problems <input type="checkbox"/> Customer executive access is readily available, and we have developed high and wide relationships with multiple supporters throughout the customer
Preferred Supplier Status	<ul style="list-style-type: none"> <input type="checkbox"/> Most new business is still competitive, but we are sometimes aware of new opportunities before our competitors <input type="checkbox"/> We understand the customer’s external drivers, business objectives and internal challenges, and the customer sometimes recognizes and acknowledges our solutions’ advantages for it <input type="checkbox"/> There is some customer participation in our planning efforts, but the customer feels little equity in the plans afterward <input type="checkbox"/> Some customer executive-level access is available, but these relationships are not strong or leverageable by us
Vendor Status	<ul style="list-style-type: none"> <input type="checkbox"/> Practically all new business with the customer is competitive, and we frequently start in a deficit position <input type="checkbox"/> Our primary contacts at the customer are unable to clearly articulate the value they receive through our relationship <input type="checkbox"/> Contact is typically initiated by the customer and characterized by its demands, frequently when something is wrong <input type="checkbox"/> We have little or no customer executive-level access, and we don’t fully understand the customer’s business objectives, strategies or priorities

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Defining levels of relationship

At PMI we began a serious study of customer-supplier relationship dynamics more than a decade ago, a study fueled by over 1,000 interviews of our clients’ customers. This research is ongoing, and we were pleased to receive SAMA’s assistance when we sought to analyze our interviews’ data and determine distinctive relational categories from it. As we conducted more and more interviews, certain patterns started to emerge. From this we developed four distinctive levels of relationship:

- Vendor—primarily reactive in nature
- Preferred supplier—primarily tactical in nature

- Planning partner—primarily proactive in nature
- Trusted adviser—primarily strategic in nature

Distinctive characteristics define and describe the levels of customer-supplier relationships. We have found customers that are all too willing to openly discuss with us their supplier relationships. Their remarks and responses to our questions have made it possible to develop an assessment tool that can be applied to practically any customer relationship at both organizational and individual levels. This approach enables continuous analysis of customer relationships through consideration

of specific relational dynamics such as alignment and sponsorship, planning and collaboration, value creation and co-creation and competition. But the real breakthrough came when we determined how the customer feels about doing business with firms at these different levels of relationship, and it is quite interesting indeed!

The customer’s perspective

If you ask customers how they feel about doing business with a supplier that has vendor status, you frequently hear that the supplier was more convenient than its competitors. Dig into that a bit and you just might hear that the

convenience was that the supplier's price was lowest or the supplier was the only one among competitors that was willing to do business under certain terms or conditions. This is not a pretty story or desirable situation, to say the least, and definitely not a relationship likely to be strategic in nature.


But as you move up the relational ladder to preferred supplier status, things begin to improve and we hear customers say they wanted to do business with a particular supplier because it had become important to their business. Even better, as a supplier moves farther upward to planning partner, we hear its customers say they need to do business with it because it is necessary to their success. Finally, at trusted adviser status, the customer may feel that it must do business with a supplier because, as a procurement executive recently said about a PMI client, "We want them to be successful, too, because we can't exist without them." This supplier has become essential to the customer's business, and the relationship is so strong that even the customer's procurement department understands and is willing to make this type of statement. Fantastic!

Assessing where you are

Practical experience teaches that one customer's partner is another customer's vendor, which begs the question: How can we test and assess our relationships with customers? The tool in Figure 2 on Page 25 contains the questions that we recommend suppliers ask themselves to make the determination, and we suggest that these questions be asked frequently and in a collaborative team environment to reveal differences in customer relationships by region and business unit.

Conclusions and recommendations for elevating your relationships

The objective of every effective account planning program should be to grow the relationships the organization has with its most strategic customers. Anything less settles for second best, and that is simply not good enough today when customers typically have room for only one or two strategic relationships with suppliers in any given market. In fact our experience with global industry leaders shows that at the planning partner level, there are usually at most two competing suppliers, while at the trusted adviser level, there is almost

always just one, if any. Becoming more strategic to its most important customers should be every company's goal. This fails to happen because it is easier said than done, which is wonderful news for a business committed to SAM. The likelihood is great that such a supplier will develop the strongest relationship with a key customer and create a vast distance between the supplier and its competition! 

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Additional resources

For more information on this subject by this writer in SAMAs library, the editor recommends: Steve Andersen, "The keys to effective strategic account planning: Key 2—discover what the customer values most and validate it," *Velocity*®, Vol. 13, No. 2, Spring 2011, www.strategicaccounts.org; and Steve Andersen, "The keys to effective strategic account planning: Key 1—define 'What is a strategic account?'" and assess the ongoing fit," *Velocity*®, Vol. 13, No. 2, Spring 2011, www.strategicaccounts.org.



About Performance Methods, Inc. Based in Atlanta, PMI provides consulting and training services to assist clients in the design, development and deployment of customer engagement best practices. PMI's unique approach provides clients with customized and integrated solutions consisting of sales processes, best practices and consultative selling skills. PMI has been selected by many of the world's leading corporations as their sales best practices partner and has been widely recognized for the innovation, effectiveness and the strength of its contemporary suite of customized sales performance solutions. PMI is an active participant and sponsor in the Strategic Account Management Association (SAMA), the world's largest non-profit community of strategic account management and sales best practices, and will be featured in the ten-part article series **The Keys to Effective Strategic Account Planning**. PMI has been cited by Effectiveness Solutions Research (ESR) for leadership in the areas of depth and breadth of the PMI sales best practices solution suite, strength of methodology, value-selling orientation, advanced selling skills, solutions effectiveness, ability to customize, change management, global implementation, sales performance and sales training measurement, return-on-training and innovation. PMI has been acknowledged by TrainingIndustry.com as one of the top sales training and methodology providers for 2008, 2009, 2010, 2011 and 2012 and was featured in **The Best Practices of High Performing Sales Teams** article series. PMI creates worldwide client value and coverage through its global partnership with Mercuri International, the world's largest sales training and development consultancy.

For additional information on Performance Methods, please visit www.performancemethods.com.

