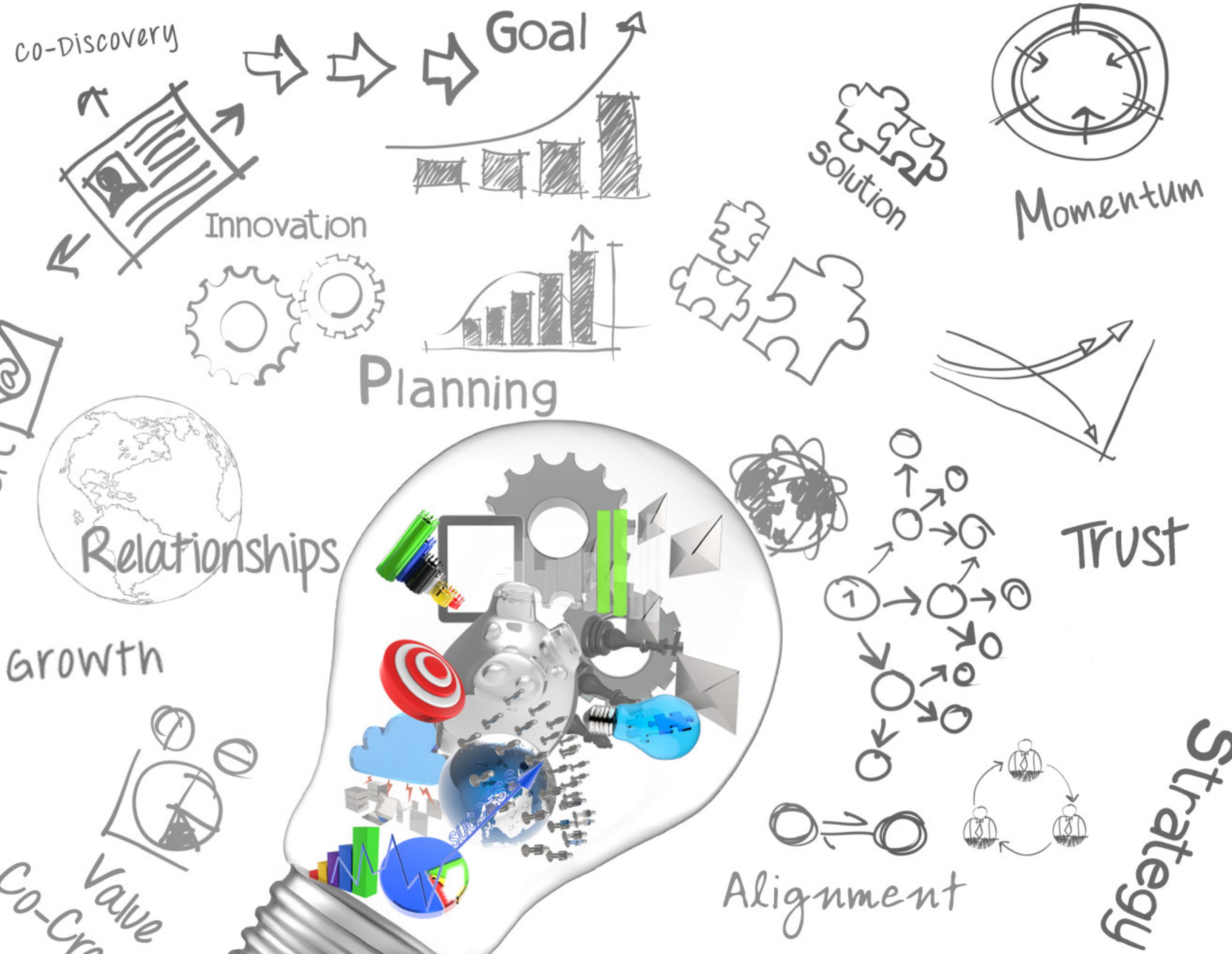

The Keys to Effective Strategic Account Planning

(2nd Edition)

By Steve Andersen, Craig Jones and Todd Lenhart

PMI performance METHODS incorporated

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Foreword

For more than 50 years, the Strategic Account Management Association (SAMA) has provided an environment for industry leaders from across the globe to share best practices and collaborate on topics critical to becoming and remaining essential to their most important customers. SAMA member companies are on the leading edge of innovation when it comes to customer-centricity, customer value co-creation, and developing and expanding trust-based relationships with customers. They pursue these objectives through the design, development and deployment of strategic account planning and management solutions, best practices, skills and tools.

In ***The Keys to Effective Strategic Account Planning (2nd Edition)***, authors Steve Andersen, Craig Jones and Todd Lenhart of Performance Methods, Inc. (PMI) leverage their more than two decades of work with SAMA and SAMA member companies to provide readers with a contemporary view of what great account planning and management looks like. The authors' extensive experience working with organizations committed to strategic and key account management excellence forms the basis for this book, and the flow of topics and examples engages readers in a journey rich with insights, practical takeaways and commentary from acknowledged thought leaders and practitioners from across SAMA's global community.

If you're looking for an explanation of how the most effective account managers in the SAMA community of practice drive customer value co-creation and account growth, you need look no further than this book. The authors unpack the critical components of modern SAM/KAM programs and connect them into a story of delivery that describes how top performers consistently drive successful growth with their customers through the execution of account planning and management best practices. In this updated and expanded second edition, PMI sets the standard for co-creating customer value, aligning cross-functional account teams, building trust-based customer relationships and driving proactive account growth.

I encourage you to invest in yourself by reading ***The Keys to Effective Strategic Account Planning (2nd Edition)***, and I look forward to seeing you at upcoming SAMA conferences, training workshops and learning events.

Denise Freier

S A M A

Denise Freier
President and CEO
The Strategic Account Management Association

Introduction

By Steve Andersen
President and Founder
Performance Methods, Inc.

If you want to discover account management best practices at work, all you need to do is spend time in or around the Strategic Account Management Association (SAMA) and its member companies. Sharing best practices is part of the SAMA community culture, and there's no better place than SAMA to find examples of how global industry leaders are achieving excellence in engaging and co-creating value with their most important customers.

Over the past two decades, Performance Methods, Inc. (PMI) has worked with numerous organizations within the SAMA community, and this work has provided opportunities to witness firsthand how global industry leaders manage and grow their most strategic customer relationships. From these experiences, PMI has designed and developed our proven approach for implementing and sustaining SAM and KAM best practices: ***The Keys to Effective Strategic Account Planning (2nd Edition)***.

Many significant learnings are unpacked herein, with focus on how to align your cross-functional account team, develop trust-based customer relationships, co-discover what your customer values most, and capture and leverage past proven value. We'll explore how to develop new opportunities for value co-creation, how to build your account value portfolio with strategies to drive proactive growth, how to measure the impact of account plan execution, and how to effectively engage your customer in the account planning process.

Finally, we'll bring it all together with a proven process for facilitating and conducting effective account briefings and reviews, skills that are increasingly critical to sustaining implementations of account planning and management. Also used by SAMA in the certification of account managers within the Certified Strategic Account Manager (CSAM) program, this book introduces a powerful approach for building a compelling "account story" of customer success and mutual value co-creation.

Our deepest appreciation goes out to these organizations for sharing their insights and best practices, and for participating in ***The Keys to Effective Strategic Account Planning (2nd Edition)***: Allergan, Boehringer Ingelheim, Hilton Worldwide, Honeywell International Inc., NetApp, Premier Inc., TÜV SÜD, Zoetis, and Zurich Insurance Group. Also, without the time, talent, and diligence of SAMA and its outstanding team of professionals, this book would not have been possible. Thanks to "Team SAMA" for your support and contributions, as well.

As you embark on your SAM/KAM journey, consider selecting a customer important to your success this year. Focus on this organization and its stakeholders as you proceed through the chapters—the concepts and best practices will certainly be more relevant and practical if you visualize application with a specific customer in mind. It has been our great pleasure to develop and enhance ***The Keys to Effective Strategic Account Planning (2nd Edition)***, and we hope you enjoy reading this book as much as we have enjoyed researching and writing it.

About the Authors

Steve Andersen
President and Founder

Steve Andersen founded PMI following a successful 20-year technology career within the high-growth business applications software industry. As President and Founder, he is involved in client projects, solution development, and establishing strategic direction for PMI.

Steve has served as "chief revenue officer" multiple times during his career and his background includes extensive experience in sales, sales management, and sales leadership. He is the primary architect of PMI's sales and account management methodologies, and he has numerous publications to his credit in the areas of sales, sales management, and account management best practices. Steve also co-authored ***Beyond the Sales Process: 12 Proven Strategies for a Customer-Driven World*** with Dave Stein in 2016.

Steve is a frequent speaker at SAMA conferences and academies, a member of the SAMA Certified Strategic Account Manager (CSAM) faculty, and a member of SAMA's Board of Directors. His client work has brought him into direct contact with many of the world's largest corporations, and he holds BS and MA degrees from the University of North Carolina at Greensboro.

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Craig Jones
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As PMI's Managing Director, Craig uses his experience in sales, sales management, sales coaching, and consulting to help organizations win new business and grow existing relationships by institutionalizing best practices for their sales and customer engagement teams. His extensive background includes the roles of sales executive, sales manager, strategic account manager, and account executive.

Craig's client work includes experience with leaders from a variety of industries, such as manufacturing, information technology, life sciences, financial services, telecommunications, hospitality, building materials, and consumer products.

He has deep experience in the design, development, and delivery of PMI's client solutions, including executive-level positioning, management coaching, strategic account management, value selling, collaborative planning, and sales process design. Craig is credentialed through the International Coach Federation (ICF) as a Professional Certified Coach. He is a frequent contributor to the SAMA community and a member of the CSAM faculty. Craig holds a BS degree from the University of Florida.

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Todd Lenhart
Managing Partner

Todd Lenhart is a sales executive with over 25 years of experience in sales, sales management, corporate leadership, strategic planning, negotiations, and strategy execution. He brings a broad business background to PMI, with extensive executive involvement working in and consulting with large multinational corporations.

Todd's corporate experience in sales and as a CLO, coupled with his technical background as a CPA, provide him with a unique perspective on the challenges facing sales leadership and the solutions that help leading companies optimize customer value co-creation.

Prior to PMI, Todd served as President of Shapiro Negotiations Institute (SNI), a global training and consulting firm focused on negotiation and influence. During his time with SNI, he worked with a wide range of global companies, including financial services, life sciences, media and entertainment, energy, telecommunications, professional services, information technology, and manufacturing. Todd holds a bachelor's degree from Penn State University, and is a member of SAMA's CSAM faculty.

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Benchmark and assess the account

Chapter 1

Benchmark and assess the account

The Keys to Effective Strategic Account Planning

1. **Benchmark and assess the account**
2. Engage and align the cross-functional account team
3. Assess and strengthen customer relationships
4. Co-discover what the customer values most
5. Align objectives and develop new opportunities
6. Co-create value and gain momentum in the account
7. Develop customer sponsors and supporters
8. Build and implement account growth strategies
9. Measure the impact of account plan execution
10. Adapt to meet the customer's changing needs
11. Engage the customer in the account planning process
12. Provide coaching and leadership to the account team

Benchmark and assess the account

Our work with clients has taught us much about the importance of defining strategic/key accounts and communicating this effectively, both internally and with customers. Experience shows that the account selection process is typically ongoing and a critical component of any successful SAM program. At first glance, the accounts and customer relationships most important to a supplier's business may seem obvious, but closer inspection reveals that the decision process can be challenging and even stressful for an organization. How does something that sounds so good for both the supplier and the customer become so difficult?

What makes a customer strategic?

Among other factors, this depends in part on the customer's willingness to partner with the supplier, as most suppliers have limited resources and wish to focus on a select number of key customer relationships and deploy resources accordingly. Zurich Insurance Group, an insurance-based financial services leader, has implemented a successful SAM program led by the Commercial Insurance business division. Zurich's approach to defining and assessing strategic accounts and strategic account performance is considered to be a best practice.

Ron Davis, Executive Vice President and Global Head of Customer Management, offers this perspective: "Our model of defining strategic accounts requires direct input from our customers. In addition to potential strategic accounts meeting pre-defined characteristics, our relationship leaders (i.e., strategic account managers) speak with each customer in advance to ensure there is mutual interest in establishing a strategic relationship."

We couldn't agree more with this approach. Far too many so-called strategic customers don't know they are strategic, don't care that they are, or don't understand what it means. Davis goes on to add that "it is considered the relationship leader's responsibility to conduct an ongoing assessment of both parties to determine whether they perform and execute as expected." To support this, Zurich uses qualitative and quantitative metrics.

Strategic customer/non-strategic supplier

What happens when a supplier considers a customer to be strategic to the supplier's business, but the customer does not consider the supplier to be strategic to theirs? This dynamic, which is all too common, almost always results in a lack of balance: the supplier inputs strategic resources and value into the relationship, while the customer is focused on receiving tactical outputs (price, terms, and availability) from the relationship. Because most suppliers, including industry leaders, agree that there simply are not enough resources to serve every customer as though they are strategic, it is critically important to select customers for SAM program participation that are committed to this type of mutually beneficial relationship.

Unfortunately, it's not surprising to hear customers say things like, "I didn't know we were a strategic account," "I don't know what it means to be a strategic customer," or even more disturbing, "Oh, good—what do we get for being strategic?" The ideal strategic customer/supplier relationship is *authentic in nature*, which means that each party wants the other to succeed, and both parties demonstrate this through their actions. You may ask "How can this be?" with the rise of more enabled and empowered procurement and supply chain organizations that seem increasingly driven to command the "last dollar." Supplier relationships with strategic customers must go far beyond the procurement organization, and for many organizations, developing deep and wide networks of customer supporters and sponsors is one of the most critical factors of SAM program success.

There's an evolution occurring. Customer decision teams are expanding to include increasing numbers of influencers, recommenders, decision-makers, and sometimes even approvers. These types of individuals have vastly different definitions of value, depending on the person's level within the organization, as well as their specific areas of responsibility (e.g., finance, marketing, engineering, quality, information technology, and human resources). The most effective strategic relationships align the customer's and supplier's teams in a way that offers connection points up, down, and across the customer's organization. This alignment provides the foundation for an effective strategic relationship between the parties in which each has a greater understanding and appreciation of the other's needs, objectives, and success criteria.

It's not just about size

In the past, it was almost predictable that identifying a strategic account was a function of ranking customers by revenue, then treating the top group as the most strategic. Even today, this kind of sorting is likely to be at the front end of most attempts to define strategic accounts and customers. But there is much more to a strategic relationship with a customer than revenue, which becomes increasingly apparent when you consider the success of specific strategic customer/supplier relationships PMI has observed within the SAMA community. In other words, after you've defined and selected strategic customers, how do you measure the performance and potential future value of these relationships? The most effective SAM programs develop criteria for measuring the success of the relationship, which they can use to assess the strategic fit with customers.

Strategic impact zones

Many different methods can be used to determine strategic account fit and performance, and no one has an approach that will work for every supplier and strategic account program. As with most things related to SAM/KAM, a supplier's strategic account benchmark must be customized to the way that supplier does business and should consider performance and the past proven value of successful (and perhaps unsuccessful) strategic account relationships. There are strategic impact zones that are useful in continually assessing strategic account performance. While these zones are not a substitute for SAM *execution* metrics (see Chapter 9: ***Measure the impact of account plan execution***), they provide a framework to benchmark and assess strategic customer/supplier success.

• **Value:** There's general agreement that co-creating sustainable and measurable business value with strategic customers is important, which leads to the question, "How do we know we are meeting and exceeding the customer's expectations of value from a strategic supplier?" Value can be a function of many different variables, yet some of the more typical examples include the availability of opportunities to collaborate and innovate with the customer, the opportunity for the customer and supplier to create mutual value by sharing best practices, and the supplier's share of the customer's spend on related products, solutions, and services.

Figure 1. Account Planning Impact Zones

• **Alignment:** Alignment is about connection and fit, and it focuses on where and how the supplier can best connect with a strategic customer and align objectives. Alignment considerations may include the competitive position the supplier has developed and achieved through experience with the customer, the fit of the supplier's products, solutions, and services with the customer's requirements, and the customer's buying and purchasing strategy and how well it fits with the supplier's business model. Equally important is the ability of the customer and supplier to connect and achieve team-to-team alignment by mapping supplier resources to the customer's key stakeholders, a topic we will explore in greater depth later.

• **Relationships:** Strong relationships are vital to achieving and maintaining effective strategic account performance, but this goes far beyond how well the parties simply "like" each other. Challenging dynamics can emerge in strategic customer/supplier relationships, and these may include the customer's true willingness to partner (demonstrated by actions, not words), the depth and breadth of trust-based relationships with key customer stakeholders, and the account manager/account team's ability to develop sponsor and supporter relationships within the customer's organization.

• **Growth:** Growth has traditionally been defined in terms of revenue and profits, but what are the factors that may precede actual numerical growth? Strategic suppliers are beginning to look qualitatively beneath the numbers to uncover the actual sources of growth, and factors such as the degree of collaboration, mutual innovation, joint planning, and value co-creation between the customer and supplier go a long way in determining future growth. The modern, trust-based customer/supplier relationship typically has at least one–if not all–of these dynamics at work.

Assessing strategic fit

After you define "What is a strategic account?" within your organization and help your customers understand what they stand to gain by participating, success is still not guaranteed. Even the most effective strategic customer relationships are subject to attack by competitive, economic, market, technological, and regulatory pressures. The purpose of continually benchmarking strategic accounts is to ensure that you receive early warning indicators of non-performance, before matters become worse or it is too late to make corrections. To this end, the typical strategic account benchmark will have a mix of objective and subjective factors and, as many organizations are beginning to realize, performance factors that come directly from the customer.

It can take years to develop a trust-based partnership with a customer, yet even the strongest relationships can be damaged in an instant, sometimes for reasons beyond your control. Imagine the insight that can be developed and shared with account team members (and the customer) through the ongoing assessment of the strategic relationship and analysis of change within the strategic impact zones: value, alignment, relationships, and growth. By considering an assessment approach that ranks ongoing effectiveness over time, you have the opportunity to target areas of desired improvement and to focus your account planning process on addressing and prioritizing areas of the highest potential impact and greatest importance to your strategic customer relationship. The upside to this type of approach seems clear, while the downside of not benchmarking your accounts is likely to be fraught with risks and surprises, which is not conducive to effective strategic account planning and management.

Conclusions and recommendations

Today's most successful companies prioritize the need to become more strategic to their customers through the deployment and implementation of effective SAM/KAM programs and best practices. In many cases, these programs are launched with a series of discussions about who the strategic customers are and how they contrast with one another. Before moving too far in the direction of the who and how, consider engaging in enterprise level collaboration about what makes a customer strategic to your organization. This will go a long way in reducing the number of selection/deselection activities you're likely to encounter downstream and help ensure that your SAM/KAM program is focused on the customers most strategic to your business.

Engage and align the cross-functional account team

Chapter 2

Engage and align the cross-functional account team

Engage and align the cross-functional account team

Once you've benchmarked your account and assessed the level of strategic fit that exists between your organization and the customer, the consideration becomes how you and your cross-functional account team members can work together to become even more strategic to the customer. This may sound obvious and natural on the surface, but experience has proven that gaining a sense of balance and internal alignment with team members can be a challenge—after all, their objectives and targets are often different than yours.

Account team performance is enhanced when there is clarity regarding the role of each cross-functional team member, as well as each member's responsibilities in growing and evolving your overall relationship with the customer to the next level of strategic fit. When sales, account management, and customer service efforts are harmonized, the results are always greater than those of any single individual, regardless of role or position. Account team members work more effectively together in an environment that is collaborative and synergistic, where there is a foundation of sharing, trust, and cooperation, rather than control, tension, and conflict.

Team play vs. individual heroics

In most business-to-business selling environments, the supplier's

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Figure 2. Aligning the Cross-Functional Account Team

sales or account team attempts to connect with a customer's buying or decision team. Why is this alignment between the supplier's team and the customer's team so difficult for some organizations? It usually begins with a lack of internal alignment within the supplier's cross-functional team members, which can result from ill-defined roles, conflicting goals, and account control issues, as well as other factors (including compensation). When the account team is not aligned internally, it is difficult, and sometimes impossible, for team members to focus as a synchronized unit on customer value co-creation. This typically does not go unnoticed by the customer.

When customers sense your account team is not aligned, they become concerned about your organization's ability to set realistic expectations, execute on commitments, and deliver results. A lack of effective teamwork invariably creates situations where certain team members must perform at higher levels to meet customer needs, but individual heroics can be difficult to predict, forecast, and sustain. Most customers prefer to work with a functional and harmonized supplier account team, rather than depending on a few top performers to continually save the day. In short, effective teamwork can reduce the customer's perception of risk and exposure, and provide you, your account team, and your organization with more balanced performance, particularly in the areas of value co-creation and relationship expansion.

Working together as an aligned team

Before a team can align effectively, it must be developed and structured so the team members understand "who does what" and how the sum of their talents and skills create a force much stronger than that of any individual. Customer-facing teams are typically organized with specific objectives in mind, including the pursuit of new sales opportunities, the development of long-term account relationships, the delivery of solutions, and the co-creation of customer value. In each of these, it is important to ensure that members of the cross-functional account team understand their roles and "positions on the field," and how these relate to overall team performance and success.

Resources and expertise are key factors in the creation of customer-specific value (see Chapter 4: ***Co-discover what the customer values most***), so when you're selecting the right people for your customer-facing team, it's important to consider fit and team-to-team alignment with the customer. Keep in mind that sometimes it's better to build a team that can take the field and perform effectively together, even if it means passing on certain "position players" that may be best-in-class but not necessarily an effective fit with the rest of your team or with your customer.

Core and extended account team members

Think of your cross-functional account team as having two types of members: "core" and "extended." This delineation can be helpful as you align your team with your customer's team because it considers the level of commitment that these two types of participants are likely to invest into the relationship with the customer. *Core* team members are typically those who engage with the customer on an ongoing, perhaps even daily basis, while *extended* team members have roles that bring them into direct customer contact less frequently and only as needed for value co-creation and relationship expansion purposes.

Premier Inc. is a healthcare improvement company uniting an alliance of approximately 4,000 U.S. hospitals and health systems and more than 175,000 other providers and organizations. Denise Juliano, Group Vice President of Life Sciences, who leads Premier's implementation of strategic account planning and management, offers this perspective on the significance of engaging and aligning account teams: "Being able to bring in the right core and extended members to add value to the account team is a requirement if we are planning to grow with the customer and deliver our organization to co-create value with them."

It's important to note that while core team members are generally assumed to spend a higher percentage of their time with the customer and their account, the customer may view an extended team member as their "MVP" because that individual has had a specific impact on the customer's behalf. We'll go into more depth on the art and science of stakeholder mapping and team-to-team alignment later (see Chapter 7: ***Develop customer sponsors and supporters***), but suffice to say that this delineation of resources within your account plan can be very helpful when it's important to look at resource prioritization and the application of team talent across multiple customers and accounts.

Team leadership and direction

Cross-functional account teams that are well-aligned and consistently co-create customer value tend to appreciate the importance of team leadership, including the role of the team "quarterback." It's the same in sales and account management as it is in sports: people respond to effective leadership, particularly when the leader is personally invested in the team's success, able to demonstrate best practices, and willing to take the time to understand other team members and what's important to each of them.

All too often, account teams find themselves in pressurized situations without enough time to "do things right," because of customer requirements that result in tight timeframes and difficult deadlines. In these cases, it's especially important to have someone in a team leadership position who is ultimately calling the plays. Account teams consistently benefit from effective "play calling" by the person in the role of team leader or quarterback, particularly when it comes to matters of prioritization and resource deployment.

The team leader may not have all of the answers or even be the ranking member of the team, but this individual's role is that of "chief strategist" for the account. In most modern selling environments, the SAM, KAM, or account executive typically bears responsibility for developing and deploying account-level strategies, particularly as it relates to growing relationships with key customers and winning new sales opportunities.

Developing and deploying winning strategies

Now that you've built your cross-functional team and roles have been defined, how do you optimize team performance? Many of us have been asked to join teams that lacked focus and failed to execute with consistency, which can negatively impact personal productivity and result in the creation of conflicts and potential morale issues among team members. Moreover, countless examples can be found (in business and in sports) where underperforming teams lacked the focus and consistency required to perform at "championship" levels.

From an account planning and management point of view, the best way to avoid this is to ensure you have a clearly defined and communicated strategy, which all members of the cross-functional team understand and support. A well-aligned account team should have strong connections between individual team members in such critical performance areas as customer problem solving, customer relationship building, customer communication and collaboration, and customer value co-creation.

Ideally, when it comes to effective strategic account planning management, account team members realize that it's more important to win than it is to be right, as recently articulated by a client executive:

> *"We measure results in terms of customer value co-creation, not in terms of who had the best ideas on our account teams. It's when we work this way that our customers see us at our best."*

Value to the customer

While many factors and variables contribute to overall success with your customer, when it comes to building sustainable long-term partnerships with a strategic or key account, nothing is more important than value co-creation. Ahead, we'll explore how contemporary cross-functional account teams effectively align objectives with their customers' (see Chapter 5: ***Align objectives and develop new opportunities***) and co-create mutual measurable value (see Chapter 6: ***Co-create value and gain momentum in the account***), but first it's important to consider the degree of clarity that exists regarding how each account team member will be involved in value co-creation with the customer.

"Making the team," as either a core or extended member, should come with a commitment to active participation in the value co-creation process—with the rest of team, as well as with the customer. When cross-functional team members are directly connected to specific opportunities to co-create value, they are more committed to the expectations of both the customer and your organization. Customer value co-creation and realization are two of the most meaningful and gratifying aspects of strategic account planning and management, and sharing these opportunities across your account team will build team spirit and foster a healthy team culture.

Conclusions and recommendations

The most effective account teams clearly define roles and responsibilities and leverage their cross-functional strengths to build and expand trust-based customer relationships and drive mutual growth. They understand that a balanced and synchronized account team will be more consistent in their co-creation of customer value, and that strong internal account team alignment is the first step in enhancing team-to-team alignment with the customer.

Effective team alignment requires effort—it's not easy. But the sustained competitive advantages of implementing team selling approaches within well-aligned account teams is compelling, and the impact of effective team alignment on key customer relationships can be a significant differentiator in markets where customers have difficulty distinguishing one supplier's solution from another.

Strong internal alignment should be an objective of every strategic account planning program, regardless of industry, geography, or market, because one thing is certain: if you aren't effectively aligned internally within your own organization, the likelihood of aligning effectively externally with the customer's team is quite remote.

Assess and strengthen customer relationships

Chapter 3

Assess and strengthen customer relationships

Assess and strengthen customer relationships

Developing strong relationships with the customer's key stakeholders is an essential component of any successful SAM program. Less obvious to some organizations implementing strategic account planning and management, however, is the importance of ongoing assessment and measurement of these customer stakeholder relationships. It is one thing to build customer partnerships grounded in trust, but quite another to sustain and grow them through periods of market and economic change.

Profitable account growth is what effective SAM programs strive to achieve, and while methodology varies greatly from business to business, one consistent ingredient for strong account growth is a trust-based customer relationship. Denise Juliano provides further insight on the significance of developing and growing strong relationships with customer stakeholders: "People want to do business with people they trust. I believe that when you have trust-based relationships, all things are possible, and without it, you are limited each and every day!"

What is account growth?

For many organizations and SAMs, "account growth" reflects the volume of business with each customer. This seems

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reasonable, especially when you look at growth in terms of revenue, with an eye towards top-line and bottom-line. But consider an alternative perspective: What about account growth or expansion 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. When it comes to strategic relationships, it's not just about the numbers. In practically every example of strong account revenue growth, "relationship growth" is a primary driver. Without it, revenue growth is not sustainable.

Many people find it difficult to think beyond the numbers when the topic of account growth comes up, but qualitative relational factors almost always help develop the opportunities for value co-creation that drive revenue increases. Industry leaders across the globe have consistently demonstrated that, while strong relationships can lead to revenue growth, the converse simply isn't true. History teaches that short-term revenue spikes not grounded in strategic relationships are subject to the types of scrutiny and organizational stress that can potentially be hazardous to long-term growth, which is far less likely if the parties are engaged in a relationship based on mutual trust.

Trust and credibility: more than just words

In difficult times, many of us seek to learn from someone more experienced, who can share 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 help us make progress (and perhaps gain a little peace of mind). Even better, if consultation with someone who can be trusted is available, then we can learn how others have dealt with comparable situations and benefit from their best practices.

In successful account management, almost nothing is more important than relationships and value. The most effective, long-lasting relationships are based on the co-creation of mutual, measurable business value, which means that both the customer and the supplier benefit. When this happens, the relationship has evolved into one in which each party wants the other to succeed, people have a history of delivering on their promises, and credibility has been earned, all of which provide a foundation for trust. These types of relationships, *authentic in nature* (see Chapter 1: ***Benchmark and assess the account***), establish connections between people that can survive an occasional performance or delivery issue because the trust between the parties and the mutual value that has been co-created make a compelling case for resolving problems and moving forward together.

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 proactively seek to align their account team members with the customer's team members. Doing this successfully requires planning, coordination, and careful selection of cross-functional team members who best fit specific customer stakeholders, which is commonly referred to as stakeholder mapping or team-to-team alignment. A supplier that proactively connects cross-functional account team members with customer stakeholders has the potential for multiple authentic relationships that are likely to bring the two organizations into closer alignment.

Even with a strong fit between members of the customer and supplier teams, it will be difficult to maintain organizational alignment with the customer if internal alignment on the supplier's side is inadequate. Internal alignment (or a lack thereof) on either side is typically apparent to the other party in the relationship. Insufficient internal alignment on the part of the supplier's account team can result in a scenario in which the supplier thinks the customer views them as a partner, while the customer actually sees them as just another vendor. This raises an important question: How can we assess our level of connection or alignment with our most important customers?

The customer's perspective

Fueled by hundreds of interviews of our clients' customers, PMI initiated a study of customer/supplier relationship dynamics more than a decade ago, and SAMA assisted with analyzing the data from these interviews. Patterns emerged as more interviews were conducted, and four levels

Figure 3. Customer Relationship Assessment

of relationship were identified, each with its own distinctive relational characteristics and nature:

- Vendor–reactive
- Preferred supplier–tactical
- Planning partner–proactive
- Trusted advisor–strategic

If you ask customers how they feel about doing business with a provider that has vendor status, you frequently hear that the provider was more *convenient* than its competitors. Dig deeper and you might hear that the "convenience" was that the provider's price was lowest, or that the provider was the only organization willing to do business under certain terms or conditions—not a pretty story, 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 you're likely to hear customers say they want to do business with a particular provider because the organization has become *important* to their business.

As the provider moves farther upward to *planning partner*, customers are likely to say they feel a need to do business with them because the provider has become *necessary* to the customer's success. Finally, at *trusted advisor* status, some customers feel, as one Fortune 100 procurement executive exclaimed about a PMI client, "We want them to be successful, too, because we can't exist without them." The provider organization had become *essential* to the customer's business; the relationship was so strong that even the customer's procurement department understood it and was willing to make this type of statement.

Assessing where you are

One customer's partner is another customer's vendor, which begs the question: How can you test and assess your relationships with customers? The tool in Figure 3 contains descriptions of each relationship level, and applying each level to your account can help you determine the status of your customer relationship. Assessing customer relationships in a collaborative, cross-functional team environment can reveal interesting differences and gaps across customer regions, business units, and stakeholders, and doing so in a collaborative atmosphere is often useful in identifying course-correction measures.

Trusted Advisor Status: "Essential"

- The customer's new business default is, "Why not you and your organization?"
- Collaborative planning and strategy meetings occur regularly between your account team and the customer's team, resulting in mutual action plans to which both parties are committed.
- The customer routinely consults with you on matters regarding their growth and go-to-market strategies, as well as on how to co-create value with their customers.
- Ongoing executive-level access is in place, and there is a customer executive sponsor who understands and is committed to your value and value proposition for them.

Planning Partner Status: "Necessary"

- Some new business is now less challenging to acquire, and you typically have insights into the customer's plans with other providers in the markets you serve.
- You understand the customer's pressures, objectives, and challenges, and the customer recognizes and acknowledges the uniqueness of your value and value proposition for them.
- The customer routinely consults with you regarding how to solve their business challenges and problems and invests time in building plans together with you to address them.
- Customer relationships include key stakeholders with decision-making ability, and you have developed "high and wide" relationships with multiple sponsors and supporters throughout the customer's organization.

Preferred Supplier Status: "Important"

- Acquisition of new business is challenging, but you are sometimes aware of new opportunities before other providers are.
- You understand the customer's pressures, objectives, and challenges, and the customer sometimes recognizes and acknowledges the advantages your solutions provide to them.
- There is some customer input and participation in your account planning efforts, but they feel little equity in your account plan afterwards.
- Some customer executive-level access is established but these relationships are not strong and leverageable by you.

Vendor Status: "Convenient"

- Most new business with the customer is competitive, and you sometimes start in a deficit position.
- Your primary customer contacts are unable to clearly articulate the value they receive as a result of their relationship with you.
- Contact is typically initiated by the customer and characterized by their demands, frequently when they need something.
- Your account team has little or no executive-level access, and you don't fully understand the customer's business objectives, strategies, or priorities.

Conclusions and recommendations

The objective of every effective account planning program should be to grow the organization's relationships with its most strategic customers. Anything less is settling for second best, which is simply not good enough today, when customers typically have room for only one or two strategic relationships with suppliers in any given market. Experience with global industry leaders shows that at the planning partner level, there are usually at most two competing providers, while at the trusted advisor level, there is almost always just one (if any).

So why doesn't every organization prioritize building effective partnerships with strategic customers? Because it's not as easy to do as it is to say—which is great news for companies that are committed to strategic account planning and management. These organizations are likely to find themselves well-positioned to optimize their customer relationships and create significant space between themselves and their competition in the process!


Co-discover
what the customer
values most

Chapter 4

Co-discover what the customer values most

Co-discover what the customer values most

The most effective account managers and account teams utilize co-discovery to determine how their customers define value, then engage and execute accordingly. They recognize that when account management efforts focus on the customer's value expectations, the relationships that develop are stronger, deeper, and can be better leveraged. Today, value and relationships seem to go hand in hand when suppliers and customers engage effectively. A strong relationship built on past proven value provides a platform for elevating levels of customer value, thus extending and expanding the relationship. But how can something that sounds this obvious be elusive for so many organizations in their quest for SAM excellence?

Value is more than a word

Someone once described WIIFM—"What's in it for me?"—as the radio station all customers listen to. WIIFM is precisely how many customers feel when buying. All too often, salespeople launch into canned product or solution pitches without bothering to gain enough insight into the customer's challenges and priorities; they are selling before they've earned the right! But there's a transformation taking place. Buyers are becoming less interested in product features and solution benefits, focusing instead on unique, customer-specific value. Most salespeople

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have been through extensive product training during their careers, yet when it comes to solving customer problems or co-creating customer-specific value, the number of salespeople and account managers who demonstrate those skills is disappointingly low.

Perhaps this explains why salespeople and account managers who are under stress and pressure revert to their comfort zones and talk about product features too early in the sales process. To make matters worse, when the supplier is still selling the old-fashioned way (pushing products and solutions that don't necessarily fit the buyer's expectations of customer-specific value) to a customer who has evolved to a more sophisticated buying state, there's a problem waiting to happen. Value means different things to different customers (and stakeholders), and the challenge for the modern salesperson, account manager, and cross-functional account team member is to co-discover what matters most to strategic customers and connect their solutions and value accordingly.

The importance of co-discovery

Co-discovery is one of most important skills in contemporary account management. If customer value is *what* we want to understand and ultimately align with, then co-discovery is *how* we intend to do so. Account managers and teams seek to better understand their customer's business through the co-discovery process by asking value-focused questions that invite and enable customers to provide specific insights into their external pressures, business objectives, and internal challenges. Effective co-discovery should be the objective of everyone who engages the customer, and with strategic and key accounts, the process never ends. Yes, it takes a time investment to conduct ongoing co-discovery conversations with customers, but the collaborative nature of this type of engagement is well worth the effort and can provide you with significant competitive advantage. Simply put, you can't sell to and align with what you don't understand, and without an investment of time and effort into co-discovery discussions with your customer, you just might find yourself in this very situation.

Customer-specific value

How do successful strategic account managers approach the co-discovery of customer-specific value? They deploy innovative techniques and best practices. In the words of a successful account manager from the SAMA community: "I always make sure that I know what my customer values most, and then I ensure that we *measure what they treasure* on an ongoing basis. Even our conversations about value set me apart from my competition." That account manager's innovation has become his differentiator.

Ultimately, customer-specific value can be summarized in 16 categories. All customers value some of them, but no customer needs or wants them all. The account manager's goal should be to understand how each customer defines value, then focus account planning efforts on helping that customer achieve their specific value objectives (see Figure 4). After a facilitated value co-discovery session with a key customer, another account manager from the SAMA community heard her customer exclaim, "No one has ever talked to me like this—and I like it!"

This reaction is certainly easy to understand. What's not to like when an entire meeting focuses on helping the customer succeed and achieve their WIIFM? But the secret sauce is in the details when it comes to customer-specific value. Some customers value supplier knowledge of their business and industry, while others place high value on working with suppliers who focus on solving their business problems. Some customers appreciate when suppliers involve them in the account planning process, while others may place value on the opportunity to develop team-to-team relationships with key suppliers. Whatever the case may be for your customer, one thing is clear: The difference between winning and losing competitive opportunities is frequently traced back to which competitor knew the most about customer-specific value and which supplier was best positioned to make the customer's WIIFM a reality.

Collaboration and value co-creation

In a customer interview, the head of a Fortune 1000 company's global procurement told us: "We're in the process of putting together a strategic supplier program in which we will select a few of our suppliers and focus on driving greater levels of global collaboration with them."

He went on to say that his organization would begin segmenting its suppliers, and he talked about their criteria for doing that. To no one's surprise, the words *collaboration* and *value* came up multiple times throughout the conversation as he described their strategic supplier program. Customers are becoming smarter and more deliberate in their approaches to supplier engagement. Some (as in this example) are deploying programs designed to help them proactively collaborate, discover, share best practices, and create mutual business value together with those providers deemed to be strategic. Imagine the disadvantage of being in the #2 position in this environment when Supplier #1 is sitting comfortably in the collaborative driver's seat!

Honeywell International Inc., a diversified technology and manufacturing leader, excels at discovering and aligning with what its customers value most. Julio Ampuero, Global Sales Operations Leader of Commercial Excellence at Honeywell Building Technologies, puts it this way: "It's never been more important that we focus our engagement with customers on the things that matter most to them, and how we can work together to create mutual value. Suppliers must listen to their customers before presenting their products, and this means investing time and effort up front to understand the customer's business and how they define success."

Customer-specific value and trust-based relationships establish the foundation upon which suppliers and customers can build and grow authentic strategic partnerships. Without customer value co-creation, today's SAM and KAM programs may fail to deliver a solid WIIFM to their most important customers, which is not where you want to be when the threat of commoditization in so many markets is greater than ever.

The case for co-creation

When suppliers and customers co-create mutual value, they work collaboratively to define and prioritize customer value targets and goals. From the supplier's perspective, the resulting dynamic is less about "selling to" and more about "working with." The focus is less on products and more on meaningful problem solving. When customers and suppliers share the objective to co-create, both parties must be willing to co-discover "value gaps" together, and then work collaboratively to solve for the missing pieces.

What is required of a supplier interested in embracing value co-creation and engaging customers accordingly? The supplier

Figure 4. How Do Strategic Customers Define Value?

1. You (and Your Organization) Are Easy to Do Business With
2. You Resolve Problems and Conflicts as They Arise
3. You Understand Our Business and Our Industry
4. Your Account Team Listens to Our Needs and Responds Appropriately
5. You Consult with Us to Proactively Solve Our Business Problems
6. You Dedicate Specific Resources to Our Account
7. You Provide Us with Preferred Pricing and Contracting
8. You Build Team-to-Team Relationships with Us and Align Your Team with Ours
9. Your Approach to Our Account Is Strategic and Not Just Transactional
10. You Invest the Time to Plan Proactively with Us
11. You Develop Executive-Level Relationships with Our Senior Leaders
12. You Help Us Understand the Value of Your Offerings to Our Business
13. You Help Us Assess Performance with Mutually Acceptable Metrics
14. You Share Best Practices and Industry Knowledge with Us That Adds Value to Our Business
15. You Provide a Single Point of Contact to Us for Strategy and Decision-Making
16. You Provide an Internal Advocate for Us That Focuses on Our Needs

committed to co-creating value with customers must be able to:

- Equip account team members with the skills and tools required to enable value co-creation with their customers.
- Align account team members with customer stakeholders, including executive level sponsors, as appropriate.
- Engage in new opportunities with a focus on value co-creation rather than product features or problem-seeking solutions.
- Prove the value of the supplier's offerings (including products, resources, expertise, and services) by connecting them with what's most important to the customer.

Is this level of engagement practical in all customer/supplier relationships? Certainly not. But in relationships considered strategic to both parties, value co-creation will enable the growth of higher-level partnerships that can help reduce business costs and risks through increased levels of collaboration and trust between organizations.

Conclusions and recommendations

Effective account managers and account teams co-discover how their customers define value, then plan to engage and execute. They realize that, by focusing their SAM/KAM efforts on the customer's value expectations, they create opportunities to grow relationships that are more strategic in nature, reducing the threat of competition while increasing customer loyalty.

It's difficult, if not impossible, to accomplish this in the absence of collaboration between parties because, without this proactive connection, the environment conducive to a value-focused dialogue simply doesn't exist. When modern account management programs drive the strategic account planning process by equipping and enabling account teams to be more effective at co-discovery, alignment, collaboration, and value creation, the results can be dramatic and game changing.

Align objectives and develop new opportunities

Chapter 5

Align objectives and develop new opportunities

Align objectives and develop new opportunities

Everybody knows that when a supplier connects with what is most important to the customer, good things are more likely to happen. But, as natural as aligning supplier objectives with the customer's objectives might seem, there aren't many SAM/KAM programs that can claim it as a best practice, despite the profound impact it can have. Why are there so few examples of suppliers and strategic customers doing it?

Think like your customer for a moment. Do they want to succeed? Do they want to work with suppliers that help them succeed? Of course, they do. Aligning objectives is about the supplier and customer succeeding together in an environment of transparency and collaboration. In this chapter, we discuss how some of the "best of the best" do this effectively, and why aligning objectives (or simply having these types of discussions) with your customers can be high impact for both parties.

The seeds of co-creation

If you're going to align objectives with your customer, the first step is to understand the challenges you face: What do you need to know to enable you to align, and how will you get this information? Understanding the customer's business is table stakes for establishing credibility with the customer's team, but there are varying degrees of understanding and the differences can be significant.

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Consider the request-for-proposal process. When you reflect on the most recent response you prepared for a customer's RFP or a request for information, was it immediately clear what the customer was looking for, or did you find yourself using knowledge that you co-discovered through previous engagements with them? Also, are objectives only about business, or is it possible your customer's team members have personal objectives that would never show up in an RFP document? The answer to the latter is yes, and the most successful strategic account managers realize this.

Within SAMA's community of practice, it's common to hear people discussing co-creation, a term suggesting that value creation is accomplished jointly and for mutual benefit between the customer and supplier. Lisa Maggiore, Vice President of Global Strategic Account Management at Hilton Worldwide, shares her insights regarding the connection between value co-creation and understanding what is important to the customer: "If we're going to engage in strategic account management with a customer, then there has to be something *strategic* about our approach to the relationship, as well as how we deliver value to the customer. To be effective in building and sustaining a strategic relationship, you have to understand the customer's priorities and how they define success." The proactive growth of customer relationships based on value co-creation is the essence of account planning and management excellence, begging the question: What does it take to engage at this level with your customer?

Without effective co-discovery early in your customer engagement, there is no solid basis for the alignment needed to effectively connect objectives, which is an impediment to value co-creation. Think of it this way: We've all had sales experiences in which we were the buyer and a salesperson tried to become our best friend just in time to sell us something. Rather than tagging any particular industry, let's just say that there are environments where salespeople are known for trying to close business without investing significant effort into learning about their customers and what matters most to them (I.e., not taking time for much co-discovery).

This feels disingenuous to buyers and can actually cause them to become defensive and to bring up objections that might not otherwise have been raised. Why? Because you're not ready to buy just because the salesperson is ready to sell. So, the sale fails, and the connection isn't made. As we've previously discussed, when there's no alignment, you're probably perceived as just a vendor. And vendors don't typically have the trust or credibility with the customer to talk about aligning objectives. If aligning objectives is about co-creation, and co-creation is a function of co-discovery and alignment, then co-discovery and alignment can be considered the seeds of value co-creation.

Discovering your customer's objectives

Discovering your customer's business objectives is not only about gathering data. It's also about elevating the conversation with the customer so they can be more comfortable discussing objectives and priorities with you. One account manager describes this as "rising above the noise level of business as usual," and there is certainly truth to that analogy.

You rise above the noise level when you make it your priority to understand the customer's business objectives and value expectations. If "objective" refers to what the customer needs to do, then "value expectations" become, at least in part, the business outcomes the customer wants to achieve. An effective approach to co-discovering customer business objectives is to ask focused questions regarding what the customer values and what will define their success, and then engage with the customer's team accordingly.

Building bridges

Why would your customer choose to share this sensitive information with you? There is only one logical reason: because the customer believes they will be more successful with your help than they would be without you. "The types of conversations that are required to build and sustain long-term customer relationships are only possible if there is enough trust between the parties that each feels comfortable sharing goals and priorities with the other," Maggiore adds. "When this is the case, it becomes so much easier to find ways to align objectives and develop opportunities to co-create mutual value."

If you're in a trust-based relationship with a customer, congratulations! You've joined an exclusive club. Why? Because there is simply not enough time for customers to invest in many of these relationships, particularly with multiple providers in the same market. And most suppliers do not invest the level of time and effort to build and sustain these relationships. In Chapter 3, we defined and described four levels of supplier relationships with customers: vendor, preferred supplier, planning partner, and trusted advisor. These definitions are based on hundreds of interviews with customers, and they allow insight into the customer's mindset at each level.

Figure 5. Account Relationship Levels

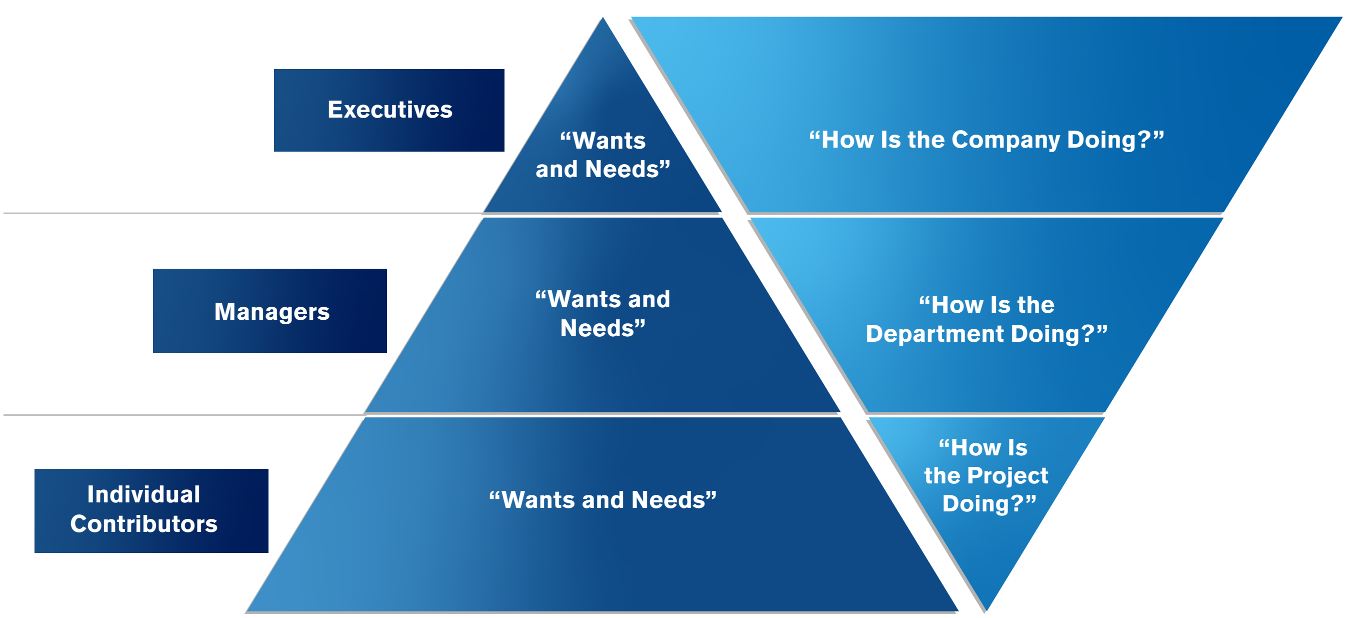
A customer is more inclined to align objectives with a planning partner or trusted advisor because those relationships are based on the currency of trust and credibility. That's why these providers are at a minimum necessary or perhaps even essential to their customers. Imagine the steep climb from bottom to top as the SAM or KAM attempts to "ladder up" the relationship, not to mention the time and resources they will invest in the journey. History shows that this ascent can take years of hard work, yet the fall from peak to base can happen very quickly. But there's good news for those who persevere: As you rise above the noise level, the air becomes clearer and the view is much improved.

Your unique business value serves as the bridge between your organization's objectives and your customer's objectives. Your unique business value is what the customer needs and doesn't have, as well as what you have that your competitor does not. Your business value isn't unique because someone says so—it becomes unique when it is aligned with the customer's business pressures, objectives, and challenges in a way that can be quantified and measured. If it was easy to make these connections, then every provider would do it, and you can be sure that most do not. The reward for these types of "bridge builders" can be significant and long-term, and the barriers to entry for vendors can be almost insurmountable.

Are you ready, willing, and able to align objectives?

The choice is yours. The upside to aligning objectives with

Figure 6. Aligning Objectives with the Customer



your customer is significant, but there is also a downside that is worth consideration: once you have embarked on this journey, it is difficult to return to the way things were. Introducing this level of engagement should be taken seriously, so before you initiate the concept with your customer, it's important to reflect on the resolve you and your organization have for sustaining it. We recommend answering a few simple yes-or-no questions to help you determine whether aligning objectives with your customer is right for you, and if now is the time to start.

Testing your willingness to align objectives

- Are you willing to focus your sales and account management efforts on solving customer problems and co-creating mutual value?
- Are you willing to listen and consider customer needs before discussing the merits of your organization's products and services?

Testing your ability to align objectives

- Are you able to invest the time and effort necessary to understand the customer's external pressures, business objectives, and internal challenges?
- Are you able to make yourself and your organization's resources available for customers even when there is no immediate sales opportunity?

Testing your readiness to align objectives

- Are you ready to commit the resources required to engage effectively with your customers for the purpose of aligning objectives?
- If your organization starts these types of activities with customers, are you ready to commit to keeping this as a priority?

You'll need affirmative responses to these questions, if you want to be in a realistic position for aligning objectives with your customer and proactively developing new opportunities for value co-creation with them. Also, you may be required to align objectives at multiple levels of the customer's organization, which could require additional time and resources. Before you proceed, understanding the complexity of the customer's organization and carefully defining the scope of your efforts to align objectives with the customer are key considerations.

Conclusions and recommendations

Perhaps as you read this, you're recognizing, "Hey, I'm already doing some of this." If so, congratulations! But if your effort to align objectives with your customers is not intentional, then it's probably not repeatable, and accidental success is rarely sustainable. Aligning objectives establishes a strong foundation for collaborative planning, a topic we will discuss later. In the meantime, as you consider the power of aligning objectives, remember the consequence of being first in line. Most customers never reach this level of collaboration with Supplier #2, so the potential competitive advantages and insulation that can accompany aligning objectives with the customer are compelling.

In the end, it's the providers that dare to be different and care enough to be collaborative who are first to engage at this level with their customers, and the benefits they accrue as a result are significant. Customers repeatedly indicate that "no one else is talking with me this way" when suppliers begin engaging in discussions focused on customer success, and to say they appreciate it is surely an understatement. But keep this in mind as you plan to move forward: Where you have low credibility with the customer, there is almost certainly not enough effective co-discovery going on, and where there is little trust in the relationship, it is doubtful that your organization has strong alignment with the customer.

Co-create value and gain momentum in the account

Chapter 6

Co-create value and gain momentum in the account

Co-create value and gain momentum in the account

Thus far in this account planning journey, you've benchmarked where you stand with your selected account, and you've engaged and aligned your cross-functional team to help grow and expand your business with the customer. You've assessed your relationships within the account and focused on where you need to strengthen them, as well as develop new ones. Finally, you've engaged with customer stakeholders to co-discover what matters most to them, and you've leveraged this knowledge to align your resources and account planning process. Your co-discovery and alignment efforts have put you in a strong position to identify, develop, and pursue new opportunities for co-creation of mutual value, but there's still work to do before value can be realized. How can you best ensure that you make the strongest case to the customer that you and your organization should be their "partner of choice?"

Customers continue to indicate that they're confused about their suppliers' value propositions beyond products and prices. During a recent SAM/KAM best practices assessment for a leading provider in the life sciences industry, only one out of seven customers could clearly describe the provider's business value and value proposition, and even they admitted their understanding was a bit "fuzzy." While this may not be avoidable in every customer relationship, it's critical that suppliers do an effective job of communicating and articulating value with strategic and key accounts, lest they look like all the other vendors trying to capture the same business. If you're going to win the opportunity you've worked so hard to co-discover, align with, and develop, you'll need to effectively position and differentiate the

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uniqueness of your business value with the customer. And you must own this positioning and differentiation in your discussions—both internally with your account team, as well as externally with customer stakeholders.

NetApp, a leading provider of hybrid-cloud data services, helps customers ensure their data and applications are in the right place at the right time, allowing them to achieve new insights and accelerate innovation. Mike Bush, VP of the West Enterprise and Commercial at NetApp, puts it this way: "Now more than ever, it's important that strategic providers work together with customers to co-create value that is both measurable and sustainable. To this end, we expect our people to help their customers understand the impact that our unique business value can deliver, which can be significant for the customer, as well as a powerful differentiator for us."

Positioning your solutions and differentiating your value

Procurement and sourcing organizations are more empowered now than ever before, and their purchasing professionals are typically measured by their ability to enable their employers to do business at lower price points. The members of customer decision teams are regularly challenged by their procurement/sourcing departments to justify how much they are spending with you, whether your relationship with their organization is considered strategic or not. Sometimes these challenges are driven by a competitor trying to establish a foothold in your account by offering discounts and preferred pricing, while other times it may simply be a function of procurement wanting a better price from you. In any event, one thing is certain: If you haven't effectively positioned and differentiated the solutions and value you and your organization have proposed and delivered to the customer in the past, it's much more difficult to defend a price that may appear to be too high, in the absence of customer testimony of the measurable value you have co-created together.

When you invest time in positioning and differentiating your organization's unique value with your strategic and key accounts, and effectively align it with the customer's business objectives, you're not just putting the customer through a sales exercise. Customers want and need to be able to describe and defend the value that their most important providers co-create with them, and who can better help them understand this than you and your account team? Think about how vulnerable you are when one of your accounts is asked to justify the price points and levels of business they are currently doing with your organization if none of their stakeholders can effectively articulate the value you have co-created and delivered in the past!

It's a sad state of affairs when your customer sponsors and supporters are unable to validate their relationship with you by articulating the business value that has been co-created with your organization as a result. On the other hand, if you and your account team members keep your customer's stakeholders updated and informed regarding your solutions, services, and opportunities for value co-creation, the customer is much more likely to be effective in internal discussions about your value to their business and the success that has resulted. Top performing SAMs and KAMs ensure that customers understand their organizations' value propositions, as they relate to sales which have been made in the past, as well as to opportunities that are being pursued in the present. So how do you get started?

Product vs. solution

For many suppliers, the first step to effectively positioning value with customers is to help them understand how value extends far beyond their products. While *product* is certainly a component of a strong customer-specific value proposition, strategic and key accounts should also recognize your organization's resources, expertise, service levels, and industry experience as components of the overall value you deliver. This view of value stands in contrast with the traditional positioning of supplier offerings as a series of product *features* presented through a type of feature/benefit/response drill with the customer. This type of approach begins with a focus on the person doing the selling (their product's features), then on the customer (through an assertion or claim of potential benefit), and is intended to conclude by a response of concurrence that the seller solicits from the buyer. There are many things that you and your organization can provide to *benefit* your customer, but without clear understanding of how these benefits connect with the customer's business objectives and priorities, why should anyone care? Strategic and key customers expect better than this from providers, or they might consider your sales approach dated and lacking authenticity.

Solution vs. value

Some organizations go to market with “solutions looking for problems to solve,” and when account managers and salespeople approach strategic and key customers this way, the result can be an immediate turn-off. After all, if you’ve been telling the customer they are strategic to your organization’s business, then why would you try to sell them something that does not connect with their highest priority business challenges and problems? Many customers have difficulty understanding the differences between competing providers’ offerings at the product level, yet when they look more closely at value through the lens of resources, expertise, services, industry experience, and brand/reputation, the gap between competitive offerings becomes clearer. This recognition is especially important for industry-leading companies that rarely win on price, because without it they risk being commoditized and finding themselves selling at unacceptable margins. A supplier’s broader, deeper value proposition should be worth something to the customer, and it’s the responsibility of the contemporary account manager and account team to ensure that the customer understands it, connects with it, and can even articulate it within their own organization.

Value vs. unique value

In a sea of competing suppliers and even some strategic supplier “wannabes,” if your business value has nothing special or unique to offer, then why should your customer care? Supplier value isn’t unique because someone says so; it becomes unique when it is clearly aligned and connected with customer pressures, objectives, and challenges in ways that can be quantified and measured. Proving unique business value to a customer can allow you to demonstrate, in one fell swoop, that your account team understands the customer’s business and is committed to their success.

Improving the health of humans and animals is the goal of research-driven pharmaceutical company Boehringer Ingelheim, a company focused on developing innovative therapies that can extend patients’ lives. Jim Cummings, Key Account Manager at Boehringer Ingelheim, offers these insights: “Our customers expect us to be knowledgeable about the pressures, objectives, and challenges they are facing, and to bring them solutions and value that can help them improve patient outcomes. By focusing on what matters most to a specific health system and their success, we are able to co-create value that is both customer-specific and unique to the organization."

When unique value is proven and documented, you differentiate yourself from others by *how* you are engaging with the customer, a type of innovation not so easy to replicate by those who subscribe to product-selling or even solution-selling approaches. At a time when customers have more choices than ever, they continue to state that their reasons for doing business have less to do with products and more to do with the provider’s broader, deeper, customer-specific value proposition. When the customer recognizes your value *beyond the product*, it means that the additional components of your organization’s value are making a difference to them, and value co-creation is about to happen.

Figure 7. Components of Customer Value

Products	=	VALUE	The customer believes your products are superior to those offered by your competitors.
Resources	=	VALUE	The customer believes your people, partners, and infrastructure will enable their success.
Expertise	=	VALUE	The customer believes you will provide and transfer knowledge and best practices to them.
Services	=	VALUE	The customer believes you will deliver post-sale services and support to ensure ongoing success.
Industry Experience	=	VALUE	The customer believes your experience with comparable organizations reduces their risk.
Brand & Reputation	=	VALUE	The customer believes you will deliver results as evidenced by your past proven value.

Leveraging your past proven value

When you're selling to an existing customer, think about where you've co-created value with them in the past. Hopefully, your history together has been positive, and through this set of experiences, your customer has successfully met their objectives. In these cases, a discussion of past proven value is an opportunity to acknowledge how you and your customer have co-created value together, providing a likely source of momentum for future conversations about mutual success. But if your customer's experience hasn't been quite what they had expected, you can't ignore the impact of perceived poor performance. While there is value in realizing what you and your organization can do better for the customer next time around, it's safe to assume that in a successful ongoing relationship with a strategic or key customer, the weighted impact of your aggregated past proven value should far exceed any past proven disappointment they may have experienced with you. So, what exactly is *past proven value*?

> Your past proven value is determined by summarizing the customer's external pressures, business objectives, and internal challenges that you and your organization have helped them address in the past, through solutions you provided and unique business value you co-created with them.

Consider the opportunities you are pursuing with your customer today. How will these translate into value that can be realized, measured, and sustained? Your customer certainly understands that you and your account team are responsible for delivering revenue to your organization, and sometimes, depending on the level of the relationship, they may even express a willingness to help you reach your targets and achieve success. But this is far more likely to happen if you and your customer have a history of past proven value co-creation, and if the customer is able to make direct connections between this value and the success they have experienced in the past as a result. Past proven value is a powerful account planning concept, but it's underutilized by many account managers, salespeople, and account teams—unfortunate because, in a sense, it's free. It has already happened!

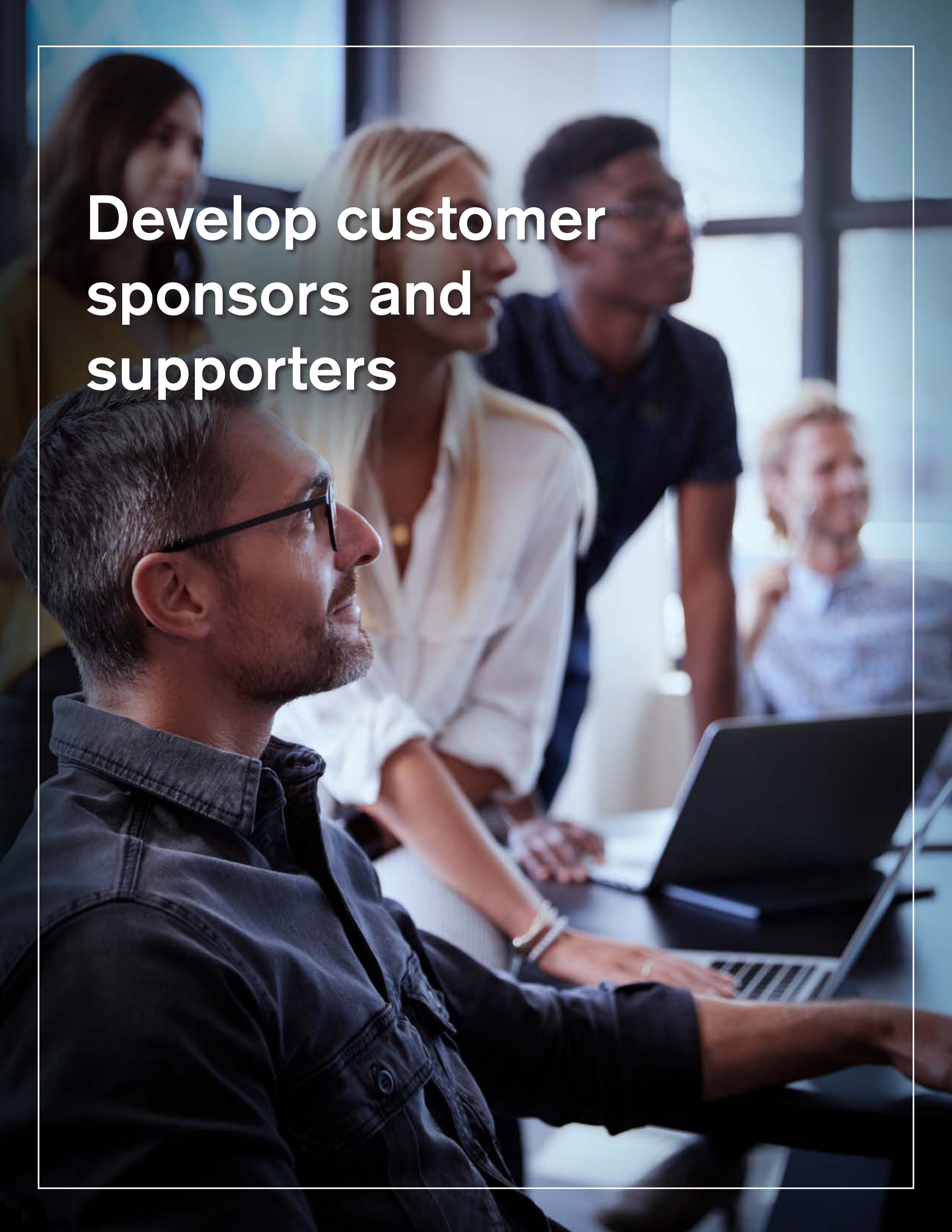
As we'll discuss later, when you combine your past proven value with your current opportunities for value co-creation, you earn the opportunity to gaze into the future with your customer and identify targets for future potential value co-creation. Put these three dimensions of value co-creation together and you and your customer have built quite the portfolio of value together. The savvy customer understands that the likelihood of their future success is much greater with a provider that has delivered value in the past and continues to do so today. Your *account value portfolio* provides you with a unique and powerful platform for collaboration, which is extremely challenging, if not impossible, for a new competitor to replicate—but you have to use it and share it with your customer in order to get the full benefit.

Conclusions and recommendations

Effective account planning programs should equip and enable account teams to position and differentiate value with their most important customers. If your goal is to be strategic to the account, the only option is to invest time and resources to help the customer's stakeholders understand your customer-specific value proposition, or you 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 better than their other options, they can't effectively support and sponsor you. And we all know what happens to under-supported, unsponsored suppliers.

Your customer's procurement/sourcing department may be determined to treat you like a vendor, in order to drive price concessions from your organization. They'll likely let you know they "can't see the difference" between you and your primary competitor, and will predictably inform you that you'll have to "sharpen your pencil" if you want to continue doing business with them. But you're not going to fall prey to this tactic so easily, because your past proven value has positioned you differently. And as we'll see in the next chapter, the relationships you've developed with customer stakeholders who have experienced success through value co-creation with your organization provide you with momentum and leverage in the account. You've got sponsors and supporters!

Develop customer sponsors and supporters



Chapter 7

Develop customer sponsors and supporters

The Keys to Effective Strategic Account Planning

1. Benchmark and assess the account
2. Engage and align the cross-functional account team
3. Assess and strengthen customer relationships
4. Co-discover what the customer values most
5. Align objectives and develop new opportunities
6. Co-create value and gain momentum in the account
7. **Develop customer sponsors and supporters**
8. Build and implement account growth strategies
9. Measure the impact of account plan execution
10. Adapt to meet the customer's changing needs
11. Engage the customer in the account planning process
12. Provide coaching and leadership to the account team

Develop customer sponsors and supporters

Think of stakeholders as those individuals who "hold a stake" in the business opportunities and initiatives that you and your organization have pursued with the customer in the past, are pursuing together today, or plan to pursue with them in the future. Now, consider your account and the members of the customer's team likely to experience the highest impact from decisions related to doing business with you. It's likely that these stakeholders will fall into natural categories, including those that you know well, those that you don't know very well, and those that you need to meet and get to know.

Take this down another level, and it's likely that each of these sub-groups includes stakeholders who are influencers, recommenders (influencers with a "vote" in the decision process), decision-makers, and approvers (who are at or above the decision-maker level, with authority to commit funds). Understanding the customer's stakeholders, the "decision orientation" of each, and which can impact your success is essential to effective account planning and management. The only way to ensure that your knowledge about them is broad and deep enough to support your plans to grow the account is by making ongoing investments of time.

How well do you know your customer?

Account reviews have shown there's nothing more important to winning new opportunities and growing accounts than the existence of stakeholder relationships that are grounded in the success they have achieved with you and your organization. These types of relationships are special, and they are earned over time by putting the needs of the customer first and co-discovering what matters most to each individual stakeholder, rather than seeing the customer through the "lens of your product." When the account manager and account team invest time in understanding the needs and success criteria of the customer's key stakeholders and then facilitate value co-creation and realization that align directly with their success, the result is a set of transformed and energized relationships that frequently point to the primary reason for winning and losing opportunities. These customer stakeholders have evolved into sponsors and supporters for you.

Figure 8. What Do We Need to Know About the Customer's Key Stakeholders?

Why do sponsors sponsor, and supporters support?

If customer stakeholders are the individuals holding a stake in the opportunities and initiatives they share with you, then your customer sponsors and supporters are those who are in a preferential relationship with your organization, likely because of the success they've enjoyed with you in the past. You've certainly experienced relationships with customers in which there were stakeholders who expressed confidence and support for doing business with you and your organization. These types of relationships are always gratifying and rewarding for providers at all levels of the relationship scale. It feels good to know that you have ongoing support for the work you and your organization are doing with the customer, as well as someone you can turn to for help.

But there's something very special about a customer *sponsor*, and it's because of what typically precedes the evolution of your customer relationship to this level of trust. Win/loss analysis shows that, in cases where substantial competitive opportunities are won (and lost), the impact of a customer sponsor can predictably be found, either providing advocacy for you and your organization, or for your competitor. One of the most powerful concepts in sales and account management, think of customer sponsorship this way:

> A sponsor is a supporting member of the customer's team who is willing to advocate on your behalf because of the relationship that exists between your organizations and their belief in the past proven value that has been co-created as a result.

Experience teaches that sponsor relationships with customers begin at the supporter level, and then grow and expand into sponsorship and advocacy because of the past proven value that is co-created with you and your organization. Customer sponsors are almost always present in planning partner and trusted advisor relationships (see Chapter 3, ***Assess and strengthen customer relationships***), and if you want to prove it to yourself, simply consider a relationship you're familiar with (business or otherwise) that both parties view as a "partnership." Isn't sponsorship present in this partner-level relationship, and isn't that sponsorship due, at least in part, to the history—or past proven value—that has been experienced by both parties?

The existence of customer sponsors has proven to be a catalyst for mutual growth between providers and their strategic and key accounts, because there's an abundance of trust and collaboration to be found in these relationships. Customer sponsors will help you in ways that other stakeholders, even supporters, can't or won't. Developing sponsors and advocates requires an investment of time to build a track record of trust and credibility with your customer's stakeholders, but this investment can pay unique dividends to your account planning and management efforts as few others can.

Customer sponsors can also provide information that you need but can't get otherwise, and they can help you remove obstacles and roadblocks that stand in your way. Equally significant, they can save you time and frustration by telling you when the obstacle or roadblock can't be removed and provide coaching and advice that can dramatically shorten your journey to success with their account. A senior account manager expressed it this way:

"One of my customer's stakeholders recently told me that she wanted us to win. We weren't the lowest in price, and when I asked her why she preferred us, she said that it was all about her 'customer experience' with us and what we had achieved together in the past."

This clearly illustrates the impact that past proven value can have on sales and account management success. But top-performing SAMs and KAMs do more to position themselves effectively for alignment with their customers: they make it a priority to understand the pressures, objectives, and challenges of the customer's key stakeholders.

Stakeholder pressures, objectives, and challenges

In Chapter 4, we examined the importance of conducting effective co-discovery and understanding your customer's external pressures, business objectives, and internal challenges, and we suggested that this type of knowledge establishes a foundation for how the customer defines success. In Chapter 5, we expanded this concept and established that, when you align your offerings directly with how your customer defines value, you position yourself to develop new opportunities and co-create value together. Now, let's extend these concepts to the stakeholder level, and focus on the

Figure 9. How Do Customer Stakeholders Define Success?

Key Customer Stakeholder

Customer Stakeholder's External Pressures
What are the pressures impacting this individual's business that are beyond their control?

Customer Stakeholder's Business Objectives
What is this individual trying to do within their own organization to address these pressures?

Customer Stakeholder's Internal Challenges
What could prevent this individual from successfully achieving their business objectives?

importance of understanding the pressures, objectives, and challenges for each of these individuals.

Your customer's stakeholders want to be successful just like you do, and they define individual success differently from their peers and colleagues in the same way that you and a cross-functional account team member might find yourselves with slightly different (and sometimes even conflicting) objectives. Not only is this normal and natural, but it also provides an opportunity to develop a sort of account "mosaic" consisting of the aggregated pressures, objectives, and challenges that have been co-discovered and captured across the customer's base of stakeholders. While individual motivations and definitions within an account may vary from one customer stakeholder to another, when you assimilate and examine them at a macro level, you'll find potential patterns, trends, and connections that can provide powerful insights for future account growth.

When you co-discover and analyze this type of customer stakeholder information in a collaborative environment with your account team, something else happens that has proven to be highly effective in team-based implementations of account planning and management. By leveraging the collective wisdom of your cross-functional team members, you invariably gain new insights into the customer's business, and you position yourself to align and map your organization and account team to the customer's organization and stakeholders (see Chapter 8, ***Build and implement account growth strategies***). When this happens, you're ready to leverage your past and present value with the customer, to generate momentum to co-discover and develop new areas for proactive mutual growth, and to invite your customer to participate in the account planning process with you!

Conclusions and recommendations

Client sponsorship (or lack thereof) is one of the key determinants in winning and losing new opportunities. It's never accidental and it always happens for reasons that are important to the sponsor—usually because you invested the time to understand the WIIFM of this stakeholder before they became your sponsor. History has shown that customer sponsors are typically loyal to one (and only one) provider among a set of competing firms, a loyalty fueled by the sponsor's realization of past proven value and the personal success they experienced by partnering with you.

In a politically driven sale, it's critical to understand the relative power of all customer stakeholders who have evolved into sponsors (both your sponsors and your competitors'), a notion reinforced by the significant number of sales wins and losses attributed to effective advocacy by the customer sponsor with the most political power. If you don't already have a customer sponsor in your account, then start developing one! If you do have a sponsor, then it's time to start growing another. As for how many customer sponsors is enough, you can never have too many. You want sponsors at all levels of the customer's organization, limited only by the amount of time you can invest with your customer's stakeholders and the past proven value you can co-create with them.

Build and implement account growth strategies

Chapter 8

Build and implement account growth strategies

Build and implement account growth strategies

When organizations reflect on their investments and evaluate the effectiveness of their SAM/KAM programs, it's no surprise that consistent, profitable account growth is the ultimate measurement. Even the customer is likely to agree that if they are going to be considered *strategic* to their provider, then there must be growth in the relationship that represents value co-creation and mutual success between the organizations, or there isn't likely to be much basis for being strategic to each other. Yet, as obvious as this may seem, the percentage of account plans that PMI has been asked to audit over the past two decades which reflect this is remarkably low. There may be account goals, and there are typically account objectives, but what's usually lacking is a specific component with the account plan described as the "account growth strategy."

The modern account plan should always include a clearly defined and articulated account growth strategy, delineated so there is clarity regarding where you are planning to drive growth, whose help you will need to get there, and how this strategy will ultimately result in value co-creation and mutual success for both parties. Without this, you're not proactively planning future account growth—and if you're not intent on driving future growth with this customer, then why bother with account planning? Most plans that lack a specific growth strategy are also void of a clear picture of the past proven value that's been co-created. This is

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Figure 10. Growing Your Account Value Portfolio

problematic because it's precisely from your past success with the customer that momentum can be gained to develop new opportunities for success—both today and in the future.

Growing your account value portfolio

In Chapter 6, the concept of *account value portfolio* was introduced, with reference to the power of combining three dimensions or perspectives of value co-creation into an overall account-level view. When you combine your past proven value with your current opportunities for value co-creation, you secure more SAM/KAM "currency," issued in the form of trust and credibility. This trust and credibility positions you to engage your customer in discussions about what success should look like in the future and identify targets for future potential growth.

Account plans that demonstrate strong growth strategies also tend to be inclusive of past proven value co-creation, as well as current opportunities and initiatives under pursuit. Accordingly, in these account plans, the foundation for planning future growth is stronger—there are clearer connections between where we want to go with the customer (in the future), where we've been with them (in the past), and where we find ourselves together today (in the present). Organizations that follow this approach to building and leveraging a portfolio of account value find that their account plans (and account planning processes), are more complete and appropriately weighted in terms of focus and application. Even with your account value portfolio in place, it's still all about the people!

Mapping customer stakeholders and aligning organizations

In Chapters 2, 3, and 7, we examined the alignment of your cross-functional account team, the importance of building trust-based relationships with customers, and the impact that developing customer sponsors and supporters can have on your account planning and management success. When you bring these concepts together, what results is the opportunity to align your account team with the customer's organization for the purpose of "mapping" your resources onto the customer's stakeholders. Whether you think of it as stakeholder mapping or team-to-team alignment, the intent is the same: your goal is to connect your resources with the customer's key stakeholders for the purpose of optimizing relationships, co-creating value, and driving future growth.

Connection and synergy between customer and supplier team members are important components of any successful implementation of account planning and management, because in the absence of this team-to-team alignment, it becomes virtually impossible to build and implement an effective account growth strategy. Strategic and key customers expect more from their providers and partners than promotional product pitches, and without a well-conceived strategy and plan for account growth that connects with the customer's business objectives, there's not much that you can do to align your needs for account growth with the customer's future potential value targets. That's why it's critical to connect your cross-functional team members with the customer's key stakeholders and provide clarity regarding optimal alignment between the resources of both organizations.

Building your account growth strategy

Virtually every successful business develops and deploys strategies to ensure growth and expansion, as well as effective market coverage and penetration. These are commonly referred to as growth strategies and go-to-market strategies. With more and more emphasis being placed on the importance of developing and managing our most important accounts, it stands to reason that these strategies have application to account planning.

Account growth strategy should be considered an essential component of any modern account plan, as well as a critical best practice supporting contemporary account planning processes. Think of it this way:

> Your account growth strategy is a proactive plan to grow your business and relationship with the customer by focusing on their potential future pressures, objectives, and challenges, and by partnering with key customer stakeholders to ensure their objectives are met and value is co-created.

The implementation of your account growth strategy can be expressed as a function of interconnections that unpack as follows:

- An account growth strategy is a proactive plan to grow your business and relationship with a specific strategic or key customer.
- It is focused on the pressures, objectives, and challenges the customer believes are likely to impact their business in the future.
- These future pressures, objectives, and challenges are co-discovered by aligning your cross-functional account team with the customer's team.
- Account growth strategies are advanced through partnering efforts that help ensure customer objectives are realized.
- The successful execution of account growth strategies should result in the co-creation of measurable customer value.

Allergan is a global pharmaceutical leader focused on developing, manufacturing, and commercializing branded pharmaceutical, device, biologic, surgical, and regenerative medicine products for patients around the world. Dino Bertani, Allergan's Executive Director of Strategic Account Management Excellence, offers his insights on the importance of proactive strategies for account growth: "Customers expect much from their strategic providers today, and this goes far beyond any particular product or molecule. Through consultative engagement with customers focused on their future success, we're able to share insights and best practices that help them identify areas of potential growth, and when this happens, our relationships are strengthened through mutual value co-creation."

Today, the most effective approach to driving growth in strategic customer relationships is through strategies that connect with the pressures, objectives, and challenges likely to impact the future success of specific customer stakeholders. This type of growth strategy is different; it is carefully tailored and predicated upon your relationships with individual customer stakeholders, and it is directly aligned with their personal and organizational success. It makes sense to the customer because it connects with what's most important to them: their success through the achievement of their objectives and resolution of their challenges. And it works for you because it opens doors for customer collaboration that will fuel the development of the next round of business opportunities for you and your organization.

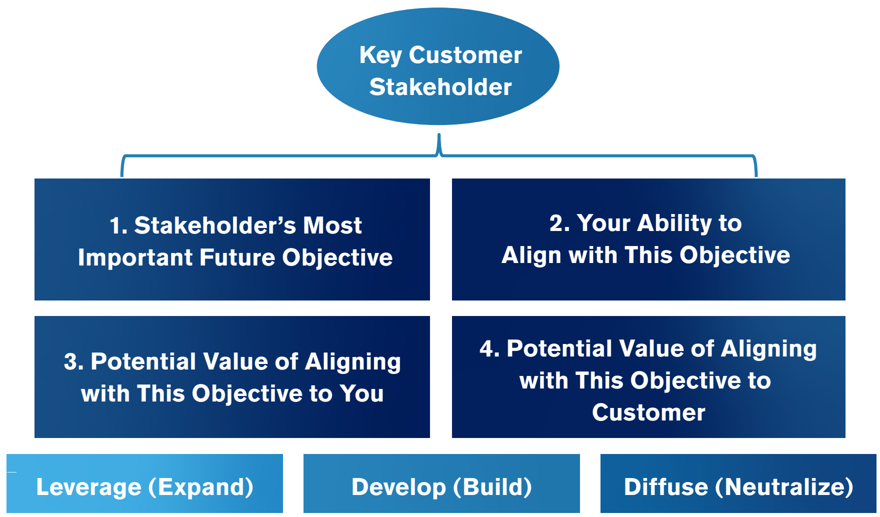
Bottom-up vs. top-down

Few priorities are more important to the average businessperson than their own personal success, so the development of an effective account growth strategy provides an ideal platform for value conversations and brainstorming success with the customer. Given the opportunity to talk about what's most important to them, most customers are eager to engage with their suppliers. Information flow between the parties in these kinds of conversations can be amazing, and if you're in a planning partner or trusted advisor level relationship with a customer, you may be the only one engaging in this type of discussion with them.

The questions that typically drive the direction of the account growth strategy are based upon the co-discovery of your customer's future objectives. You'll need to explore and prioritize areas of potential value co-creation that a customer team member is personally responsible for driving, or at least, significantly influencing. This does <u>not</u> refer to existing opportunities already recorded in your account plan; those areas of value creation have already been identified and are being pursued with the customer.

Some areas of value creation may be "out on the horizon," a priority for the future but not yet a reality. Your knowledge of "what's next" in terms of the customer's focus and priorities

Figure 11. **Building Your Account Growth Strategy**



will provide the opportunity to engage in visioning discussions about specific future objectives, as well as how you might work with your customer to achieve them.

You should approach visioning discussions with great care and careful consideration. These conversations will likely determine your organization's long-term success in the account, as well as forming the basis for the credibility and the trust-based relationships that will be developed with the customer. There are fundamentally three types of strategies when you approach account growth "bottom-up" with key customer stakeholders, and they are best described as:

- *Leverage:* You're trying to expand a successful relationship with a stakeholder (this would include those with customer sponsors and supporters).
- *Develop:* You need to build a relationship with a stakeholder that you do not know and that may not have experience with your organization.
- *Diffuse:* Before engaging in growth discussions, you must neutralize any "past proven disappointment" experienced by a stakeholder through prior experience with your organization.

The realities of effective account growth strategies

To be most effective in discussions about future success and account growth, you'll need several types of information. First, what are this stakeholder's most important future objectives? The account manager's ability to obtain this information is an indicator of the relationship and alignment you have with the customer, so consider where this stakeholder sits within the decision-making hierarchy, described previously as their *decision orientation*. Once you understand the decision orientation of the customer, you're ready to consider the level of relationship developed with this individual, previously defined as *customer relationship assessment*. (Hint: It's much more realistic to engage in growth discussions when you're in a trusted advisor or planning partner relationship.)

Next, consider the *individual preference* of this stakeholder, as applied to you and to your competitors. If they sponsor or support you, then your opportunity to engage in discussions related to growth will be more natural than if they are neutral, with no real provider preference, and easier than if their preference is to sponsor or support one of your competitors. Finally, consider your history with this individual. If you and your organization have provided solutions that resulted in the co-creation of value with this stakeholder in the past, then you have the opportunity to enter the discussion of growth with momentum from the success and past proven value that you share together.

The essence of account growth strategy is found at the intersection of your past proven value, your current opportunities for value co-creation, and the trust and credibility that you and your organization have developed and accrued with the customer. Four questions must be answered in order to establish and validate realistic targets for future potential value co-creation:

1. What is this stakeholder's most important future objective?
2. Are you and your organization able to align with this objective?
3. What's the potential value of aligning with this objective to your organization?
4. What's the potential value of aligning with this objective to your customer?

The answers to these questions will continue to provide account managers and account teams with information to pressure-test the ongoing validity and importance of these future potential value targets to the customer, as well as insights to prioritize them for pursuit. Finally, always keep in mind that account growth strategy is more about quality than it is about quantity. One rock solid, high priority future potential value target is likely to be worth more than several that fail in the responses to Questions 3 and 4 above. Why? Because the potential value of aligning and pursuing potential solutions to the customer's future objective can be outweighed by the magnitude, complexity and/or cost of doing so.

Conclusions and recommendations

A thoughtfully conceived account growth strategy is vital if you're genuinely committed to building a robust portfolio of value with your customer, and to driving proactive growth together. To be credible and realistic, your account growth strategy must be focused on the customer's objectives, aligned with the customer's stakeholders most invested in these value targets (as well as with the members of your cross-functional account team), and implemented through the execution of action plans that both organizations are committed to pursuing together.

When account growth strategy is realized, the result is the co-creation of mutual value that establishes energy and a platform for ongoing future discussions. When you provide the customer with opportunities to brainstorm and offer input into the journey ahead with you and your organization, their willingness to partner increases, as does the likelihood of mutual success. An investment of time and resources is certainly required for customers engaging in this type of collaboration—experience has shown that they're only likely to do so with one supplier in a specific market. But this can be very good news, indeed, unless you're cast in the role of Supplier #2, in which case you'll be on the outside of these discussions, looking in.

Measure the impact of account plan execution

Chapter 9

Measure the impact of account plan execution

Measure the impact of account plan execution

Few topics in the realm of strategic account planning and management evoke the emotion and fervor that SAM performance metrics and measures do, as evidenced by the number of groups in an organization that feel the need to "weigh in" on what will be measured, and how. As SAM execution moves horizontally across business units and departments, it's to be expected that different groups with different success criteria will look to ensure their interests are being considered.

But when the discussion turns to the consideration of specifics—what will be measured (metric definitions), how measurement will be conducted (objective vs. subjective, quantitative vs. qualitative), where the data resides that will constitute the basis for the measurement (data integrity), and when measurement will occur (frequency)—it makes for a noisy conference room. It's normal and natural to have a variety of opinions on the specific areas of consideration because there are so many potential variations of each.

Additionally, the concept of measurement implies accountability, which most people in and around the SAMA community expect. But there is another consideration that is perhaps a bit more unsettling, and that is *visibility*. In effective implementations of SAM performance metrics, not only are participating cross-functional account team members (core and extended) going to

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be held accountable for what they need to do, but everyone else will know how well they're actually doing it. And to make matters more interesting, if the organization has implemented enabling technology to support SAM implementation and sustainment, then these "magnifying glasses" may preserve that performance measurement for perpetuity.

Three lenses for measurement: *execution*, *impact*, and *performance*

When an organization sets out to define and establish criteria for measuring account planning and management success, there's a window of opportunity to bring the cross-functional account team together and, through collaboration and teamwork, reach agreement on the right things to measure, as well as how to go about measuring them. As much as any non-customer-facing activity, internal alignment around performance metrics is essential to SAM success. When it's done properly and collaboratively, fantastic synergies emerge.

There are different approaches to measuring effectiveness, and experience has taught us to consider a wide range of factors when developing the metrics "scorecard" that will ultimately serve to determine your organization's SAM/KAM success. Whichever approach is adopted, there is a strong likelihood that your organization will ultimately draw insights by looking at measurement through several "lenses," including *execution*, *impact*, and *performance*.

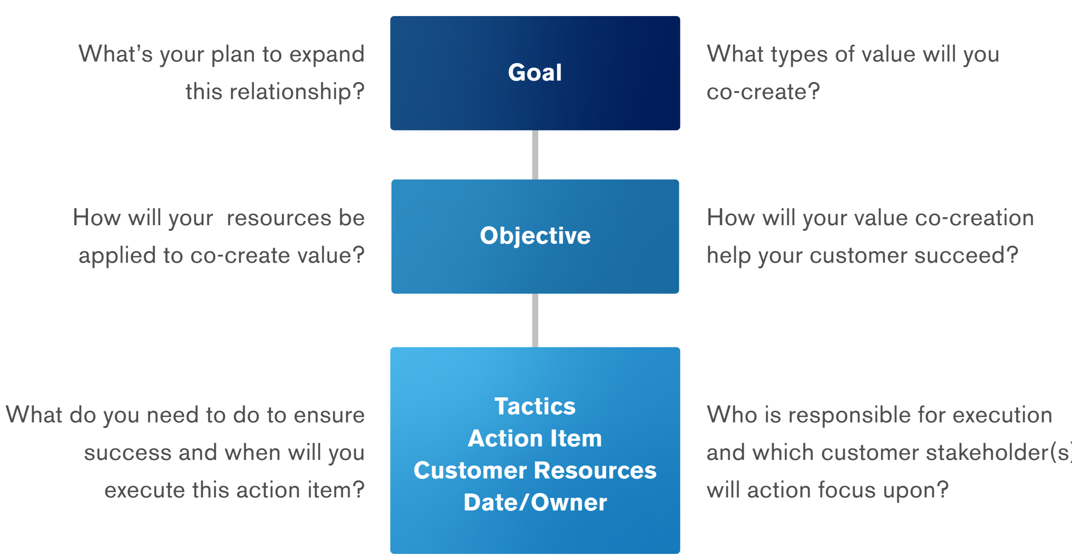
Measuring account planning *execution*

Whether you're focused on planning to win existing opportunities for value co-creation (See Chapter 6), or planning to identify and develop new opportunities for future growth (See Chapter 8), if you want to be successful, you must support these efforts with action plans that facilitate effective execution. We all know this and accept the importance of account action plans that drive accountability and execution, yet as basic as this sounds, it must not be so easy—as evidenced by the number of account plans reviewed with action items that are never executed as planned and committed!

Perhaps the most binary form of measuring SAM/KAM effectiveness is the degree to which the tactics and action items to which you and your cross-functional account team members have committed are actually completed—effectively and on time. Account team members rarely sign up for action items that they know they won't or can't complete, and yet the volume of un-executed account plan action items forces us to ask "Why?"

On a purely practical level, one of the most significant challenges to account planning success is what can be

Figure 12. Measuring Your Account Planning Execution



described as the "tyranny of the urgent." Pressing urgencies (which can't go ignored or untreated) are fully capable of derailing the best-laid plans and intentions of even the most effective account teams. Some refer to these as *evolving priorities* that threaten account planning execution, and close inspection in numerous account reviews reveals that these adjustments can be traced back to two types of forces: internal drivers (your organization's objectives) and external drivers (your customer's objectives).

Both drivers can require you to adapt your plan to accommodate changing priorities, and we'll explore in Chapter 10 why this is typically a good thing. But as you consider changes to your plan that are driven by evolving needs and priorities, a central question must be asked before you refocus your plan and realign your resources. What will be the results of these reprioritized tactics on your account goals and strategies, and what are the unintended consequences that could potentially impact your account more holistically? Next, we look at measurement in the context of account planning impact, so let's revisit the strategic impact zones from Chapter 1.

Measuring account planning *impact*

Modern account planning requires a focus on four zones of effectiveness that will have significant impact on your mutual success with your customer: value, alignment, relationships, and growth. Unpacking these impact zones in greater detail provides the modern account team with a way of looking at trends and patterns that may be developing in their account over time. This type of measurement and trend analysis has proven to be highly effective in looking at how account strategies and resulting activities are impacting overall success with the customer.

When you pause to consider the outcomes of your account planning process within the four impact zones, it becomes possible to discover areas where you are trending up, trending down, or remaining steady. Also, you can identify places where account planning impact factors might be interacting in a cause/effect manner, in which two or more factors have a combined impact that might not be apparent by considering each individually.

Figure 13. Measuring Your Account Planning Impact

Account Planning Impact Assessment: Customer Name and Date		
Account Planning Impact Zones	**Account Planning Impact Factors**	**How Is Your Impact Trending?**
Value	Opportunities to Collaborate and Innovate with the Customer	↓ ⇔ ↑
	Your Share of the Customer's Spend	↓ ⇔ ↑
	Opportunities to Share Best Practices with the Customer	↓ ⇔ ↑
Alignment	Your Competitive Position with the Customer	↓ ⇔ ↑
	The Fit of Your Solutions and Resources with Customer Needs	↓ ⇔ ↑
	The Customer's Buying and Decision-Making Processes	↓ ⇔ ↑
Relationships	The Customer's Willingness to Partner with You	↓ ⇔ ↑
	Trust-Based Relationships Have Been Developed with the Customer	↓ ⇔ ↑
	There Are Customer Sponsors and Supporters in Place for You	↓ ⇔ ↑
Growth	Growth in Account Penetration (New Customer Subsidiaries & BU's)	↓ ⇔ ↑
	New Opportunities for Account Expansion and Revenue Growth	↓ ⇔ ↑
	The Customer Views You as Strategic to Their Business	↓ ⇔ ↑

For example, what if you determine that you have a potential problem with your customer in the alignment zone. Your competitive position with the account isn't where it needs to be, as evidenced by what you perceive as a decline in your "wallet share" of the customer's overall spend (value zone). This could suggest that what's needed is an increase in the development of customer sponsors and supporters for you and your organization (relationship zone), and also add credence to the importance of seeking introductions into unpenetrated areas of the customer's organization that can potentially represent business in new customer subsidiaries and business units (growth zone).

While these types of tools must be customized to fit unique client environments, even a generic view can produce insights regarding the correlation between specific account planning impact factors which, extrapolated over time, can be quite revealing. By considering account planning impact in the areas of value, alignment, relationships, and growth, account teams are able to take a less time-bound approach to measuring success and look for trends that can provide early warning indicators of what lies ahead if corrective action isn't taken and account plans aren't adjusted. This leads to a type of account planning measurement approach that could be considered more granular: assessing account planning performance with defined metrics and measures.

Measuring account planning *performance*

Every account plan should include a customized metrics scorecard developed in accordance with corporate SAM and KAM program objectives, global SAM strategy, regional/local SAM execution and customer input regarding how to measure effectiveness. Even when there are required corporate metrics and measures in place, there should always be an opportunity for account team members to influence the definition of their metrics, particularly when the cross-functional account team includes participants from across the business and the globe.

Sometimes it's easier to arrive at the right metrics when you start with the right categories. Ask ten people within the SAMA community how to define performance metrics and you'll get ten different answers, each with its own merits. Yet, despite these different points of view, the performance categories defined here have proven to be effective for organizations that implement them, for two reasons. First, they are universal in terms of application—these four categories cover the landscape of what needs to be measured. Second, the categories are clear and concise—financial, operational, customer-facing, and account growth.

Financial performance

Financial performance metrics are among the most scrutinized in account planning and management, so let's start with this category of performance measurement, with one significant caveat: by the time you gather the most typical types of financial performance information, it's often too late to have an effect on short-term results. This means that the information

Figure 14. Measuring Your Account Planning Performance

Financial Performance	• Achievement of Account Revenue Objectives • Achievement of Account Profitability Targets • Outstanding Customer Accounts Receivables
Operational Performance	• Value Co-Creation Realized by Customer • Project and Delivery Deadlines Achieved • Customer Satisfaction and Quality Scores
Customer-Facing Performance	• Network of Customer Sponsors and Supporters • Account Team & Customer Stakeholders Aligned • Customer's Willingness to Provide References
Account Growth Performance	• Account Penetration: Subsidiaries and BUs • Strength of Opportunity Pipeline • Win Rate vs. Primary Competitors

you receive from these types of metrics is more about data than about insight and actionable awareness. Financial performance measures typically include achievement of account revenue objectives, account profitability objectives, and outstanding accounts receivables.

It's one thing to hit your top-line target, but it's quite another to do it profitably and with the margins expected by your organization. And top-line accounting only provides insight into what you are doing today. It doesn't provide many clues about what is happening overall in the account from a competitive landscape perspective. There are certainly many possibilities for measuring financial performance, but when it comes to analyzing the numbers, measurements of revenues and profits tend to top the list.

Financial performance metrics are certainly effective at telling *how you did*, but experience shows that they aren't nearly so accurate in predicting *how you will do*. When it comes to strategic account planning and management, it's a mistake to look at quantitative measures in a vacuum—these types of metrics tend to be *lagging* indicators of future success. On the other hand, when you combine financial performance with operational, customer-facing, and account growth performance, a more complete picture of SAM/KAM effectiveness emerges, providing the account manager and account team with a broader set of insights upon which to enhance their account plan.

Operational performance

Think of the degree to which you, your account team, and your organization meet and exceed customer expectations as operational performance. It's a way of looking at account planning and management effectiveness from the perspective of your customers and how they see the results of your mutual efforts. While the definitions of operational performance may vary from organization to organization, and even from customer to customer, certain parameters of operational performance tend to appear with regularity, and these include the value realized by the customer, the degree to which your project deadlines and delivery commitments are achieved, and customer satisfaction and quality scores provided by the account's primary stakeholders.

To demonstrate the significance of operational performance metrics, consider a scenario in which your financial performance measures are high, but your operational performance measures are not. In this type of situation, you and your organization are probably feeling much better about where you stand with the customer than the customer feels about where they stand with you. Even if the top- and bottom-line numbers being generated from the account look good, it's entirely possible that the customer may not be delighted with their perceived value received (based on their spend with you) and the timeliness of your projects and deliverables, and they may have quality concerns that begin to show up in customer satisfaction scores.

The modern strategic and key account manager needs "early warning indicators" that can provide glimpses into how the customer is feeling about the relationship while there is still time for course correction. These alarms need to be sounded quickly to minimize the possibility of the relationship devolving into a state of malfunction, which is why operational performance measures can be effective *leading* indicators of future success—especially when combined with customer-facing performance metrics!

Customer-facing performance

Peel back the onion on one of your most recent wins or losses, and it's likely that sponsorship either worked for you if you won, or for your competitor if you didn't. As we discussed in Chapter 7, it's predictable that when competitive opportunities are awarded, strong sponsorship is a determining factor. Customer-facing performance is about what happens when you and your cross-functional team members are engaging directly with customer stakeholders, and is typically a function of your customer relationships, your alignment with the customer's team, and the value you co-create together with them, all of which are strong predictors of long-term mutual success.

Growing and nurturing your network of customer sponsors and supporters are among the most critical core responsibilities of today's account managers, an ongoing effort that requires an investment of time as well as organizational resources. But the return on this investment in customer-facing activities is significant, especially when the results include stronger alignment between organizations and the evolution of relationships into business partnerships, not necessarily items that are directly visible in financial or operational performance measures.

Look closely at how the most successful account managers proactively develop trust-based sponsor and supporter relationships with customer stakeholders, and you will see a pattern of investment that returns such benefits as early identification of opportunities and a willingness to provide references—internally within their own organization, as well as externally with others. And while these types of behaviors may not provide specific quantitative measures in the short-term, it's easy to see why a consistent history of strong customer-facing performance positions the account manager for long-term success that is based on effective engagement with customer stakeholders.

Account growth performance

There is a temptation to believe that if your financial, operational, and customer-facing performance levels are strong, then all is well within the account—but is this always a safe assumption? Is it possible that even though you and your account team are hitting your numbers and expanding individual relationships with specific customer stakeholders, your overall relationship with their organization isn't developing strategically? It certainly is, and this can constitute significant risk to the account manager, because while there's every reason to feel good about your progress and where you stand in the account, your competitor is feeling similarly in a part of the customer's organization where you aren't engaged.

One of the most effective performance indicators for determining the likelihood of future growth is the degree to which you are penetrating the account and expanding into new customer subsidiaries and business units. This type of metric provides insights into your potential to meet and exceed your revenue targets in the future, and to avoid finding yourself in the reality so many other account managers are facing today: A very high percentage of your business with the customer is in a very small percentage of their subsidiaries and business units.

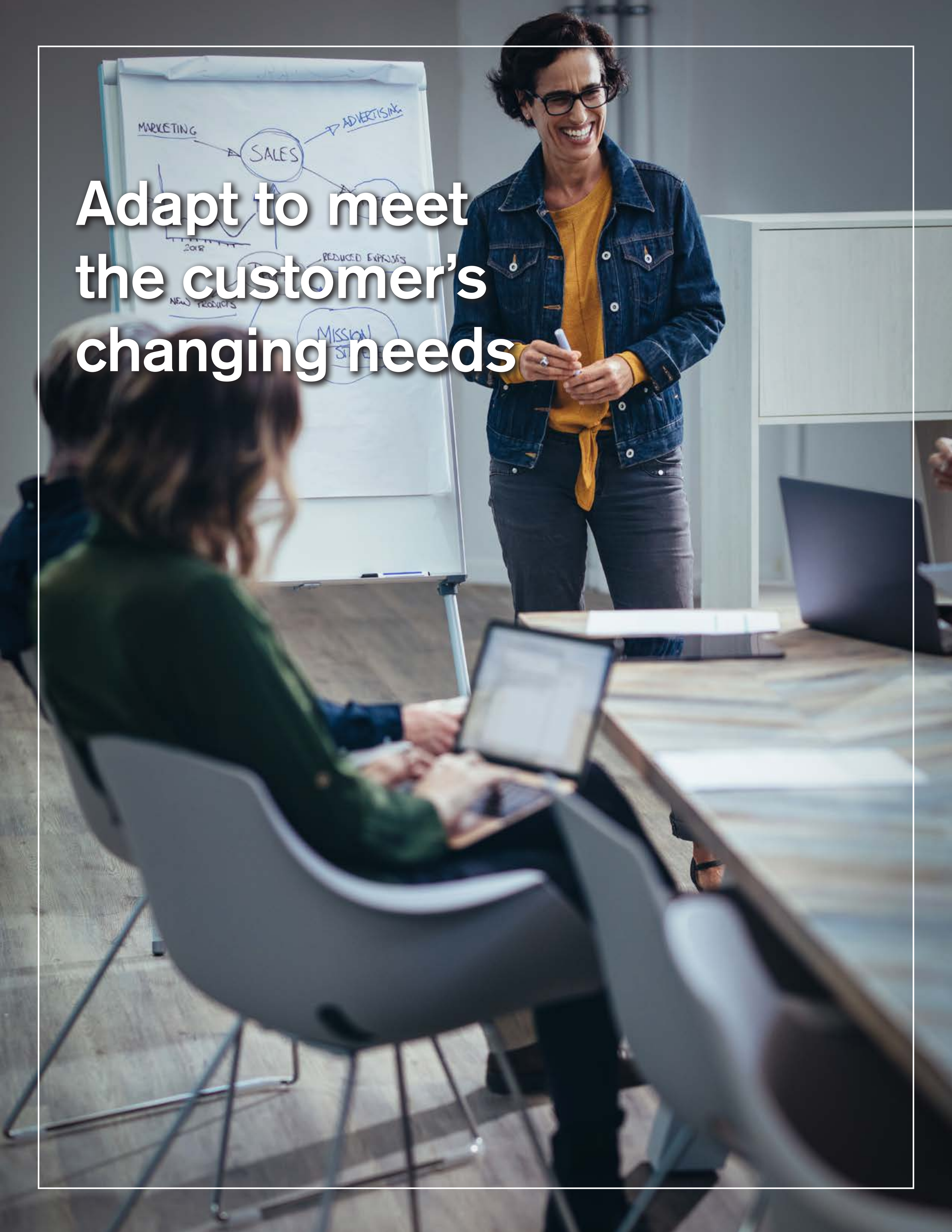
By making it a point to identify customer subsidiaries and business units that are potential sources of new opportunities, account managers reduce the risk of being vulnerable in the event that a division of the customer's business is sold, divested, or becomes unprofitable. But beyond extending the account into new areas of business, there are other areas of growth performance to consider, including the strength of your opportunity pipeline and win rate vs. primary competitors. Account managers who are successful in driving growth with their most strategic accounts are continuously looking for new areas of the customer's business to explore, and they are always on the alert for new opportunities and competitive strategies to win them.

Conclusions and recommendations

In the first eight chapters, we discussed account planning and management best practices ranging from benchmarking strategic account fit to engaging and aligning the cross-functional team, and from building trust-based customer relationships to co-discovering what the customer values most. Also, we discussed the importance of aligning objectives with the customer, co-creating mutual business value and leveraging your past proven value for momentum in the account. Finally, we examined the development of effective account growth strategies and the importance of driving account plan execution with well-conceived account action plans that engage and activate your cross-functional account team.

What do these areas of SAM/KAM best practice have in common? Each provides opportunities for evaluation, and all will require some level of measurement to ensure adoption and sustainability. Today's most effective account managers understand that by implementing metrics to track their account planning execution, impact, and performance, the likelihood of success rises. They realize that, since the customer will ultimately determine their success, if they can align the metrics and success criteria of both organizations, then the likelihood of being mutually successful rises. And they fully expect their account plans to evolve, and for good reason–to adapt to the changing needs of the customer, the focus of Chapter 10.

Adapt to meet the customer’s changing needs



Chapter 10

Adapt to meet the customer's changing needs

Adapt to meet the customer's changing needs

If you're feeling confident about your account planning journey at this point, it's for good reason. You've developed a solid account plan that covers the topics most critical to account planning and management success. Ideally, you've been socializing your plan throughout the account planning process, and it's rich with insights and contributions from your cross-functional team members. And while there are certainly a variety of ways in which you can organize and sequence your account plan, you've got it laid out such that the reader can easily locate and gain insights, including:

- Background with the customer
- Relationships developed with key customer stakeholders
- Alignment of your cross-functional team with the customer's team
- Value portfolio, including your past, present, and future value co-creation
- Growth strategy and action plan to proactively drive expansion of the account
- Metrics to ensure you're measuring account planning execution, impact, and performance

And just when you think you're all set, something changes: the *customer*. Perhaps it's a change in key personnel, making it necessary to go into another round of co-discovery to determine what matters most to the new stakeholder(s). Maybe it's a change in the customer's organization, whether through expansion, merger,

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acquisition, or divestiture, possibly the result of new business objectives and internal challenges. Or perhaps it's a set of new external pressures impacting the customer's business environment, causing the customer to rethink their priorities and how they deploy their resources.

Whatever is causing your customer to change, one thing is certain: If your account plan doesn't align with your customer's emerging reality, it will not be relevant. Modern account managers must live with the fact that their account plans will never be finished, and this is because the "guest of honor" and central focal point of any effective account plan never stops changing. There's simply no alternative if you want your account planning efforts to provide you and your team with a roadmap for mutual success with your customer—you'll have to pressure-test your account plan on an ongoing basis so you can adapt it as needed to align with changing customer needs.

Is your account plan focused and accessible?

The modern account plan must be customer-centric in nature, and in Chapter 5 we unpacked the importance of aligning your account plan with the customer's objectives. We expect customer objectives to evolve over time, and as they do, the priorities associated with them will shift as well. When it comes to account planning, there's never a shortage of opportunities, initiatives, and challenges to focus on, so the question becomes whether your account plan is focused on the right things, and with the right prioritization.

Pressure-Testing Your Account Plan

Is your account plan focused on the right things?	**Is your account plan accessible by your team?**

With this in mind, pause and ask yourself an important question: "How will I determine when it's time to re-focus my account plan, and how will I know whether this re-focus is, indeed, pointed in the right direction?" Account managers who work with large, complex customers experience ongoing challenges when trying to keep up with the happenings in these organizations of magnitude, and when key customer stakeholders are spread across the globe, two things are certain:

- You won't be able to ensure proper account plan focus without help and buy-in from your cross-functional account team members.
- Your cross-functional account team won't be able to buy into your account plan and help you if they don't understand it.

Top performing SAMs and KAMs ensure their account plans are readily available to their cross-functional account team members, and they routinely tap into the collective wisdom of these resources to keep current on account changes. They consistently socialize their account plans with colleagues, whether they have the assistance of enabling technologies or not. Ideally, account plans would be available to account teams through automation, making it easier to share plans and garner input. But perceived limitations in account team collaborative functions within most CRM solutions place additional burden on the account manager to ensure their account plans can be accessed and used by all members—with or without the benefit of technology enablement.

Is your account plan achievable and realistic?

When account planning is undertaken as a collaborative endeavor by the cross-functional account team, it's normal and natural to see enthusiasm and synergy around discussions focused on mutual value co-creation with the customer. Bringing core and extended team members into your account planning process is sure to generate energy and excitement, as evidenced by the success of the team-based approach to account planning that PMI has been deploying with clients for over twenty years. From an *upside* point of view, this confluence of good ideas and suggestions can result in a robust list of objectives and provide plenty of good ideas to consider. But there's also a potential *downside* to having so many options and choices, especially if the account team has difficulty agreeing on matters of priority and sequence.

Is your account plan achievable in terms of scope?	**Is your account plan realistic in terms of resources?**

It's important to keep in mind that the "deeper the scope" of your account plan, the "steeper the climb" to implement and sustain it. And while there's certainly no intent to curb anyone's enthusiasm for the realm of the possible when it comes to relationship expansion and value co-creation, most will agree that it's best to build account plans that are achievable in scope and realistic in terms of resource requirements. The account plan that is clearly focused, widely accessible, practically achievable, and organizationally realistic is much more likely to be met with confidence by the account team and ultimately succeed, as opposed to one in which the time to value of account planning success is delayed or extended by the volume of work and potential shortfall of resources to undertake and complete it.

Is your account plan balanced and insightful?

Few tools in business bring the past, present, and future together with your customer as effectively as the contemporary account plan. The strongest account plans offer a balanced narrative of value co-creation with the customer, providing a three-dimensional view of mutual success that includes your past proven value, your current opportunities for value co-creation, and your targets for future potential value co-creation and account growth. This sense of *balance* in the account plan can be both exhilarating as well as encouraging, because it tells a story of past success from which momentum is gained for success in the present and into the future.

TÜV SÜD is a trusted partner of choice for safety, security, and sustainability solutions, adding value to partners and customers through a comprehensive portfolio of testing, certification, auditing, and advisory services. Dr. Hajo Rapp, Senior Vice President of Strategic Account Management and Sales Excellence at TÜV SÜD AG, offers his perspective on account planning effectiveness: "The best account plans should tell a story of mutual value co-creation with the customer, and this requires critical insights regarding where we've been successful together in the past, where we are co-creating value today, and how we want to grow our share of wallet at the customer in the future. These insights provide the foundation for a strong account plan, and today's account managers must be effective at articulating this story, both internally as well as with their customers."

And speaking of insights, it's always interesting to observe how account managers respond differently to internal requests for information about their accounts. Typically, these requests originate from interested parties that are either currently invested in the account themselves (core and extended team members), or those looking for customer information to support their areas of responsibility (finance, marketing, engineering, customer success). Experience suggests that in both cases, what's really needed are insights about the customer and the account, rather than pages of details that may not be helpful, and perhaps even counterproductive.

Is your account plan balanced: past, present, future?	Is your account plan more about insights than data?

Further, when the cross-functional account team gets into a rhythm of sharing account experiences and updates on the areas of the customer's organization where they are engaged, the result is a more robust set of ongoing insights that build into an effective story of customer success and value co-creation. With this end in mind, it's easy to see why it's becoming more and more important for modern account managers to effectively tell their customer stories, a requisite skill that will be explored in greater depth in Chapter 12.

Is your account plan measurable and up-to-date?

Account plan measurability was discussed in Chapter 9, and certainly the existence of clearly defined account objectives, account action plans, and performance metrics provide sufficient opportunities for tracking and measuring account planning performance. But take this a step further and consider frequency, because every time you pause to measure your account planning and management effectiveness, you're likely to find opportunities to update your account plan and share changes with your cross-functional account team.

In most organizations, account plan updates are largely left to the discretion of the SAM or KAM primarily responsible, an empowering approach that most account managers like. But the question of "How often?" comes up again and again,

Is your account plan measurable?	Is your account plan up-to-date?

and there is only one reasonable answer: "It depends." The need to update your account plan is likely to be a function of customer change, account complexity, your own organization's requirements, and the degree to which you're utilizing enabling technology. Each of these determinants can and will have an impact on your update frequency. Account plans should certainly be kept current for accuracy and effectiveness, but account managers should avoid extremes when it comes to updates and try to establish a reasonable cadence for updating and socializing account plan revisions with the account team.

Conclusions and recommendations

The account plan is a living document that has become the baseline for account growth with industry-leading companies across the globe. Yet history teaches that without an account manager to assume primary responsibility for the care, maintenance, and viability of these tools, you'll continue to find account plans that were developed, filed, and never implemented. Conventional wisdom has resulted in a mindset shift when it comes to account planning and account plans, with many (including your authors) ascribing to the belief that the "verb" (the account planning process) is more powerful than the "noun" (the account plan document).

With a bit of time, energy, and customer knowledge, anyone can create an account plan document, but it's these types of "fill in the form" exercises that have historically resulted in failed plans. Think of these plans as the *nouns*, data repositories that are largely used internally for reporting purposes, and not considered to be of much value by their users. On the other hand, when the account planning process drives the implementation of best practices that engage the cross-functional account team in customer value co-creation, the result is an account plan that is the outcome of an effective account planning process—the *verb*.

And if you don't believe that verb prevails over noun, ask yourself this question: Is your customer more likely to have an interest in a document you develop about doing more business with them (likely to be their perception–they've said so for decades), or about the planning process, best practices, and cross-functional resources that you apply to their account to facilitate mutual value co-creation? As we'll discuss in Chapter 11, customers care very little about your documents and forms, but when they see that you understand the magnitude of their WIIFM when they engage with you in the account planning process, amazing things begin to happen!

Engage the customer in the account planning process

Chapter 11

Engage the customer in the account planning process

Engage the customer in the account planning process

Ever wonder why your customer doesn't care very much about your account plan? Why should they, since many feel that account planning is something suppliers do to get customers to spend more money with them? Most strategic and key customers have never seen the account plans that bear their names. Further, when asked what value they receive from their provider's account planning process, they typically struggle to think of anything. Finally, when asked what types of input they provide into these account plans, they almost always say "none at all."

But it doesn't have to be this way. In too many implementations of account planning, the most important person—the customer—doesn't have a seat at the table. In fact, most customers aren't in the room or even in the building. They are outsiders looking in at a process that's supposed to be about relationship expansion and value co-creation with them. There's good news—some organizations have realized the fallacy of this type of "account-planning-in-a-vacuum" approach and are now including the customer in the process. You'll be amazed at the types of advantages you gain when your customer is the true focus of your account plan, and they engage in the planning process with you.

"So, you have a plan for me? Really?"

The first step is to help the customer understand that your organization considers them strategic to your business and you're putting in

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place a plan that will be focused on their success. Sometimes, just saying this to a customer is enough to get them to recognize their WIIFM—there is something in it for them. If they share the types of business objectives they will be pursuing with you, then perhaps you and your organization will be able to bring resources, expertise, and services that will enable them to meet and exceed their objectives. Who wouldn't want this?

While it may seem clear that this is the best path to pursue with practically any strategic account, strategic and key customers recognize the benefits of their providers' account plans in only a small percentage of cases. A resonating quote from a Fortune 100 senior executive sums it up: "I hear that some of my vendors have plans for us. But if I don't know what's in these plans, I can assure you they have a zero chance of ever making them happen." This comment memorializes exactly what's lost when there's little or no customer involvement in the account planning process, much less any awareness of the value to the customer's organization.

As we explore the dimensions and characteristics of customer engagement in account planning, reflect on your customers and your account plans for them, and ask yourself the following:

- "Which level do I feel best describes my customer's engagement in my organization's account planning process?"
- "If I asked my customer to describe their level of commitment to my team's account plan, what would they say?"

Denise Juliano of Premier, Inc. puts it this way: "Modern account planning and management goes far beyond the historical 'fill in the form' mentality that has haunted the account planning process in so many companies. Let's face it: we don't just want to be *talking about the customer*—we want to *bring the customer* into the meeting and make them part of the account planning process."

Level of engagement: *unengaged*

Even today, many account managers and account teams are building plans for their customers without telling them. But the real problem lies beneath the surface because you're investing time and resources into a weak relationship, and the customer is oblivious to it. It's clear that the status of this type of relationship is best described as *vendor*, and the reality is that if some of your efforts had been diverted to having discussions with the customer about planning the future together, the process itself could have helped to elevate the relationship. Too many customers are unaware of the account plans that their providers have developed for them, and unfortunately at this level, even if they did know, most wouldn't care.

Level of engagement: *validation*

It's a bit better, but still not ideal, when the customer knows you're investing time and resources into planning a successful future with them. At this level, the customer has awareness that you and your team are putting a plan in place that will be focused on mutual growth, but because they have no insight into the plan, they can't relate to it. In these types of scenarios,

Figure 15. Engaging Your Customer in Account Planning

Level of Engagement	*Level of Relationship*	Level of Mindshare
Commitment	*Trusted Advisor*	Customer engages in the planning process on an ongoing basis
Participation	*Planning Partner*	Customer participates in the planning process when asked
Validation	*Preferred Supplier*	Customer will tell you if your planning is on or off track
Unengaged	*Vendor*	Customer doesn't know or care that you have a plan for them

the account plan will likely be considered your plan and not a plan that necessarily brings value to the customer. And if the customer assumes that these plans are largely focused on your objectives and targets vs. theirs, they are probably correct. At this level of engagement, best described as *preferred supplier*, the customer is unlikely to feel any real equity in your account planning efforts on their behalf, but at least they know you have a plan and that they've had an opportunity to provide input.

Level of engagement: *participation*

The situation improves significantly at this level, as the customer is willing to invest time in planning the future of their relationship with the supplier. And because time is scarce for most customers, they're only likely to involve themselves in account planning efforts with an organization they consider to be a *planning partner*. As described in Chapter 3, these relationships are characterized by the existence of individual customer stakeholders you've developed into sponsors and supporters for you and your organization that have decision-making authority. This is because of the past proven value you've co-created with them, and as a result, they consult with you regarding how to solve their business problems. In these types of accounts, account managers, and account teams have strong knowledge of the customer's pressures, objectives, and challenges, and there are stakeholders who demonstrate an ongoing willingness to invest time and building plans together with you to address them.

Level of engagement: *commitment*

What could be better than a customer that is now a participant in your account planning process? When you're considered a planning partner to the customer's organization and they participate in growth planning with you, you and your organization are among very elite company, and in a very small subset of providers considered necessary to the customer's business. But if there is enough trust, credibility, and past proven value co-creation shared between the parties, something remarkable can happen that allows for ongoing collaboration and value co-creation that is typically unique within a market. When the status of your relationship reaches *trusted advisor*, customers can become so committed to the account planning process that they initiate and host sessions to explore mutual growth with you. At this level of engagement, you're ready to pursue innovative approaches to growth, mutual success, and value co-creation through the collaborative planning process.

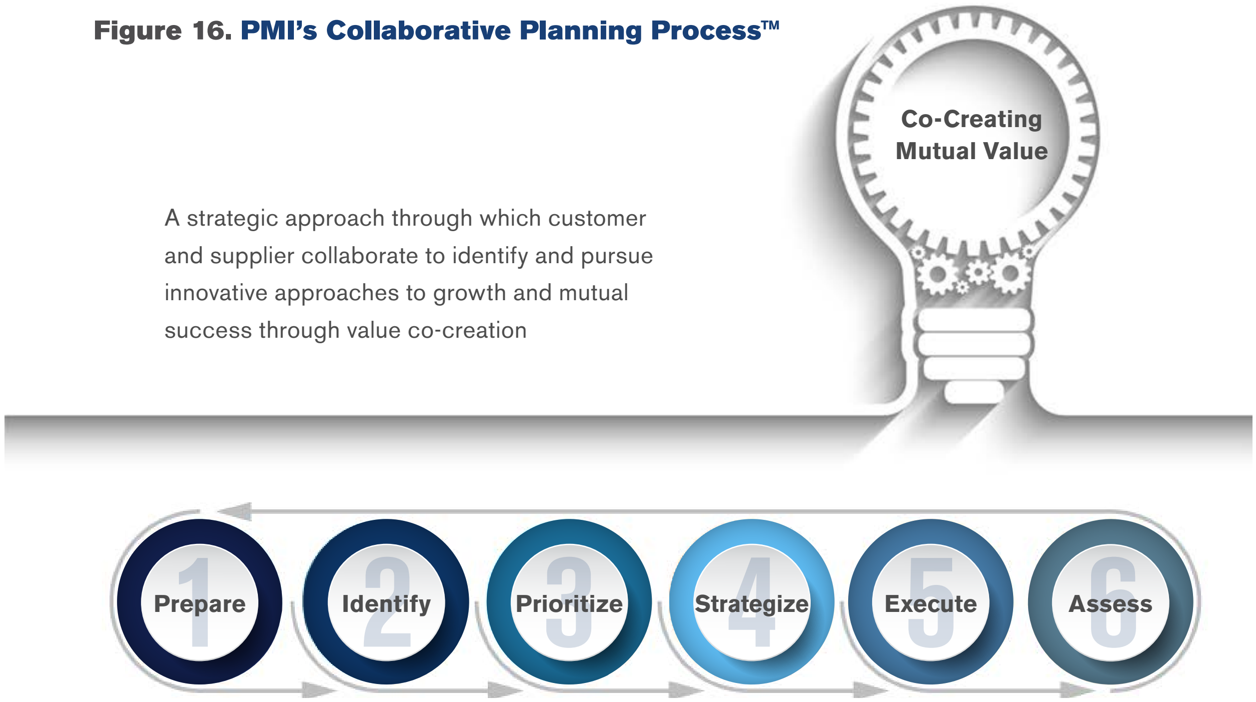
Collaborative planning with the customer

In certain planning partner and most trusted advisor relationships, the provider and customer proactively engage in the collaborative planning process together. In these very special relationships, the customer sees you as more than just another "partner" to their business. You and your cross-functional account team represent an organization with which they have developed deep trust through a history of mutual success, obliging the parties to meet at the planning table for ongoing collaboration and value co-creation. This is where you can win new business before the procurement department even issues an RFP.

In this type of environment, you have every reason to believe that account planning will be successful, and account plans effectively executed, because both organizations are committed and engaged. You and your customer have moved beyond asking *if you should* do this and are now discussing *when you will* do it again. But there's another very compelling reason for you, your account team, and your organization to invest time and resources into these types of activities. As a practical matter, customers tend to have only one or two collaborative planning relationships within any specific market, and these tend to be well-earned through past proven value co-creation, and hence, rather exclusive.

In collaborative relationships, there's a mutual plan in place and the WIIFM for each party is clear, as are the levels of engagement and resources that will be required to get there. Sure, the customer recognizes that there are growth strategies and opportunities contained in the plan, but at this level, that's a good thing because they're committed to helping you achieve your objectives, as well. They feel this way because they know you've focused your account plan on helping them meet their objectives. As provider and customer align objectives through collaborative account planning, opportunities for value co-creation are identified, mutual value is realized and measured, and your organizations succeed together. These types of relationships can only be described with words such as "authenticity" and "trust," and once established, they are likely to endure.

Figure 16. PMI's Collaborative Planning Process™



Zoetis is the leading animal health company, dedicated to supporting its customers and their businesses. Dr. Nick Athanasiou, Executive Director of US Major Accounts at Zoetis Petcare offers this perspective on the importance of engaging customers in the planning process: "By putting our customers at the center of our account planning process, we ensure that our plans are connected directly with customer success. When the right team from the customer is engaged in account planning with our team, the result is a collaborative partnership with mutual objectives, and when this happens the results are significant to both parties."

Conclusions and recommendations

When we engage the customer in the account planning process, we're inviting them to join us in planning the future, a "future" that has a chance to become reality because of the commitment, engagement, mutual equity, and partnering that are fundamental to its pursuit. Anyone can create an account plan in a vacuum, and the customer knows this. That's why the mere existence of an account plan document won't get you very far with today's customers, who have been told by providers over the years that they are *strategic* and *key* to their businesses.

Suppliers who realize the best account plans are those created with engaged customers will be far ahead of others, no matter which markets they serve. Only a small percentage of account plans are based on true customer/supplier collaboration, but those that are have the greatest likelihood of becoming a reality. This is where co-innovation and value co-creation happen, and this is where sustainable competitive advantage is born. Can you imagine a more difficult position to be in than trying to capture market share against a competitor engaged in ongoing collaborative account planning with your customer?

A senior executive was once heard to say, "We have account plans, but we aren't really doing account planning." A deeper look revealed just what you would expect: their customers either didn't know there was a plan, didn't know what was in their plan, or didn't care about their plan—all symptoms of generating account plans void of customer engagement and input. Pursuing this more customer-centric and collaborative approach to account planning will require an investment of time and resources, but the returns can be profound. If you ask your customer to engage and help you plan the future with them, there is a much greater likelihood that you and your organization will actually be a part of it.

Provide coaching and leadership to the account team

Chapter 12

Provide coaching and leadership to the account team

Provide coaching and leadership to the account team

The demands on today's account managers and teams and the pressure to succeed are at an all-time high. You and your cross-functional account team members routinely find yourselves doing difficult things for complex and demanding customers, and you're often expected to do many things simultaneously—no small task. To make matters even more complicated, you're typically operating in tandem with other team members, like synchronized swimmers; keeping everyone moving in harmony without bumping into one another can be a daunting challenge.

In many ways, the modern cross-functional account team can be compared to your favorite athletic teams and star performers. These *athletes* must do many things right to be successful, and they must do them correctly almost every time. But just like in sports, it's the "little things" that distinguish the great from the good, and it's the impact of effective coaching (or lack thereof) that frequently determines whether the shot hits the post, the ball strikes the rim, the touchdown pass is caught, or the birdie putt finds the cup.

In this final chapter, we discuss why effective coaching and leadership are essential to account planning and management excellence and sustainability. We examine who needs coaching and unpack the areas where effective SAM/KAM coaching has

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6. Co-create value and gain momentum in the account
7. Develop customer sponsors and supporters
8. Build and implement account growth strategies
9. Measure the impact of account plan execution
10. Adapt to meet the customer's changing needs
11. Engage the customer in the account planning process
12. **Provide coaching and leadership to the account team**

the greatest impact. We identify and define the pressure points that have proven to be "hot spots" for proactive coaching, and we explore the essential components of successful executive account briefings and reviews–typically high-stakes meetings where advance coaching and preparation make a significant difference in the outcome.

Coaching to the strategic impact zones

SAMs, KAMs, and their teams have the greatest need for coaching when they are approaching what we defined in Chapter 1 as the strategic impact zones of effective account planning and management. It's what happens when account managers and their teams are confronted with these critical areas of SAM and KAM execution that typically determines their success throughout the lifecycle of the customer relationship, which is why these impact zones tend to become primary focal points of account team performance. Effective account team coaching through the "lens of impact" can serve to reveal significant insights in areas proven to be the primary determinants of account planning and management success:

- Co-discovery, co-creation, and realization of value
- Internal and external alignment (account team and with your customer)
- Development of trust-based customer relationships
- Planning and driving proactive account growth

Identifying the coaching pressure points

By considering value, alignment, relationships, and growth as the cornerstones of effective SAM/KAM coaching, we can identify specific *pressure points*. Asking the right questions can bring focus and clarity to the account team and serve as a powerful enabler of account planning and management success. And while there is certainly no shortage of questions in any of these zones of potential high impact, some have repeatedly proven to be effective in helping account managers and their teams "zero in" on those areas most in need of targeted discussion, to ensure there is clear focus on action steps moving forward.

Value — **Co-discovery, co-creation and realization of value**

Coaching to value

Account teams can benefit from effective coaching when the focus is value. This includes the co-discovery of new potential opportunities for value co-creation, the co-creation of value through opportunities and initiatives currently under pursuit, and the customer's realization of value through mutual commitments made and business already awarded. Consider the following pressure points when your coaching needs to focus on the co-discovery, co-creation, and realization of value:

1. Account team members co-discover and share customer pressures, objectives, and challenges.
2. Customer meetings are effective and focused on value co-creation, co-innovation, and mutual success.
3. Your win rate for new business opportunities and initiatives in this account is consistently high.
4. The customer understands and acknowledges your past proven value co-creation and mutual success.

Alignment — **Internal and external alignment (account team/customer)**

Coaching to alignment

Account teams can also benefit from effective coaching when the focus is alignment and connection. This includes the members and make-up of your cross-functional team, the level of communication between members of the team, and the degree to which the members function as a team for the purpose of executing the account plan. Consider these pressure points when your coaching needs to focus on internal alignment with your cross-functional account team to ensure effective external alignment with the customer:

1. There is balance, harmony, and collaboration among

members of your account team.

2. Account team members are aligned in support of your account plan objectives and strategies.

3. When there are customer issues to address, account team members work together to resolve them.

4. Effective stakeholder mapping enables strong team-to-team alignment with the customer's team.

Relationships — **Development of trust-based customer relationships**

Coaching to relationships

Account teams need effective coaching when the focus is building and growing customer relationships. This includes the network of stakeholders you have developed across the customer's organization, the sponsors and supporters willing to assist you in pursuing new introductions and references, and the degree to which the customer considers you and your organization to be a planning partner or trusted advisor to their business. The following pressure points should be considered when your coaching needs to focus on developing, expanding, and leveraging trust-based customer relationships:

1. You have a broad and deep network of customer sponsors, supporters, and stakeholders.

2. These relationships effectively assist you in gaining new introductions in the account.

3. Your account relationships can consistently be described as *planning partner* or *trusted advisor*.

4. There are customer stakeholders willing to provide references for you and your organization.

Coaching to growth

Account teams need effective coaching when they are focused on planning and driving proactive account growth. This includes building and sustaining a "plan to grow" the account; defining, capturing, and sharing goals, objectives, and tactics to drive growth; the level of customer engagement in your account plan; and the effectiveness of your account briefings and reviews. Consider these pressure points when coaching needs to focus on planning and driving growth and on how you engage your account team and customer in brainstorming and identifying targets for account expansion:

Growth — **Planning and driving proactive account growth**

1. Development and sustainment of an account plan to grow your relationship with the customer.

2. Account plan goals, desired outcomes, and action steps are defined, captured, and socialized.

3. Level of engagement and equity your customer has in your account plan and planning process.

4. Effectiveness of regularly scheduled account reviews involving account team and leadership.

Leading your team in account reviews

Today's SAMs and KAMs are expected to be knowledgeable and articulate enough to effectively tell their account "story," both internally with colleagues and senior leadership, as well as externally with customer stakeholders. Traditionally referred to as executive briefings, business reviews, and account reviews, these sessions provide opportunities for account managers and core account team members to facilitate discussion about the current situation within the account, opportunities that potentially have upside, as well as downside.

Rather than a deep dive into an abundance of data, most people on the receiving end of these discussions are looking for an understanding of where things stand between the parties, where there are opportunities for value co-creation, and the types of issues that need to be addressed and resolved to create the best environment for mutual growth. Experience teaches that when these discussions focus on actionable insights, priorities can be established and progress can be made, typically gratifying outcomes for all participants involved.

Figure 17. Coaching and Leading Effective Account Reviews

Executive Account Briefing: Agenda and Topics

Section I. *(The Past)*

- Account Background
- Cross-Functional Account Team
- Business Landscape and Account Penetration
- Past Proven Value Co-Creation

Section II. *(The Present)*

- Relationships and Alignment with Customer
- Sponsors and Supporters
- Competitive Landscape
- Active Opportunities for Value Co-Creation
- Significant "Must-Wins"
- Value Co-Creation Partners (if applicable)

Section III. *(The Future)*

- Account Growth Strategy
- Future Co-Creation Opportunities
- Account Action Plan and Execution
- Potential Obstacles and Risk Factors
- The "Main Thing"

With this end in mind, PMI developed the executive account briefing, which was subsequently adopted by SAMA for final certification of its Certified Strategic Account Manager (CSAM) candidates. When account reviews and executive briefings are conducted utilizing the topics and flow illustrated in Figure 19, the result is a business discussion that provides participants with a view of where you've been with the account, where you currently are with the account, and where you plan to go with the account. This approach provides a logical sequence of topics that unpack into an account story organized into three components: past, present, and future.

Telling your account story: *past*, *present*, and *future*

Executive account briefings should launch with clarity and alignment regarding objectives, agenda, and format, providing ongoing opportunities for participants to ask account managers and account team members questions. In Section I, topics include a background of the account, definition of your cross-functional account team, description of business landscape and penetration across the account, and a summary of your past proven value co-creation with the customer.

Section II topics include your relationships and alignment with customer stakeholders, the competitive landscape across the account, your current sales and value co-creation opportunities, and if applicable, discussion of any partners that are engaged in this account with you. There is typically robust discussion around stakeholders, competition, and opportunities, and participants are advised to prepare accordingly in these areas of specific focus.

Finally, Section III focuses on your strategy to drive proactive growth across the account, target areas you've identified for future value co-creation, and your short- and long-range action plans to drive execution of your account plan. It's important to provide opportunities for account managers and account teams to identify potential obstacles and risk factors that could impact account planning success, as well as summarizing any "main thing" takeaways that need to be top-of-mind for participants when the executive account briefing concludes.

The executive account briefing provides SAMs, KAMs, and their account teams with a proven model for telling their account stories and doing so in a logical, sequential manner. When your organization has granted you responsibility for one or more of their most important customers, it's only fitting that you and your team are prepared to provide "guided tours" of these accounts. Few, if any, meetings are more consequential than reviews of strategic and key accounts, so if you're looking for an opportunity to provide coaching and leadership to your account team, look no further than your next account review. And if you're looking for a proven approach for conducting it effectively, consider using the executive account briefing model to tell your account story accordingly.

Conclusions and recommendations

In ***The Keys to Effective Strategic Account Planning (2nd Edition)***, we've discussed best practices, including benchmarking strategic and key accounts, and effectively engaging and aligning your cross-functional account team. We've examined how to assess and strengthen relationships with key customer stakeholders, and the importance of co-discovering what matters most to your customers. We've reviewed the high-impact topics of aligning objectives with the customer, the co-creation of measurable value, developing customer sponsors and supporters, and building and implementing strategies for proactive account growth. Finally, we've considered the importance of measuring account planning impact and adapting your plan to evolving customer needs, and we've made a case for the vast upside of engaging the customer in the account planning process.

Our journey into SAM and KAM best practices concludes by exploring the significance of providing effective coaching and leadership to your cross-functional team. Through effective coaching and leadership, account managers and their teams can ascend to new levels of collaboration and co-innovation—proven catalysts for the perpetuation of customer value co-creation and realization. In our time-pressured, disrupted, and commoditized world, maintaining product superiority becomes nearly impossible, so organizations must seek new ways *beyond the product* to differentiate themselves. We hope these pages have provided ideas for how you and your team can *become the difference* through modern account planning and management excellence, and outperform your competition through best-in-class engagement where impact matters most: value, alignment, relationships, and growth.

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– Steve Andersen, Craig Jones and Todd Lenhart –