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The keys to effective strategic account planning

Key 5: Integrate and balance the account and opportunity planning processes



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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.

Integrate and balance the account and opportunity planning processes

It sounds pretty simple, right? However, our experience is that balancing these two critical processes is anything but simple. In fact much of the stress and pressure found in today's SAM programs can be traced to this particular key, and there are historical reasons why this may be the case. First some background: Many of us “grew up” at a sales organization where we were assigned a primary focus. Some were charged with primarily developing new business opportunities, and for a lot of these individuals, the focus was on acquiring customers. For others the emphasis was defined as growing the relationship with a specific customer (or customers) and developing business from within. Those in the former category tended to be seen as hunters (looking for new business within a defined geography or industry) while those in the latter category were typically considered farmers or gatherers (seeking to meet objectives within a certain account or set of defined customers).

Over time the term “opportunity planning” has evolved to mean the discipline of working with and winning business opportunities whether from new accounts or existing customers. PMI refers to opportunity planning as “planning to win,” as this is exactly what it means in most environments. The term “account planning”

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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is usually defined as the discipline of planning the growth of strategic/key customer relationships, and accordingly we refer to account planning as "planning to grow." The business need to integrate these disciplines is probably apparent. From the customer's perspective fulfilled opportunities represent value creation while account management and planning suggest a focus on relationships and alignment between the customer and supplier. So why is harmonizing these processes important, and why now, perhaps more than ever, is it difficult for account managers and salespeople to do so without becoming unbalanced either with customers or sales management?

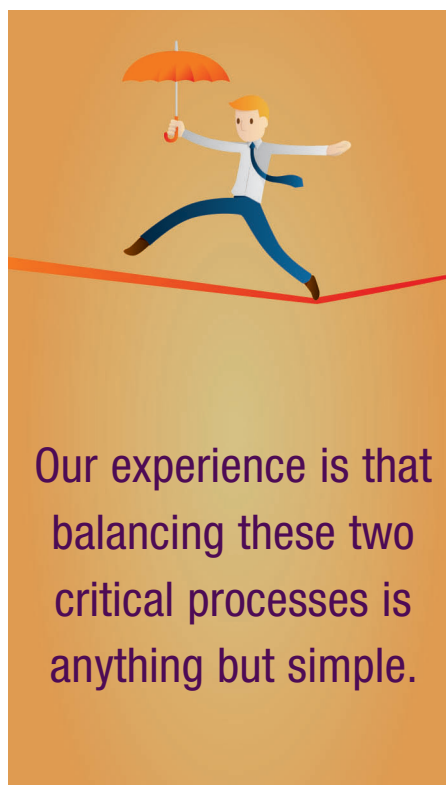
The upside: maintaining balance with the customer

In modern sales environments, account managers and salespeople routinely find themselves needing to be effective at both account and opportunity planning. With the pressure to perform against quota expectations ever-present, account managers are tasked with maintaining strategic relationships with their most important customers while hitting sales numbers on an annual, quarterly, monthly and in some cases even weekly basis. Meanwhile most hunting-oriented salespeople find themselves with several large/major accounts totaling a disproportionate share of their revenue, so they must plan and manage these customer relationships more thoroughly than the rest.

When account managers and salespeople maintain a sense of balance between short-term objectives (value-creation opportunities) and long-term objectives (relationship development and growth), the customer is normally first to know. Customers expect their most important suppliers to act on their behalf regardless of the time frame or perspective. Indeed suppliers effective at pursuing short- and long-term objectives while ensuring they do what is right for customers are typically well on their way to reaching the status of planning

partner or trusted adviser. (See Key/Article No. 3, "Assess and strengthen the account's most strategic relationships.") Conversely suppliers overemphasizing short-term sales targets and objectives and pressuring customers to commit may find themselves moving toward vendor status.

Based on our work with strategic customer-supplier relationships, customers can surely tell when a sales opportunity has become the driving factor for the account/sales team's activities, particularly when this happens



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at relationships' expense. In a recent interview, we heard a customer senior executive put it this way: "I find it amusing to hear how strategic and important my business is from some of my suppliers, only to find them back in my office a few days later pushing to close business to meet their time frames. If we are truly strategic to them, then they should be here when we're not buying something, and when we are buying they should put our needs above their own." He went on to explain that when things become unbalanced he tends to see his suppliers

as vendors (no surprise), and it was most interesting to hear how all this affects which suppliers he feels most loyal to.

Adecco S.A. (www.adecco.com) is a leading global provider of workforce solutions. Adecco's deployment of an integrated sales best-practices solution was aligned with the company's implementation of customer relationship management/sales-force automation technology.

Joe Vance, vice president of SAM for Adecco's Modis division and technology adviser to PMI, offers this about the importance of integrating and connecting the account and opportunity planning processes: "The balance between long-term account planning versus near-term opportunity planning is a critically dependent relationship. Opportunity wins and losses can have a significant impact on not only the account plan but also on strengthening or potentially weakening strategic relationships. By connecting and integrating these processes, we are able to have a more harmonized view of SAM and sales execution as well as immediate visibility to account and opportunity information through our CRM solution."

This is the kind of balance that benefits everyone: the supplier's leaders and account and sales teams and certainly the customer. So why is it so elusive?

The downside: acting like a vendor

I know many account managers and salespeople who are uncomfortable putting customers under extreme pressure to buy and who abhor the notion of being considered high-pressure sales types. But this is exactly what happens each and every day in the SAM world, and there are very interesting reasons why. Don't get me wrong: There are worse things than being accused of acting like a vendor. In fact I think that it is quite possible to meet sales objectives and make a lot of money in a vendor-status relationship with a customer, but it isn't easy. As the customer executive

indicated earlier, the price suppliers pay for vendor-like behavior may be in the currency of customer loyalty, and our experience is that when this happens it typically isn't apparent to the supplier until something very significant goes wrong. In other words, I don't know many customers that send early warning indicators to a supplier when it is about to be thrown into the vendor dungeon. Customers simply do so when they're ready.

I equate vendor status with being on a tightrope. It's risky business and tenuous at best, and when winds begin to blow in different directions, there is a good chance something bad will happen. Even if account managers or salespeople become comfortable with this sort of business lifestyle, there is always plenty of worry to go around. Interestingly this can inadvertently make it harder for tightrope-walkers to get needed internal resources because people providing resources might not enjoy the stress and pressure of the vendor tightrope, so they may invest effort elsewhere.

Even many adapted to life as a vendor would admit that if there was a better way, they would choose it. However, once we are in this type of downward, unbalanced spiral, sometimes it seems that there is no way out. And let us be clear that this kind of business dynamic isn't created in a vacuum: There is almost always background pressure driving the account manager or salesperson to behave this way. No one I know in business is especially fond of alienating customers with account and opportunity planning behaviors that are out of sync. Perhaps the most daunting reason for unbalanced processes is best summarized by an account manager who told us: "There is constant pressure here to make our numbers, and some days it seems like nothing else matters. Fortunately my

customer understands this and is willing to help me hit my targets and meet my objectives." She went on to explain why this happens at her organization: because of people just like me—well, like I used to be!

The result: stress, pressure and the law of "sales gravity"

Before founding PMI, I was chief sales officer at several technology companies. Each was considered a high-growth business, and there was an ongoing expectation (of both me and my sales teams) for sales performance and execution. In those days, I was rather comfortable with the pressure to hit and exceed "the numbers," and the rewards for doing so were interesting. I

salespeople to numerically perform in the short term." Where does this pressure come from? It definitely originates far above the level of most sales executives I know, and at many organizations, it even goes beyond the chief executive officer and board of directors. I submit that at public companies, the pressure to perform is a function of shareholders and owners, and hence the trickle-down effect is exactly what to expect. Performance pressure starts far up the line, and the impact is experienced and intensified at each level all the way down to the customer.

We all know that this type of performance pressure will never go away. The issue is how well we manage and plan our work to mitigate the effect of

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recollect putting pressure on my account managers and salespeople to make their numbers so I could make mine, and it was understood that this was just the way it was at those organizations. I didn't think much then about what I now refer to as sales gravity, as the work was simply a matter of doing what was necessary to meet objectives and keep moving forward. But reflecting later on what had driven our sales behavior and why we'd worked the way we did, some things became clearer, particularly the effects of pressurized sales tactics on important customer relationships.

The law of sales gravity can be summed up as "the effect on a supplier's long-term relationships with strategic customers caused by the pressure placed on the supplier's account managers and

performance pressures on customers. Thus the integration and balance of the account and opportunity planning processes loom large for the supplier committed to being truly customer-focused. So how can we help sales and corporate leaders to better understand the importance of short- and long-term balance in our interaction with strategic customers, and is there a clear upside for achieving harmony between account and opportunity planning?

The realization: SAM is the source of tomorrow's opportunities

When the account and opportunity planning processes are harmonized and balanced, everyone benefits. The customer feels that the actions and behaviors of its supplier's account team


are oriented to its success and well-being. In other words, the supplier taking a balanced, harmonized approach to managing short- and long-term objectives is able to demonstrate to customers a perspective not dominated by the pressure of the moment.

The supplier benefits because it realizes that account planning, properly

impressive list of industry leaders in all the company's markets.

Rob Eccles, Henkel's director of global key accounts, says this about the importance of maintaining balance and harmony between the short- and long-term requirements of global key account management: "We look at account management in terms of

drive growth into the future. I venture that scarcely 10 years ago it would have been difficult to find many organizations that truly subscribed to the notion of achieving balance in account and opportunity planning and management, but today there seems to be a realization that effective account management can actually fuel the creation of tomorrow's opportunities. Yet it takes a change of perspective and a bit of willingness to look at sales and account management functions as better off when integrated than kept separate.

Eccles adds this about the importance of balance in effective global KAM: "The challenge today is to rise above the daily noise levels of business as usual and bring a strategic focus to key customer relationships—and do this while ensuring that the actions required to drive our strategies are executed effectively. While this may not always be the easiest way forward, maintaining this type of balance is important, and the benefits to our customers are significant and long-lasting." 



implemented and executed, is the source of the next wave of opportunities. While this may seem normal and natural to you, I assure you that the majority of sales executives around the globe don't share this opinion. Since most of today's senior sales leaders grew up as new-business hunters rather than account managers, a school of thought still pervades that account management is more about relationships than revenue. Though it's true I used to be one of those guys, now I couldn't disagree more. The strong, measurable results of many successful SAM programs prove that SAM can be the source of tomorrow's sales and value-creation opportunities.

Henkel AG & Co. KGaA (www.henkel.com) is a market leader in adhesives, sealants and surface treatments for industrial applications. The electronics division's solutions are found in many of the most popular brands of computers, mobile phones, televisions, appliances and cars, and the company serves an

creating customer value and relationship building, and our strategic account plans are designed to achieve growth in both of these areas with our customers. The global nature of our business requires a strong focus on the short-term needs of our customers as well as our longer-term value-creation and relationship development objectives, and global key account management provides us with a platform to maintain this focus."

Conclusions and recommendations: the long-term perspective

In any economy and certainly this one, it can be very tempting to let the large opportunity or big deal of the day command attention and resources and take precedence over almost everything else. But in authentic strategic relationships between customers and suppliers, it's important to be mindful that beyond these opportunities, there remain account plans and planning processes that should extend partnerships and

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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 4—position and differentiate the supplier's unique value with the customer," *Velocity*®, Vol. 14, No. 1, Winter 2012, www.strategicaccounts.org; and Steve Andersen, "The keys to effective strategic account planning: Key 3—assess and strengthen the account's most strategic relationships," *Velocity*®, Vol. 14, No. 1, Winter 2012, 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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