

STRATEGIC REFLECTIONS

The inevitable tension: long term vs. short term



From my personal experience, the biggest challenge facing a strategic account management (SAM) program today is managing the tension between delivering short-term operational and tactical results while balancing long-term relationships and strategic goals. This tension can be created by the company's internal drivers as well as at the customer level. Is there a clearly defined formula for dealing with this tension? I certainly haven't seen one presented yet!

An old proverb states that when chasing two rabbits, both will escape. This is a valid description of this dilemma, and nobody lives this "rabbit chase" more than a strategic account manager or the leader of a SAM program. The chase between long term and short term comes about as a by-product of other tensions:

- By Michael J. Stevens**
- Monthly or quarterly operating plan metrics vs. strategic plan goals and measurements
 - Profit and loss top-line growth vs. P&L bottom-line maximization
 - Account consolidation vs. account expansion
 - Industry leadership/market share vs. share of customer/customer-recognized supplier value
 - Cost minimization vs. growth investments
 - Product/business unit orientation vs. corporate synergy
 - Geography or regional focus vs. global account management

People talk about balanced scorecards that assist in managing competing priorities, but my experience in the world of SAM is that these scorecards rarely stay in balance for very long. The pressure points too often tip the scale toward short-term deliverables and away from long-term objectives. For example, how many of us have entered a new operating plan year – which is usually the first year of a three-year strategic plan – only to find that the entire plan is thrown to the wind after missing the first-quarter financial objectives? When the real world intrudes, we must manage the actual situation. SAMs always juggle these competing objectives.

In reflecting on my experience in customer-facing organizations, I see two key areas that need to be addressed for both short- and long-term success: **value** and **relationships**

Neither short-term deliverables nor long-term objectives will be met if the customer does not recognize your *value as a supplier*. Value includes your product and the differentiated services you offer, the resources you apply to assisting the customer, the expertise (technology, people or even industry) you bring to the relationship, the similar customers or references you can connect to the situation, or even the brand (trust and credibility) you bring to the customer. (Having worked most of my career for a brand-oriented company, I fully recognize how powerful this can be.)

Relationships are the other critical factor in meeting short- and long-term growth performance objectives. Strong *personal relationships* can open opportunities and doors that would not have otherwise been opened. I am a firm believer that the business world is still relationship-based. Without solid, deep relationships, success will be short term and not sustainable.

Value and relationships require a planning process. President Dwight D. Eisenhower, who also was the Allied forces commander in Europe during World War II, once stated, "In preparing for battle, I have always found that plans are useless, but planning is indispensable."

Account managers must have the power to consider both the longer-term implications as well as short-term deliverables. Compensation models should encourage this balance with hard and soft metrics that deliver against the operating plan *and* the strategic plan. Additionally, internal metrics must be in balance with customer metrics, and SAM skill sets also need to be matched with these issues.

We must be flexible in dealing with the realities that drive our businesses and customers. Indeed, managing the tension is more of an art than a science. Flexibility around an account plan is necessary for dealing with these serious tensions among the short-term demands of our external customers and our internal management needs for delivered performance, as well as the recognized value supplied to the customer and longer-term potential for business development.

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