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The keys to effective strategic account planning

Key 4: Position and differentiate the supplier's unique value with the customer



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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.

Position and differentiate the supplier's unique value with the customer

We constantly hear customers say they are confused about their suppliers’ value propositions beyond immediate products and prices. During a recent sales best-practices assessment in which we specifically interviewed seven strategic customers about their relationships with our client, only one could describe the value proposition existing between the two firms, and even that interviewee admitted that her understanding was “fuzzy.” While this may not be avoidable in all customer-supplier relationships, suppliers simply must do a better job with their most strategic customers lest they look like all other vendors in their respective markets.

“Perhaps now more than ever customers expect their most strategic suppliers to create business value in the relationship,” says Kevin Madden, vice president of global sales at Honeywell Building Solutions. “We expect our people to help our customers understand how we are positioned in our markets and what makes doing business with Honeywell different—for them.”

Senior Vice President Allen Tuthill of Assurant Solutions says, “Our commitment to strategic account management requires that we enable our account teams with the skills and tools to help our strategic clients understand ‘Why Assurant?’ How can we expect to be perceived as a strategic supplier by clients that do not have a clear understanding of what makes us different in our markets?”

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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Figure 2. Customer-Specific Value Propositions: Our Solutions

What are the different components of supplier value?

Products = value when ...

- The customer believes that the supplier's products are superior to those offered by its competitors.

Resources = value when ...

- The customer believes that the people, partners, technology and infrastructure the supplier provides will help the customer meet its needs and solve its business problems.

Expertise = value when ...

- The customer believes that the supplier's people are knowledgeable, credible, trustworthy and able to share best practices with the customer that will improve its business.

Services = value when ...

- The customer believes that the supplier's levels of service are higher and more proactive than those of the supplier's competitors.

Customers = value when ...

- The customer believes that the supplier's value proposition for the customer is expanded through similar work with other customers with similar needs.

Brand and reputation = value when ...

- The customer believes in the supplier's reputation for quality, service and past proven value creation. (And the supplier may accrue competitive advantage as a result!)

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Our strategic account relationships are based on the ongoing creation of unique, differentiable business value, and we expect our account managers and account teams to help our key clients understand this."

When this doesn't happen: an interesting story

The importance of this was made apparent when we received a distress call from a chief sales officer. Her company had hosted a meeting of strategic customers and received troubling, unexpected feedback. They didn't feel they adequately grasped how the supplier was positioned in their served markets, and worse they didn't grasp how its value proposition was fundamentally different from when they originally decided to do business together. This came after significant organizational changes and merger activity should have indicated – at least at board level – an expanded value proposition and stronger market competitiveness.

In an attempt to reach the problem's root, we interviewed a subset of these customers, only to hear substantially the same thing: Their perception of the supplier was basically unchanged despite

its consequential organizational change and growth. We then went to the strategic account managers assigned to the accounts and talked with the SAMs about how they spent time with customers. To a person, we heard comments about meaningful time invested, relationships developed and products/solutions provided but very little about actual positioning and differentiation of the supplier's value with customers. When we questioned the SAMs a bit about *how* they spent time in front of customers and *what* they talked about, one of them blurted out he didn't "want to be perceived as just another salesman," and the problem's root cause became clear.

Positioning/capturing customer mind-share

One result of the difficult economy is more empowered procurement/sourcing organizations, and their purchasing professionals are typically measured by the ability to save money by enabling their companies to do business at lower price points. Members of a customer's decision team are constantly challenged by their procurement/sourcing department to justify their spend with key suppliers.

Sometimes the challenges are driven by a supplier's competitor trying to establish a foothold at the customer by offering discounts and preferred pricing.

When a supplier invests time to position and differentiate unique value with strategic accounts, the supplier is not just putting customers through a sales exercise. They want and need to be able to describe and discuss the value their most strategic suppliers create with them, and who better to help a customer understand this than a supplier's account team members? Think of the uncomfortable situation an important customer could find itself in if asked to defend the level of business it does with a specific supplier and no one at the customer can explain the value to the broader organization!

It is a sad (and dangerous) state of affairs when a supplier's sponsors and supporters within a customer are unable to justify their relationship by explaining that significant business value is a result. If SAMs and their account team members keep a customer's team updated and informed regarding solutions, services and other opportunities for value creation, a customer can articulate a supplier's evolving value proposition because the customer understands the value and hopefully benefits from it. Positioning is not an event but an ongoing process. A supplier that wants to provide a broad, deep value proposition to a strategic customer can do so only if there is mutual understanding about what the proposition means. So how can you get started?

Product vs. solution

For many suppliers the first step to effectively positioning their value with customers is to help customers understand that it extends far beyond their products. While "product" is certainly a component of a strong customer-specific value proposition, strategic accounts should recognize a supplier's resources, expertise, services, comparable customers and brand/reputation as part of the overall value, as well. This view of value contrasts with the traditional positioning of supplier offerings

as a series of features positioned through a type of feature/benefit/response drill with the customer. Note this approach begins with focus on the supplier (its feature), then the customer's benefit and a solicited response. A lot of things in the world provide benefits, but if they do not have value to the customer, why should it care? Furthermore in a down economy why should it spend money on perceived benefits that may be short-lived when there might be opportunities to acquire longer-lasting value?

Solution vs. value

Solution positioning may appear to be the answer, but we find that while there are perhaps multiple solutions to a customer's problem, if they are not essential, then why should the customer be interested? Some organizations go to market with solutions looking for problems to solve, and when SAMs and salespeople approach strategic customers this way, the result is an immediate turn-off. After all, if a supplier has been telling a customer that it is strategic to the supplier's business and the supplier values the relationship, then why would the supplier try to sell inessential solutions to it, especially during difficult economic times?

Many customers have told us that though they may have trouble noticing the difference between competing suppliers' product offerings, when looking more closely at other components of value such as resources, expertise, services, comparable customers and brand/reputation, the gap between offerings becomes greater. (See Figure 2 on Page 30.) This recognition by the customer is necessary for industry-leading companies because without it they risk being commoditized and finding themselves selling at unacceptable margins. A supplier's broader, deeper value proposition is either worth or not worth something to the customer. But what if it can't see the difference?

Value vs. unique value

I have heard it said unique value is to value in the SAM world as solution is to

product in the sales world, and there is definitely validity to this analogy. In a sea of competing suppliers and even some strategic supplier wannabes, if a supplier's value has nothing special or unique, then why should the customer care? Supplier value isn't unique because someone says so but rather becomes unique when it is aligned with the customer's business drivers, objectives and challenges in a way that can be quantified and measured. To do this requires time and resources invested by the supplier. While this may be difficult to justify for all of a SAM's customers, it is certainly easy to justify for the relatively few customers truly strategic to the supplier's (and SAM's) business.

Differentiation: why you matter to your customer


Proving unique business value to a customer can allow a supplier to demonstrate in one complete motion that the supplier's account team understands the customer's business and focuses on the customer's well-being. When unique value is proven and documented the supplier has become differentiated from competitors by how it engages the customer, a type of innovation not so easy to replicate by those focused on selling products or even solutions.

A SAM program should imply to a strategic customer that there is a difference in the customer's favor when it chooses to do business with the supplier, and this difference should be clear and understood. At a time when customers have more choices than ever, we hear them say again and again that their reasons for doing business with suppliers have less to do with products and more to do with other elements of supplier value. The supplier whose customers are able to make this connection is fortunate indeed. Such a supplier is possibly lucky but more likely a beneficiary of its own proactive effort to position and differentiate its value to customers.

Conclusions and recommendations (It's difficult to commoditize value)

Effective account planning programs should equip and enable account teams

to position and differentiate their value with their most important customers. If a supplier's goal is to be strategic to some customers, the only option is to invest time and resources to help those customers understand the supplier's customer-specific value proposition or else run the risk of commoditization. It's either position or be positioned in today's markets, and regardless of whether you consider these activities to be more like sales than SAM, it is wise to consider this: If your customer doesn't understand your unique business value and what makes you different from your competitors, the customer can't support and sponsor you.

And we all know what happens to under-supported, unsponsored suppliers. The phone rings, and it's the customer's strategic sourcing or procurement personnel fully determined and empowered (and likely compensated, too!) to reduce you to the status of a vendor if not lower. Then they let you know they "can't see the difference" between you and your primary competitor, and in a matter of moments, you predictably learn you'll just have to "sharpen your pencil" if you want to continue doing business with them. Brace yourself because without well-positioned, differentiated customer-specific value, there is nowhere to go but down! 

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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.

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