PLUS! FAST TRACK TO THE TOP: A TRUE SUCCESS STORY p. 109

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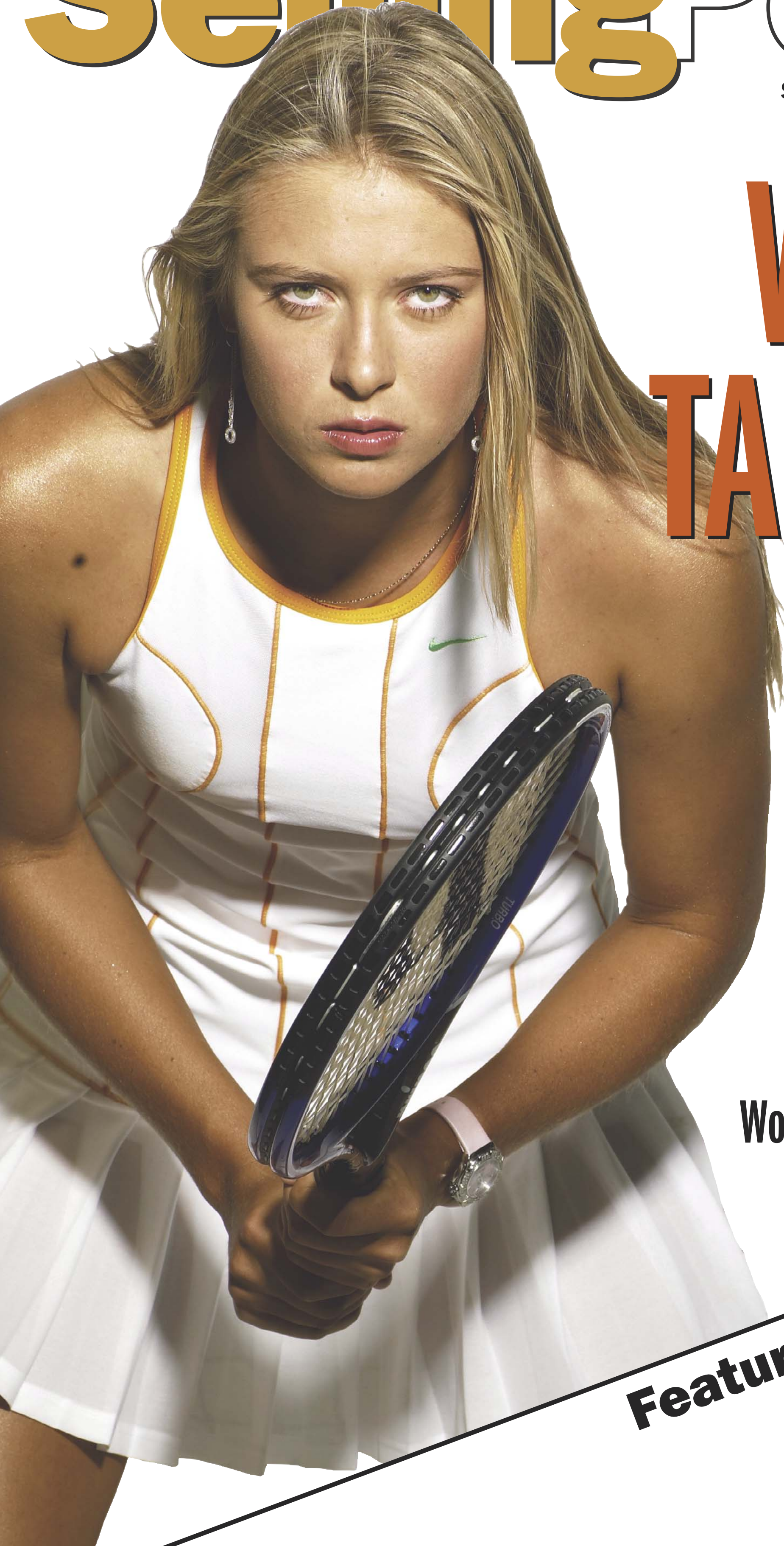

WINNER TAKES ALL

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Featured in This Issue

PMI performance METHODS incorporated

manage
your sales team

A Hands-On Guide for
Sales Management

This article is based on an interview with Steve Andersen, president and managing director of Performance Methods, Inc. (PMI). PMI is a sales best-practices consulting organization that helps its clients increase sales effectiveness. PMI combines an intricate understanding of its clients' businesses with customer engagement best practices to create customized processes that meet each organization's unique requirements. Steve can be reached at:
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The Road to Trusted Advisor

There's a big push in sales organizations today for reps to become "trusted advisors" and "collaborative partners" with their customers. But nudging your reps in this direction is a lot like asking them to write a book: It seems like a fairly straightforward process until you actually sit down to do it. Then you come face-to-face with a paralyzing onslaught of questions. How do you shift from selling to advising? Does it take a different approach for each account? Does – gulp! – your entire sales process need to change, or are you simply looking at a change in the kinds of conversations your reps are having?

While there's no one-size-fits-all road map for moving from vendor to trusted advisor, here's a look at how one company, a global manufacturing organization, tackled those questions. It is now so intertwined in its major customers' long-term business planning that in many cases the manufacturer is able to sidestep the RFP process entirely.

The company's strategy shift began in 2004 when leaders recognized a major vulnerability: More than 50 percent of their revenues were coming from fewer than 10 percent of their clients, yet many of the company's interactions with these customers were reactionary. Customers would issue RFPs and the manufacturer would respond. With each RFP, the company risked losing a key account.

Though the manufacturer often won these bids, they knew this wasn't the way to lock in their key accounts and become trusted advisors to them. They knew they should be sitting down and planning collaboratively with them, but they had no formal process in place for doing so and no precedent for creating one. That's when they brought in Performance Methods, Inc. (PMI) and asked them to build a process that would enable them to shift into a collaborative planning role with each of their key global accounts.

STRUCTURE OF THE ORGANIZATION

The manufacturing organization employs roughly 400 sales reps worldwide in more than two dozen countries around the globe, including the United States, Canada, the U.K., Germany, Singapore, and Japan. About 50 of the sales reps are strategic account specialists responsible for one or two major global accounts. They report to a VP of strategic accounts. The other 350 reps are responsible for territories of varying size. Those 350 reps report, in groups of eight to 10, to sales directors who in turn report to sales VPs or, in some cases, country managers. Sales VPs and country managers report to one of five global executives, who then roll up to the CEO.

Interestingly, the 50 strategic account reps work collaboratively with the field reps whose territory covers the local offices of their key accounts.

So although one rep has overall responsibility for each global account, he or she coordinates with reps on a local basis, and periodically every rep worldwide who has any dealings with that account meets in a central location to discuss the account.

HOW TO LEVERAGE EXECUTIVE POWER

Many sales reps leverage their key executives like the grand finale of a fireworks show, bringing them in near the end of the sale to provide a "wow" factor and a high-level push to get the deal closed. But having been one of those executives for many years, PMI President Steve Andersen knows that such a move is not the most effective use of an executive and often can be counterproductive. "I can't tell you how many times I went into a client meeting feeling completely unprepared by the rep," says Andersen. When that's the case, the executive provides little value to the sale.

With that in mind, Andersen worked with the manufacturing organization to define a radical new function for the company's executives. He wanted executives to be totally involved in the shift to a strategic supplier role from the outset – not just as internal champions of the shift but as active, informed participants on the account teams. The result: the collaborative planning initiative was launched in tandem with an Executive Sponsorship Program.

Under the program, each customer team is assigned an executive sponsor who participates in account planning meetings and is kept completely informed on key developments within the customer's organization. Executives serve as coaches and advisors on the manufacturing side. They build and maintain relationships with key customer executives. And since they are fully immersed in what's happening with the client, they can, at any time, have meaningful conversations about the client's business issues.

PMI and the manufacturer carefully chose each executive sponsor to match the unique requirements of each key account. In other words, PMI looked at the value profile of each customer and matched up the needs of each organization with a manufacturing executive whose skills and focus aligned with those needs. This strategy not only ensures the best fit for customers, it takes the pressure off sales leaders who are no longer the go-to executives each time high-level presence is required. That's because the Executive Sponsorship Program involves senior leaders not only in sales but also in engineering, customer service, finance, and marketing.

Senior leaders embraced the executive sponsorship concept from the outset. They attended training and awareness sessions to help them understand the strategic customer management initiative and the role and potential impact of an effective executive sponsor. As a result, the sponsorship program has had benefits that go far beyond sales figures. "It has fostered insights from senior leaders about how to better support the field and create strong levels of customer value at the same time – a great return on the investment of these executives' time," says Andersen.

A Four-Step Process

PMI conducted a series of in-depth customer assessment interviews to understand how the company's global accounts defined value in a strategic supplier. The feedback revealed two interesting dynamics. First, it appeared the manufacturing organization and its clients wanted to get to the same point. Customers expressed a desire to look into the future and share go-to-market strategies with a strategic partner, but just as the manufacturer had no process in place for doing this kind of planning with its customers, neither were customers sure how to go about it with their strategic vendors.

Second, while each customer had some unique needs, overall there was a huge amount of overlap in their value definitions. PMI's research uncovered 16 common requirements in a strategic supplier, including the need for those suppliers to have knowledge of the customer's business and industry, an ability to solve the customer's business problems, resources dedicated to the customer's account, proactive planning sessions with the customer, and an executive-level relationship between customer and supplier.

Armed with this information, PMI created the following four-step process that the manufacturer undertook with its strategic customers. As a result of this process, the company is becoming entrenched as a trusted advisor and strategic partner for many of those key accounts.

1. Internal account-planning meeting.

Starting in 2005, the company held a series of meetings, each one focused on a single key account. Everyone from around the world who was dedicated to a certain customer – sales reps, sales leadership, customer service reps, and customer support staff – flew in to meet with others working on that same account. Depending on the customer, groups ranged in size from six on the low end to as many as 16 participants on the high end.

The initial meeting lasted two to three days. Participants arrived having completed a brief pre-work package about their experiences with the customer. Drawing from that information, the team held detailed discussions about the customer, the customer's unique value profile according to PMI's research, and the manufacturer's strategy for working collaboratively with that customer.

2. Customer validation.

Armed with an initial plan for a collaborative partnership, the manufacturer next requested the opportunity to present its new strategy to the customer. Three or four people from the manufacturing organization, including an executive sponsor (see "How to Leverage Executive Power"), the key salesperson, and PMI, participated in the presentation; in most cases, roughly the same number from the customer side attended. During the presentation, the manufacturing team presented a summary of the work it had done during that initial account-planning meeting, explained its desire to work in a collaborative planning role with the customer, and detailed the benefits of such a relationship for the customer.

"It was very interesting to see how few customers understood what it means to be a strategic account," says PMI President Steve Andersen. He added that once customers understood how the manufacturing organization wanted to work with them and the value that a vendor who was an integral part of go-to-market planning could provide, they were overwhelmingly on board.

3. Collaborative planning.

Once customers agreed to work collaboratively with the company, the two sides scheduled an initial collaborative planning session. There, they discussed the customer's potential value targets and business objectives and broke out into round-table groups to brainstorm how the manufacturer could help the customer attain its value targets. Here's the six-step collaborative planning approach PMI implemented to provide the framework for each collaborative planning meeting:

- **Identify** potential areas of value creation.
- **Qualify** mutual value targets for appropriate levels of fit.
- **Strategize** and brainstorm together to determine best approaches.
- **Prioritize** value targets together.
- **Execute** action plans to proactively pursue value targets.
- **Assess** progress together and adjust value creation plans as needed.

The key to these meetings, says Andersen, is to hold them on a regular basis, regardless of whether there is a problem or specific opportunity on the table. Most teams meet quarterly.

4. Recap.

After each collaborative planning session, key players on the manufacturer's team meet to confirm action items and evaluate how they're doing relative to their objectives.

Andersen points out that this strategy, properly executed, can completely circumvent the RFP process. By way of example, he cites one of the manufacturing firm's early collaborative planning sessions with a strategic customer. During the session, the customer brought up its plans to expand into a new region representing many millions of dollars in potential revenue. Before it could expand, however, it needed to acquire the type of business services and solutions the manufacturer provided.

In the past, the customer would have issued an RFP for those services and handled the rest of the expansion independently. Working collaboratively with the manufacturer, however, the two sides were able to short-circuit what could have been a lengthy search and RFP process, and got right to solving the expansion problems. In so doing, they both saved months of work as well as the hundreds of thousands of dollars it would have cost to prepare, issue, respond to, and review the RFP.

Obviously, this kind of strategic collaboration isn't possible with every account, says Andersen. But for those key accounts that make up the biggest percentage of your business, a collaborative planning strategy is not only possible, it's a necessity in today's business environment. – Heather Baldwin

HOW THEY REACH THEIR MARKET

The manufacturing firm reaches its customers through a combination of direct (75 percent) and indirect (25 percent) sales. Its direct sales are made by its 400 in-house sales reps. Indirect sales are made through a network of partners whose primary focus is mid-market buyers. Some of these resellers exclusively sell the manufacturer's products and business solutions; others sell additional noncompeting products.

The manufacturer does a minimal amount of advertising. When they do advertise, it is in trade journals read by their customers. They also attend trade shows, but primarily they rely on their field sales reps to position the manufacturer's products and solutions and competitively differentiate their unique value within their territories.

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