The Keys to Effective Strategic Account Planning

By Steve Andersen
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If you want to discover account management best practices at work, all you have to do is spend time in or around the Strategic Account Management Association 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 have achieved excellence in engaging and creating/co-creating value with their most important customers.

Over the past dozen years, Performance Methods, Inc. (PMI) has had the opportunity to work with numerous organizations within the SAMA community. This work has provided us with opportunities to witness firsthand how many of the world’s leading organizations manage and grow their most strategic customer relationships. From the insight gained through our engagements with these best-in-class organizations, we have designed and developed a methodology for implementing and sustaining strategic account management best practices: *The Keys to Effective Strategic Account Planning.*

This book’s purpose is twofold: to introduce the reader to a proven methodology and contemporary approach to managing strategic customer relationships, as well as to recognize specific companies that have reached high levels of effectiveness in their deployment of strategic account management best practices. Our deepest appreciation goes out to both the organizations that agreed to participate in the articles that comprise the book, as well as to the individuals who invested their time with one purpose in mind: sharing their best practices.

As we all know, the path of least resistance when it comes to helping others is sometimes to do nothing at all. Kudos to these organizations for their generous sharing of proven SAM best practices and for their participation in the article series: Adecco SA, Ahlstrom Corporation, Assurant Inc., Deere & Company, Henkel AG & Co., Hilton Worldwide, Honeywell International Inc., TaylorMade Golf (a division of Adidas Group) 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. I extend my deepest appreciation to the SAMA team for their support and contributions throughout the time period during which these articles were published.

I would suggest that each reader select a customer that is important to your success and focus on this organization and their people as you proceed. All of the concepts and ideas herein can be found within the SAMA community of practice, and the “Keys” will certainly be more relevant and practical to you if you consider application with a specific customer in mind. It has been my great pleasure to develop and document *The Keys to Effective Strategic Account Planning* article series with SAMA over the past several years, and I hope that you enjoy reading this book as much as I have enjoyed writing it.
Steve Andersen founded Performance Methods, Inc. 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 served as “senior sales executive” multiple times during his career, and his background includes extensive experience in sales, sales management and sales leadership. He is the primary architect of Performance Methods’ Keys to Effective Strategic Account Planning Methodology™, Integrated Opportunity Management Methodology™, Customer Engagement Methodology™, Collaborative Planning Methodology™ and SAM Portfolio™.

He has addressed a variety of audiences on a wide-range of sales and account management topics and has published numerous articles in the areas of sales, sales management and account management best practices. Steve is a frequent speaker at Strategic Account Management Association (SAMA) conferences and universities and is a member of the SAMA Certified Strategic Account Manager (CSAM) faculty.

Steve’s client work has brought him into direct contact with many of the world’s largest corporations, including Adecco, Assurant, BNY Mellon, FedEx, Fujitsu, GE, Henkel, Hilton Worldwide, Honeywell, HP, John Deere, Konica Minolta, Merck, Nike, Panasonic, P&G, SAP, Sherwin Williams, Siemens, Telefonica, Verizon and Zurich Insurance Group.

He holds BS and MA degrees in Mathematics from the University of North Carolina at Greensboro and resides with his family in Atlanta, GA.
Key 1: Define “What is a strategic account?” and assess the ongoing fit

The keys to effective strategic account planning

1. Define “What is a strategic account?” and assess the ongoing fit.
2. Discover what the customer values most and validate it.
3. Assess and strengthen the account’s most strategic relationships.
4. Position and differentiate the supplier’s unique value with the customer.
5. Integrate and balance the account and opportunity planning processes.
6. Align the supplier’s objectives with the customer’s objectives.
7. Develop and implement a proactive strategy to grow the account.
8. Engage the customer in the account-planning process.
9. Implement performance metrics to measure and track SAM execution.
10. Provide coaching and sponsorship to account teams as needed.

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Define “What is a strategic account?” and assess the ongoing fit

Our work with clients has taught us much about the importance of defining strategic/key accounts and communicating this effectively both internally and with the selected 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 on closer inspection it is usually the case that these decisions can be challenging and even stressful for an organization. How can something that sounds so good for both the supplier and customer become such a difficult decision process?

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 Financial Services Ltd. (www.zurich.com), an insurance-based financial services leader, has implemented a successful SAM program led by the global corporate business division. Zurich’s approach to defining and assessing strategic accounts and strategic account performance is a best practice.
Ron Davis, executive vice president of the global corporate business division, offers this perspective on strategic account definition: “Our model of defining strategic accounts requires direct input from our customers. Our relationship leaders [i.e., strategic account managers] talk with each customer in advance to determine if there is mutual interest in establishing a strategic relationship.”

We couldn’t agree more with this approach, as we see far too many so-called strategic customers that don’t know they are strategic, don’t care that they are or don’t understand what it means. Davis went 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, and Zurich uses qualitative and quantitative metrics to support this.

**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 the customer’s? This dynamic, which is all too common, almost always results in an unbalanced relationship in which the supplier inputs strategic resources and value into the relationship while the customer is more focused on receiving tactical outputs from the relationship (price, terms, and availability). Because most suppliers, including well-resourced industry leaders, would agree that there simply are not enough resources to serve all customers as though they are strategic, it becomes critically important to select customers for SAM program participation that are committed to such a relationship.

Unfortunately it’s no longer surprising to hear supposedly strategic 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 what we refer to as authentic in nature, which means that each party wants the other to succeed and demonstrates this through action. You may ask how this can 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 of course go far beyond the procurement organization. Building a high and wide network of customer supporters and sponsors is an important objective for any supplier committed to becoming more strategic.

We see an evolution occurring in which the customer’s decision team expands to include more influencers, recommenders, decision-makers and approvers. These types of individuals have very different definitions of value depending on the person’s level within his organization as well as his specific responsibility area (e.g., finance, marketing, engineering, quality, information technology and human resources). The most effective strategic relationships that we see are those that align the customer’s and supplier’s teams in a way that provides connection points up, down, and across the customer’s organization. This provides a foundation for an authentic strategic relationship between the parties in which each has a greater understanding and appreciation of the other’s needs and objectives.

**It’s not just about size**

In the past it was almost predictable
that the definition of strategic customer was a function of ranking customers by revenue, then skimming off 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 we feel that there is much more to a strategic relationship with a customer than revenue, and this becomes increasingly apparent when we consider the success of specific strategic customer-supplier relationships we have observed. In other words, now that we’ve defined and selected strategic customers, how do we measure our relationships’ performance? The most effective SAM programs develop criteria for determining how to measure the success of the relationship and use these metrics to assess the ongoing fit with a strategic account profile.

Ahlstrom Corp. (www.ahlstrom.com) is a leading global developer and manufacturer of high-performance specialty papers and fiber composite for industrial applications. Ahlstrom is implementing a key account management program, and the company’s approach to defining and assessing strategic accounts and strategic account performance is a best practice.

Rami Raulas, former executive vice president of sales and marketing, offers this perspective on strategic account definition and fit: “We do business with some of the largest corporations in the world, so determining strategic value and fit almost always starts with the consideration of company size and revenue. But to us strategic fit is more than this, and when we consider additional factors such as how global the relationship is, the opportunity to share best practices and our potential to grow together with the customer in the future, the definition of a strategic customer relationship becomes more specific, and the picture becomes more complete.”

**Strategic performance “zones”**

There are of course many different methods to determining strategic account fit and performance, and no one seems to have an approach that will work for all suppliers and strategic account programs. As with most things related to SAM/KAM, a supplier’s strategic account profile must be customized to the way the supplier does business and should consider performance and the past proven value of successful (and perhaps even unsuccessful) strategic account relationships. We have found that there tends to be a set of strategic performance zones that can be useful in continually assessing strategic relationship performance. While not a substitute for SAM execution metrics (a subject to be covered in Chapter 9 of this e-book), these zones provide a framework within which to examine and assess the success of the strategic customer-supplier relationship:

- **Value:** All seem to agree on the importance of creating predictable, sustainable and measurable business value with strategic customers, but the important question becomes “How do we know we are meeting and exceeding our customer’s expectations of value from a strategic supplier?” Value can be a function of many different variables, yet some of the more interesting we see include attractiveness of the customer’s market (for the supplier’s products, solutions and services), the supplier’s share of the customer’s spend (on related products, solutions and services) and the opportunity for the customer and supplier to create mutual value by sharing best practices.

- **Alignment:** Alignment is about connection and fit, and this strategic performance zone is about determining where and how the supplier is able to best connect with a strategic customer and align objectives with it. Alignment considerations may include the fit of the supplier’s products, solutions and services with the customer’s requirements, the competitive position the supplier has developed and achieved over years with the customer, and the customer’s buying and purchasing strategy and how well it fits with how the supplier is set up to do business. Equally important is the ability of the customer’s and supplier’s teams to connect and achieve team-to-team alignment, including on a global basis as needed.

- **Relationships:** It’s clear strong relationships are vital to achieve and maintain effective strategic account performance, but we have observed that this goes far beyond how well the parties “like” each other. Challenging dynamics are emerging in strategic customer-supplier relationships, and these may include the customer’s true willingness to partner (demonstrated by actions,
We feel that there is much more to a strategic relationship with a customer than revenue.

not just words), the relationship’s depth and breadth throughout both organizations and the account manager’s ability to develop a set of supporter and sponsor relationships within the customer’s organization (maybe also within the account manager’s own).

• Growth: Growth’s traditional definition has always focused on revenues and perhaps even profits, but what about the growth factors that may precede these types of numerical growth? Strategic suppliers are beginning to look beneath the numbers to the true determinants of growth, and we think the degree of collaboration, mutual innovation, joint planning and business value co-creation between customer and supplier may go a long way in determining future growth. The modern, trust-based customer-supplier relationship always seems to have at least one of these dynamics at work—sometimes all of them.

Assessing strategic fit

After you define strategic account and help your customers understand what they have 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 or regulatory pressures. The purpose of continually assessing the strategic account relationship is to ensure we receive early warning indicators of strategic non-performance before matters become worse or it is too late to make corrections. To this end, the typical strategic account profile will have a mix of objective and subjective factors and, as many organizations are beginning to realize, perhaps performance factors that come directly from the customer.

As we all know, it can take years to develop a trust-based partnership with a customer, yet the strongest relationships can be damaged in a short time period—even instantly. 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 performance zones). If we consider an assessment approach that ranks our effectiveness over time, then we have the opportunity to target areas of desired improvement and focus our account planning process on addressing those areas with the highest impact and greatest importance to our strategic customer relationship. The upside to this type of approach seems clear, while the downside of not conducting ongoing effectiveness assessments is likely to be fraught with risks and surprises - not conducive to successful strategic account management.

Conclusions and recommendations

Many of today’s most successful companies are becoming 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 compare with each other. We suggest that before moving too far in the direction of the who and how, perhaps it would be wise to engage in enterprise-level collaboration about what a strategic account is and what makes a customer strategic to the supplier’s business. This can go a long way in reducing the number of selection/de-selection activities currently occurring and ensure that supplier SAM/KAM programs focus their account management resources and activities on the right customers. ☻
Discover what the customer values most and validate it

The most effective account managers and teams discover 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 deeper and longer and can be better leveraged. Today value and relationships seem to go hand in hand when suppliers and customers engage effectively. A strong relationship based upon past proven value provides a platform for creating new levels of customer value, thus extending and expanding the parties’ relationship. How can something that sounds this obvious be elusive for so many suppliers in their quest for SAM excellence?

Value is more than a word

Someone once described it as the radio station all customers listen to: WIIFM, better known as “What’s in it for me?” This is precisely the way many customers feel when buying. But all too often salespeople burst into canned product or solution pitches without having enough insight into the customer’s challenges and priorities. We see a transformation taking place, a change in which buyers are becoming less interested in product features and solution benefits while becoming much more focused on unique, customer-specific value. Most salespeople have been through extensive product training during their
careers, yet we find when it comes to solving customer problems or creating customer-specific value, the numbers of salespeople and even account managers who demonstrate the skills to do so are comparatively low.

Perhaps this explains why, when under stress and pressure, many account managers and salespeople revert to their comfort zone and talk about product features early in the sales process. If this occurs while the customer “spins the radio dial” looking for her favorite station, WIIFM, then the likelihood of a successful outcome is remote. To make matters worse, if the customer has evolved to a more sophisticated buying state while the supplier still sells the old-fashioned way (pushing products and solutions that don’t necessarily fit the business), then we have a problem waiting to happen. Hundreds of interviews of our clients’ customers have helped us realize clients’ customers have helped us realize that value means very different things to different customers, and the challenge for each of us is to find out what our strategic customers value most and connect our SAM efforts accordingly.

**The importance of discovery**

One of contemporary account management’s most important skills is discovery. If customer value is what we want to understand and align with, then discovery is how we intend to do so. We define discovery as the process through which account managers seek to better understand the customer’s business by asking value-focused questions that provide specific insight into the customer’s external drivers, business objectives and internal challenges. Every account manager’s objective should be effective discovery, a process that never ends in working with strategic customers. Yes, it takes a time investment to conduct ongoing discovery conversations with customers, but the collaborative nature of this type of engagement is well worth the effort and can create significant space between you and your competitors. Simply put, you just can’t sell to and align with that which you don’t understand.

Assurant Solutions (www.assurant-solutions.com) is a leading provider of specialty insurance, extended-service contracts and other risk management solutions. The company’s deployment of best practices focused on the discovery, development and creation of customer-specific value is impressive. Assurant Solutions’ SAM deployment (called global client management) includes a program specifically designed to align and connect with customer value.

Former Assurant Senior Vice President Allen Tuthill puts it this way: “We take pride in the partnerships that we have been able to develop with our strategic clients, and to do this requires that we invest the time and effort into understanding our clients’ businesses, what makes them successful and how they define and measure value. We expect all of our account managers to conduct ongoing discovery with their strategic clients, and this requires that they have the discipline to aggressively listen before trying to rush to solve the problem and propose a solution.”

**Customer-specific value**

How do successful strategic account managers approach the discovery of

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**Figure 1. How do today’s strategic customers define value?**

- The supplier is easy for us to do business with
- The supplier solves our business problems
- The supplier’s approach to our account is strategic, not just transactional
- The supplier helps us assess our performance with mutually acceptable metrics
- The supplier resolves problems and conflicts as they arise
- The supplier dedicates resources to our account
- The supplier builds team-to-team relationships with our team
- The supplier gives access to third parties and partners to help us meet our business needs
- The supplier knows our business and industry
- The supplier provides preferred pricing and contracting
- The supplier develops executive-level relationships with our executives
- The supplier provides a single point of contact for strategy and decisions
- The supplier’s account team listens to our needs
- The supplier helps us envision and plan our business
- The supplier helps us understand the specific value of its offerings
- The supplier provides an internal advocate for us

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customer-specific value? They do so in some very interesting ways through the deployment of innovative techniques and best practices.

In the words of a successful account manager: “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.”

For that account manager his innovation becomes his differentiator.

To be exact we have observed 16 categories of customer-specific value: All customers value some of these, and no customer needs or wants them all. The account manager’s goal should be to understand how a specific strategic customer defines value, then focus her account planning efforts on helping the customer achieve its specific value objectives. (See Figure 1.)

After a facilitated value discovery session with a key customer, an account manager heard her customer blurt, “No one has ever talked to me like this—and I like it!”

This type of reaction is certainly easy to understand. What’s not to like when an entire meeting focuses on helping the customer succeed and achieve its WIIFM? But the secret sauce is in the details when it comes to customer-specific value. Some strategic customers value supplier knowledge of their business and industry, while others place high value on working with suppliers that focus on solving their business problems. Some strategic customers appreciate suppliers that 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 most important customer, one thing is clear: The difference between winning and losing competitive opportunities can frequently be traced back to which competitor knew the most about customer-specific value and which supplier was most effective in helping the customer understand how to make its WIIFM a reality.

Collaboration and value creation

In a recent customer interview with a Fortune 1000 company’s global procurement head, we heard the following: “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 company would segment its suppliers and talked about its criteria for doing just that. The words collaboration and value were spoken multiple times in his description of the strategic supplier program. Our experience is that customers are becoming smarter and more deliberate in their approaches to supplier engagement, and some (as in this example) are deploying programs to try to proactively collaborate, discover and share best practices and even create mutual business value together. Imagine being in the position of Supplier No. 2 in this sort of environment when Supplier No. 1 is in the collaborative driver’s seat!

Honeywell International Inc. (www.honeywell.com), a diversified technology and manufacturing leader, excels at discovering and aligning with what its customers value most.

Kevin Madden, vice president of global sales at Honeywell Building Solutions, puts it this way: “We have always been a company focused on growing strong relationships with our customers, and the consistent creation of value for our customers sets us apart in our market. Suppliers must listen to their customers before pitching their products, and this means investing the time and effort upfront to understand the customer’s business and how they define success.”
The most effective account managers and teams discover how their customers define value, then engage and execute accordingly.

Our experience is that 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 creation and co-creation, today’s SAM programs may fail to offer a solid WIIFM to their most important customers. And this is certainly not where we want to be when the threat of commoditization is perhaps greater than ever.

The case for co-creation

When suppliers and customers co-create value, they work collaboratively to define and prioritize customer value goals. From the supplier’s perspective the resulting dynamic is less about “selling to” and more about “working with.” The initial focus is not on products or solutions but rather the co-creation of customer-specific value. When customers and suppliers share the objective to co-create, both parties must be willing to discover value gaps together, then work collaboratively to find the missing pieces. What is required of the supplier interested in embracing the co-creation concept and engaging customers accordingly?

- Equip account team members with modern skills and tools to enable co-creation
- Align account team members with the customer’s appropriate buying team members, including executive-level sponsorship when appropriate
- Execute mutual opportunities with an initial focus on customer value 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 is most important to the customer

Is this type of engagement practical in all customer-supplier relationships? Certainly not. But in those 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

Today’s most effective account managers and teams discover how their customers define value, then engage and execute accordingly. They realize that by focusing SAM efforts on the customer’s value expectations, they create opportunities to grow customer relationships that are more strategic in nature, thus reducing the threat of competition while increasing customer loyalty. Our experience is that it is practically impossible to do this in the absence of collaboration between the parties because, without this proactive connection, there simply won’t be an environment conducive to a value engagement dialogue. When modern account management programs drive the strategic account planning process by equipping and enabling account teams to be more effective at discovery, alignment, collaboration and value creation, the results can be dramatic and game-changing.
Key 3: Assess and strengthen the account’s most strategic relationships

Assess and strengthen the account’s most strategic relationships

Developing strong relationships is an essential component of any successful SAM program. We never see effective programs or successful strategic account managers not committed to developing trust-based customer relationships. Deere & Co. (www.deere.com), a leading provider of farming, construction and forestry equipment and financing, is an organization that understands the importance of relationships in business.

“We go to market through a global network of dealers,” says Jim Heseman, senior vice president of sales at John Deere Credit, “and as the finance division of John Deere, we are here to work with our dealers and their customers as effectively as possible. Strong trust-based relationships provide a solid foundation upon which all can grow, and we consider relationship development to be one of the highest priorities of our account management program.”

What seems less obvious to many organizations is the importance of ongoing assessment and measurement of relationships. Many companies have learned that it is one thing to build customer partnerships grounded in trust but quite another to sustain and grow them through periods of market change. Profitable account growth is what most SAM programs try to achieve, but how they do this varies greatly from business to business.

The keys to effective strategic account planning

1. Define “What is a strategic account?” and assess the ongoing fit.
2. Discover what the customer values most and validate it.
3. **Assess and strengthen the account’s most strategic relationships.**
4. Position and differentiate the supplier’s unique value with the customer.
5. Integrate and balance the account and opportunity planning processes.
6. Align the supplier’s objectives with the customer’s objectives.
7. Develop and implement a proactive strategy to grow the account.
8. Engage the customer in the account-planning process.
9. Implement performance metrics to measure and track SAM execution.
10. Provide coaching and sponsorship to account teams as needed.

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What is account growth?

For many organizations and SAMs, the expression account growth reflects the volume of business between them and their customers. This certainly seems reasonable, especially when you look at growth in terms of revenue with an eye toward the top/bottom line. But consider an alternative perspective: What about the growth 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. As we all know, when it comes to strategic relationships, it’s not only about the numbers. In fact, show me some serious account relationship growth and you can bet relationship growth drives it. If not, it won’t be sustainable.

It’s hard for many people to think personal, many of us desire to speak with someone more knowledgeable so we may gain 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 provide a little peace of mind. Even better, if consultation is available with someone who can be trusted, then maybe we will learn how others dealt with similar situations and benefit from shared best practices.

When it comes to effective account management, it is hard to think of anything more important than relationships and value. The most effective, long-lasting relationships that we see with our clients are based on the creation and co-creation of measurable business value that is mutual, meaning that both the customer and supplier benefit. When this is the result, we describe the relationship as authentic in nature because the relationship has evolved into one in which each party wants the other to succeed. In these types of customer-supplier relationships, people have a history of doing what they said they would do and credibility has been earned that provides the foundation for trust. Authentic relationships establish connections between people that can survive an occasional performance or delivery issue. And this is because the trust between the parties and mutual value that has been 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 seek to proactively align their account team members with the customer team members. To successfully do this requires planning, coordination and serious consideration of how to select account team members who best fit specific customer team members. We call this team-to-team alignment, and when a supplier connects an individual with a customer team member who is a good fit, we have potential for an authentic relationship that can bring the two organizations into closer alignment.

Many companies have learned that it is one thing to build customer partnerships grounded in trust but quite another to sustain and grow them through periods of market change.

Beyond the numbers when the topic of account growth comes up, but in almost every case with our clients, relational factors are at work creating the opportunities for value creation and co-creation that fuel the increase in revenue. Our work with global industry leaders has taught us that while strong relationships can lead to revenue growth, the converse just isn’t true. Indeed history has shown that significant spikes in revenue not grounded in strategic relationships are subject to the types of scrutiny and organizational stress that can be hazardous to long-term growth. This is less likely if involved parties are in a trust-based relationship.

Trust and credibility: more than just words

In difficult times, both business and fit means many different things in team-to-team alignment, such as connecting people who have similar backgrounds, interests or expertise. Experience has taught us that even with a strong fit between two customer and supplier team members, if internal alignment on the supplier’s side is inadequate, it will be very difficult to maintain organizational alignment with the customer. Internal alignment or lack thereof on the supplier’s side is typically apparent to the other party in a relationship, and this is true on the customer’s side, too! Insufficient internal alignment on the part of the supplier’s account team can result in a relationship in which the supplier feels as if the customer views the supplier as a partner or advisor while the customer actually sees the supplier as just another
Figure 2. Account Relationship Assessment Criteria

- **Trusted Advisor Status**
  - "Strategic"
  - The new business default is “Why Not Us?”
  - Collaborative planning and strategy meetings occur regularly between our account team and the Customer’s team that result in mutual action plans to which both parties are committed
  - The Customer routinely consults with us on matters regarding Customer growth and go-to-market strategies as well as how to create value for their customers
  - Ongoing executive-level access is in place and there is a Customer executive sponsor that understands and is committed to our value and value proposition for them

- **Planning Partner Status**
  - "Proactive"
  - Some new business is now non-competitive and we typically know more about the Customer’s plans for our competitors than the competitors know about the Customer’s plans for us
  - We understand the Customer’s external drivers, business objectives and internal challenges and the Customer recognizes and acknowledges the uniqueness of our value and value proposition
  - The Customer routinely consults with us regarding how to solve their business problems and invests time in building plans together with us to address these problems
  - Customer executive access is readily available and we have developed high and wide relationships with multiple supporters throughout the Customer’s organization

- **Preferred Supplier Status**
  - "Tactical"
  - Most new business is still competitive but we are sometimes aware of new opportunities before our competitors are
  - We understand the customer’s external drivers, business objectives and internal challenges and the customer sometimes recognizes and acknowledges the advantages of our solutions
  - There is some Customer input and participation in our account planning efforts but they feel little equity in the plans afterwards
  - Some Customer executive-level access is established but these relationships are not strong and leveragable by us

- **Vendor Status**
  - "Reactive"
  - Practically all new business with the Customer is competitive and we frequently start in a deficit position
  - Our primary Customer contacts are unable to clearly articulate the value that they receive as a result of our relationship
  - Contact is typically initiated by the Customer and is characterized by their demands, frequently when something is wrong
  - Our Account Team has little or no executive level access and we don’t fully understand the Customer’s business objectives, strategies or priorities

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vendor. This raises an important question: How can we assess our level of connection or alignment with our most important customers?

**Defining levels of relationship**

At PMI we began a serious study of customer-supplier relationship dynamics more than a decade ago, a study fueled by hundreds of interviews of our clients’ customers. This research is ongoing, and we were pleased to receive SAMA’s assistance when we sought to analyze the data from our interviews and determine distinctive relational categories from it. As we conducted more and more interviews, certain patterns started to emerge. From this we developed four distinctive levels of relationship:

- **Vendor**—primarily reactive in nature
- **Preferred supplier**—primarily tactical in nature
- **Planning partner**—primarily proactive in nature
- **Trusted advisor**—primarily strategic in nature

Distinctive characteristics define and describe the levels of customer-supplier relationships. We have found customers that are all too willing to openly discuss with us their supplier relationships. Their remarks and responses to our questions have made it possible to develop an assessment tool that can be applied to practically any customer relationship at both organizational and individual levels. This approach enables continuous analysis of customer relationships through consideration of specific relational dynamics such as alignment and sponsorship, planning and collaboration, value creation and co-creation and competition. But the real breakthrough came when we determined how the customer feels about doing business with firms at these different levels of relationship, and it is quite interesting indeed!

**The customer’s perspective**

If you ask customers how they feel about doing business with a supplier that has vendor status, you frequently hear that the supplier was more convenient than its competitors. Dig into that a bit and you just might hear that the convenience was that the supplier’s price was lowest or the supplier was the only one among competitors that was willing to do business under certain terms or conditions. This is not a pretty story or desirable situation, 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 we hear customers say they wanted to do business with a particular supplier because it had become important to their business. Even better, as a supplier moves farther upward to planning partner, we hear its customers say they need to do business with it because it is necessary to their success. Finally, at trusted advisor level, the customer may feel that it must do business with a supplier because, as a procurement executive recently said about a PMI client, “We want them to be successful, too, because we can’t exist without them.” This supplier has become essential to the customer’s business, and the relationship is so strong that even the customer’s procurement department understands and is willing to make this type of statement. Fantastic!

**Assessing where you are**

Practical experience teaches that one customer’s partner is another customer’s vendor, which begs the question: How can we test and assess our relationships with customers? The tool in Figure 2 on Page 11 contains the questions that we recommend suppliers ask themselves to make the determination, and we suggest that these questions be asked frequently and in a collaborative team environment to reveal differences in customer relationships by region and business unit.

**Conclusions and recommendations for elevating your relationships**

The objective of every effective account planning program should be to grow the relationships the organization has with its most strategic customers. Anything less settles for second best, and that is simply not good enough today when customers typically have room for only one or two strategic relationships with suppliers in any given market. In fact, our experience with global industry leaders shows that at the planning partner level, there are usually at most two competing suppliers, while at the trusted advisor level, there is almost always just one, if any. Becoming more strategic to your most important customers should be every organization’s goal – but it isn’t. Why? Because it’s not as easy to do as it is to say - which is fantastic news for companies that are committed to strategic account management. The likelihood is great that these organizations will find themselves positioned to develop the strongest relationships with their key customers, and create significant space between themselves and their competition in the process!
Key 4: Position and differentiate the supplier’s unique value with the customer

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

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

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

Former Assurant Senior Vice President Allen Tuthill says, “Our commitment to strategic account management requires that we enable our account teams with the skills and tools to help our strategic clients understand ‘Why Assurant?’ How can we expect to be perceived as a strategic supplier by clients that

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The keys to effective strategic account planning

1. Define “What is a strategic account?” and assess the ongoing fit.
2. Discover what the customer values most and validate it.
3. Assess and strengthen the account’s most strategic relationships.
4. Position and differentiate the supplier’s unique value with the customer.
5. Integrate and balance the account and opportunity planning processes.
6. Align the supplier’s objectives with the customer’s objectives.
7. Develop and implement a proactive strategy to grow the account.
8. Engage the customer in the account-planning process.
9. Implement performance metrics to measure and track SAM execution.
10. Provide coaching and sponsorship to account teams as needed.

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do not have a clear understanding of what makes us different in our markets? Our strategic account relationships are based on the ongoing creation of unique, differentiable business value, and we expect our account managers and account teams to help our key clients understand this.”

When this doesn’t happen: an interesting story

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

In an attempt to reach the problem’s root, we interviewed a subset of these customers, only to hear substantially the same thing: Their perception of the supplier was basically unchanged despite its consequential organizational change and growth. We then went to the strategic account managers assigned to the accounts and talked with the SAMs about how they spent time with customers. To a person, we heard comments about meaningful time invested, relationships developed and products/solutions provided but very little about actual positioning and differentiation of the supplier’s value with customers. When we questioned the SAMs a bit about how they spent time in front of customers and what they talked about, one of them blurted out he didn’t “want to be perceived as just another salesman,” and the problem’s root cause became clear.

Positioning/capturing customer mind-share

One result of the difficult economy is more empowered procurement/sourcing organizations, and their purchasing professionals are typically measured by the ability to save money by enabling their companies to do business at lower price points. Members of a customer’s decision team are constantly challenged by their procurement/sourcing department to justify their spend with key suppliers. Sometimes the challenges are driven by a supplier’s competitor trying to establish a foothold at the customer by offering discounts and preferred pricing.

When a supplier invests time to position and differentiate unique value with strategic accounts, the supplier is not just putting customers through a sales exercise. They want and need to be able to describe and discuss the value their most strategic suppliers create with them, and who better to help a customer understand this than a supplier’s account team members? Think of the uncomfortable situation an important customer could find itself in if asked to defend the level of business it does with

Figure 3. Components of Customer-Specific Value

**Products = value when …**
- The customer believes that the supplier’s products are superior to those offered by its competitors.

**Resources = value when …**
- The customer believes that the people, partners, technology and infrastructure the supplier provides will help the customer meet its needs and solve its business problems.

**Expertise = value when …**
- The customer believes that the supplier’s people are knowledgeable, credible, trustworthy and able to share best practices with the customer that will improve its business.

**Services = value when …**
- The customer believes that the supplier’s levels of service are higher and more proactive than those of the supplier’s competitors.

**Customers = value when …**
- The customer believes that the supplier’s value proposition for the customer is expanded through similar work with other customers with similar needs.

**Brand and reputation = value when …**
- The customer believes in the supplier’s reputation for quality, service and past proven value creation.

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a specific supplier and no one at the customer can explain the value to the broader organization!

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

**Product vs. solution**

For many suppliers the first step to effectively positioning their value with customers is to help customers understand that it extends far beyond their products. While “product” is certainly a component of a strong customer-specific value proposition, strategic accounts should recognize a supplier’s resources, expertise, services, comparable customers and brand/reputation as part of the overall value, as well. This view of value contrasts with the traditional positioning of supplier offerings as a series of features positioned through a type of feature/benefit/response drill with the customer. Note this approach begins with focus on the supplier (its feature), then the customer’s benefit and a solicited response. A lot of things in the world provide benefits, but if they do not have value to the customer, why should it care? Furthermore in a down economy why should it spend money on perceived benefits that may be short-lived when there might be opportunities to acquire longer-lasting value?

**Solution vs. value**

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

Many customers have told us that though they may have trouble noticing the difference between competing suppliers’ product offerings, when looking more closely at other components of value such as resources, expertise, services, comparable customers and brand/reputation, the gap between offerings becomes greater. (See Figure 3 on Page 14.) This recognition by the customer is necessary for industry-leading companies because without it they risk being commoditized and finding themselves selling at unacceptable margins. A supplier’s broader, deeper value proposition is either worth or not worth something to the customer. But what if it can’t see the difference?

**Value vs. unique value**

I have heard it said unique value is to value in the SAM world as solution is to product in the sales world, and there is definitely validity to this analogy. In
Proving unique business value to a customer can allow a supplier to demonstrate in one complete motion that the supplier’s account team understands the customer’s business and focuses on the customer’s well-being.

Differentiation: why you matter to your customer

Proving unique business value to a customer can allow a supplier to demonstrate in one complete motion that the supplier’s account team understands the customer’s business and focuses on the customer’s well-being. Supplier value isn’t unique because someone says so but rather becomes unique when it is aligned with the customer’s business drivers, objectives and challenges in a way that can be quantified and measured. To do this requires time and resources invested by the supplier. While this may be difficult to justify for all of a SAM’s customers, it is certainly easy to justify for the relatively few customers truly strategic to the supplier’s (and SAM’s) business.

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

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

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

Proving unique business value to a customer can allow a supplier to demonstrate in one complete motion that the supplier’s account team understands the customer’s business and focuses on the customer’s well-being.
Integrate and balance the account and opportunity planning processes

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

Over time the term “opportunity planning” has evolved to mean the discipline of working with and winning business opportunities whether from new accounts or existing customers. PMI refers to opportunity planning as “planning to win,” as this is exactly what it means in most environments. The term “account planning” is usually defined as the discipline of planning the growth of strategic/key customer relationships,
Our experience is that balancing these two critical processes is anything but simple.

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

The upside: maintaining balance with the customer

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

When account managers and salespeople maintain a sense of balance between short-term objectives (value-creation opportunities) and long-term objectives (relationship development and growth), the customer is normally first to know. Customers expect their most important suppliers to act on their behalf regardless of the time frame or perspective. Indeed suppliers effective at pursuing short- and long-term objectives while ensuring they do what is right for customers are typically well on their way to reaching the status of planning partner or trusted advisor. (See Chapter 3, “Assess and strengthen the account’s most strategic relationships.”) Conversely suppliers overemphasizing short-term sales targets and objectives and pressuring customers to commit may find themselves moving toward vendor status.

Based on our work with strategic customer-supplier relationships, customers can surely tell when a sales opportunity has become the driving factor for the account/sales team’s activities, particularly when this happens at relationships’ expense. In a recent interview, we heard a customer senior executive put it this way: “I find it amusing to hear how strategic and important my business is from some of my suppliers, only to find them back in my office a few days later pushing to close business to meet their time frames. If we are truly strategic to them, then they should be here when we’re not buying something, and when we are buying they should put our needs above their own.” He went on to explain that when things become unbalanced he tends to see his suppliers as vendors (no surprise), and it was most interesting to hear how all this affects which suppliers he feels most loyal to.

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

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

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

The downside: acting like a vendor

I know many account managers and salespeople who are uncomfortable putting customers under extreme pressure to buy and who abhor the notion of being considered high-pressure sales types. But this is exactly what happens each and every day in the SAM world, and there are very interesting reasons why. Don’t get me wrong: There are worse things than being accused of acting like a vendor. In fact I think that it is quite possible to meet sales objectives and make a lot of money in a vendor-status relationship with a customer, but it isn’t easy. As the customer executive indicated earlier, the price suppliers pay for vendor-like behavior may be in the currency of customer loyalty, and our experience is that when this happens it typically isn’t apparent to the supplier until something very significant goes wrong. In other words, I don’t know many customers that send early warning indicators to a supplier when it is about to be thrown into the vendor dungeon. Customers simply do so when they’re ready.

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

Even many adapted to life as a vendor would admit that if there was a better way, they would choose it. However, once we are in this type of downward, unbalanced spiral, sometimes it seems that there is no way out. And let us be clear that this kind of business dynamic isn’t created in a vacuum: There is a currency of customer loyalty, and our experience is that when this happens each and every day customers simply do so when they’re ready.

Customers expect their most important suppliers to act on their behalf regardless of the time frame or perspective.

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

Before founding PMI, I was chief sales officer at several technology companies. Each was considered a high-growth business, and there was an ongoing expectation (of both me and my sales teams) for sales performance and execution. In those days, I was rather comfortable with the pressure to hit and exceed “the numbers,” and the rewards for doing so were interesting. I recollect putting pressure on my account managers and salespeople to make their numbers so I could make mine, and it was understood that this was just the way it was at those organizations. I didn’t think much then about what I now refer to as sales gravity, as the work was simply a matter of doing what was necessary to meet objectives and keep moving forward. But reflecting later on what had driven our sales behavior and why we’d worked the way we did, some things became clearer, particularly the effects of pressurized sales tactics on important customer relationships.

The law of sales gravity can be summed up as “the effect on a supplier’s long-term relationships with strategic customers caused by the pressure placed on the supplier’s account managers and salespeople to numerically perform in the short term.” Where does this pressure come from? It definitely originates far above the level of most sales executives I know, and at many organizations, it even goes beyond the chief executive officer and board of directors. I submit that at public companies, the pressure to perform is a function of shareholders and owners, and hence the trickle-down effect is exactly what to expect. Performance pressure starts far up the line, and the impact is experienced and intensified at each level all the way down to the customer.

We all know that this type of performance pressure will never go away. The issue is how well we manage and plan our work to mitigate the effect of performance pressures on customers.
Thus the integration and balance of the account and opportunity planning processes loom large for the supplier committed to being truly customer-focused. So how can we help sales and corporate leaders to better understand the importance of short- and long-term balance in our interaction with strategic customers, and is there a clear upside for achieving harmony between account and opportunity planning?

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

When the account and opportunity planning processes are harmonized and balanced, everyone benefits. The customer feels that the actions and behaviors of its supplier’s account team are oriented to its success and well-being. In other words, the supplier taking a balanced, harmonized approach to managing short- and long-term objectives is able to demonstrate to customers a perspective not dominated by the pressure of the moment.

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

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

Rob Eccles, Henkel’s director of global key accounts, says this about the importance of maintaining balance and harmony between the short- and long-term requirements of global key account management: “We look at account management in terms of creating customer value and relationship building, and our strategic account plans are designed to achieve growth in both of these areas with our customers. The global nature of our business requires a strong focus on the short-term needs of our customers as well as our longer-term value-creation and relationship development objectives, and global key account management provides us with a platform to maintain this focus.”

Conclusions and recommendations: the long-term perspective

In any economy and certainly this one, it can be very tempting to let the large opportunity or big deal of the day command attention and resources and take precedence over almost everything else. But in authentic strategic relationships between customers and suppliers, it’s important to be mindful that beyond these opportunities, there remain account plans and planning processes that should extend partnerships and drive growth into the future. I venture that scarcely 10 years ago it would have been difficult to find many organizations that truly subscribed to the notion of achieving balance in account and opportunity planning and management, but today there seems to be a realization that effective account management can actually fuel the creation of tomorrow’s opportunities. Yet it takes a change of perspective and a bit of willingness to look at sales and account management functions as better off when integrated than kept separate.

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

1. Define “What is a strategic account?” and assess the ongoing fit.
2. Discover what the customer values most and validate it.
3. Assess and strengthen the account’s most strategic relationships.
4. Position and differentiate the supplier’s unique value with the customer.
5. Integrate and balance the account and opportunity planning processes.
6: Align the supplier’s objectives with the customer’s objectives.
7. Develop and implement a proactive strategy to grow the account.
8. Engage the customer in the account-planning process.
9. Implement performance metrics to measure and track SAM execution.
10. Provide coaching and sponsorship to account teams as needed.

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It’s the providers daring to be different and caring enough to collaborate that are first to engage at this level with customers, and the resulting benefits these providers can accrue are significant.

This information? It’s well accepted in today’s SAM environment that understanding the customer’s business is “table stakes” for establishing credibility with the customer’s team, but there are varying degrees of understanding and significant differences between them. Consider the request-for-proposal process. When you reflect on the most recent response you prepared for a customer’s RFP or request for information, was it immediately clear what the customer was looking for, or did you find yourself using knowledge that you had developed through previous engagements with the customer? Also, are objectives only business in nature, or is it possible your customer’s team members have personal objectives that would never show up in an RFP document? The latter’s answer is yes, and the most successful strategic account managers realize it.

Within SAMA’s community of practice, we like to speak of co-creation, a term implying that value creation is accomplished jointly and mutually between the customer and supplier. Denise Lodrige-Kover, vice president of global SAM at Hilton Worldwide (www.hiltonworldwide.com), provides insight into the connection between value co-creation and understanding what is important to the customer: “From my perspective SAM is all about creating and co-creating value with our strategic customers, which requires an understanding of what the customer is trying to do.” How true. SAM’s essence is the growth of customer relationships based on value creation and co-creation, begging the question: What does it take to engage at this level with your customer?

Our work with clients has taught us that without application of two important skills—discovery and alignment—that there won’t be much co-creation. We’ve talked about those in prior chapters in the context of discovering customer value (Key 2) and the relational alignment between two organizations (Key 3). Discovery refers to the process through which SAMs seek to better understand the customer’s business by asking value-focused questions that gain specific insight. Alignment refers to the process through which SAMs connect their organization’s objectives with those of the customer and build relationships based on credibility, trust and value creation.

What is fascinating is that without effective application of discovery at the front end of customer engagement, there is simply no solid basis for the alignment we need to connect objectives. 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 us merely say that there are environments where salespeople are known for trying to close business without investing significant effort into learning more about the customer and what matters most to him—i.e., not taking time for much discovery. I don’t know about you, but for me this feels disingenuous and causes me to bring up objections I might not otherwise raise. Why? Because I’m not ready to buy when the salesperson is ready to sell. So the sale fails and the connection isn’t made. Unfortunately when there is no alignment, you’re probably just a vendor. And vendors don’t typically have the trust or credibility with the customer to talk about aligning objectives. So if aligning objectives is about co-creation and co-creation is a function of discovery and alignment, then discovery and alignment can be considered the seeds of 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 to a new level at which the customer can be more comfortable discussing certain things with you. I once heard a SAM refer to this as “rising above the noise level of business as usual,” and there is certainly truth to that analogy. We’ve all heard of “important few/unimportant many” as applied to suppliers and even life in general, and if you put the customer’s headset back on for a moment, you can imagine how the customer might feel: “Everybody wants my business, but few really understand what is important to me.” The supplier rises above the noise level when making it the supplier’s business to understand the customer’s business and value expectations. We unpacked this topic in Key 2 and shared specific examples of 16 types of customer value expectations. Here we will consider two of these:

- “The supplier solves our business problems.”
- “The supplier helps us envision and plan our business.”

If the objective is what the customer needs, then value expectations become at least in part how the customer wants to experience this. Hence one way forward in discovering customer business objectives is to ask focused questions regarding what the customer values and will define its success, then agree how you will engage with the customer’s team to pursue those value targets. Have you ever known a SAM or salesperson who didn’t want to matter more to customers? The question
becomes how to do it, and the answer may not be as difficult as you think: It’s by helping your customer succeed through aligning with the customer’s business objectives.

Why should your customer share his objectives with you?

Would you tell intimate details about your personal goals to a stranger? Probably not unless you’re sitting in an airplane with a long flight delay. Even more to the point, would you share this type of information with someone you did not trust? Unlikely. When it comes to sharing business objectives – both the customer with the supplier and the supplier with the customer – it’s important that each party earns the right to engage at this level. In some environments, it might require putting in place a mutual non-disclosure agreement.

Why would your customer choose to give this kind of information to you? There is only one reason I can think of: because the customer believes that you can help him succeed more than he would without you. “Long-term business relationships that are based upon trust and credibility provide an environment for having the conversations around how we can align our efforts with our customers’ objectives and help them be successful,” Lodrige-Kover adds. “This is one of the reasons why we invest so much time and effort into building trust-based relationships with our customers.”

If you’re experiencing 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 types of relationships, particularly with multiple providers in the same market. And reciprocally, most suppliers will not invest the level of time and effort to build and sustain these relationships. In Key 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 our clients’ customers and allow insight into their thought process when they engage accordingly. (See Figure 4.)

The reason a customer is more inclined to align objectives with a planning partner or trusted advisor is because those relationships are based on the currency of trust and credibility. This is why these suppliers are at least necessary or perhaps even essential to the customer. Imagine the steep climb from bottom to top as the SAM attempts to “ladder-up” the relationship, not to mention the time and resources that will be invested in this journey. History shows that this relational ascent can take years of hard work by the SAM, yet the fall from the peak to the base can happen much more quickly. The good news is as you rise above the noise level, the air becomes a little clearer and the view is much improved, as well.

Building bridges

You certainly don’t have to align objectives with your most important customers to succeed with them. You may be fine without this level of collaboration and engagement. But if you want to become more strategic to your most important customers by aligning objectives, this begs a couple of notable questions: Why should a customer align with you, and why should she align with you instead of your competitor? What customers expect from suppliers they consider planning partners or trusted advisors is commitment to their success. The difference between competing providers in a market is sometimes subtle at the product, price or even service level. So we need to go to deeper levels of value creation to truly connect objectives and build a bridge that will sustain this type of customer/supplier partnership for years to come.

Your unique business value is the foundation that will support the bridge between your and your customer’s objectives. This is because your unique business value is what the customer needs that he doesn’t have and your unique business value is what you have that your competitor does not. In Key 4 we concluded that supplier value isn’t unique because someone says so, but rather it becomes unique when it is aligned with the customer’s business drivers, objectives and challenges in a way that can be quantified and measured. If it was easy to make these connections, then every supplier would,
and you can be sure that most do not.
There are barriers to entry—ones you
could expect. But the reward for bridge
builders can be significant and long
term, and the barriers to entry for ven-
dors can be almost insurmountable.

Are you ready, willing and able to
align objectives?

So the choice is yours. Are you
interested in aligning objectives with
your customer? The upside to doing
so is significant, but there is a down-
side, and this is something to consider.
Introducing this level of customer
engagement should be taken seriously
by the supplier before proceeding.
Why? Because once you embark on
this journey, it is difficult to return
to the way things were. So prior to
initiating this concept with your cus-
tomer, it’s important to reflect on the
resolve you and your organization have
for continuing. We recommend a few
simple tests to help 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

• We are willing to focus SAM and
selling efforts on solving customer
problems: yes/no.

• We are willing to listen to customer
needs before discussing merits of our
products and services: yes/no.

Testing your ability to align
objectives

• We are able to invest the time and
effort necessary to understand our
customers’ external pressures, busi-
ness objectives and internal chal-
enges: yes/no.

• We are able to make ourselves available
for customers even when there is no
immediate sales opportunity: yes/no.

Testing your readiness to align
objectives

• We are ready to commit the resources
required to engage effectively with
our customers for the purpose of
aligning objectives: yes/no.

• We are ready to commit that if we
start these types of activities with
customers, then we will keep this as
a priority: yes/no.

You need affirmative responses to
those questions to be in a realistic
position for aligning objectives with
your customer. Also, consider the pos-
sibility that you may be required to
align objectives at multiple levels of the
customer’s organization, and this may
mean additional time and resources.

Understanding the complexity of the
customer’s organization (see Figure
5) and carefully defining the scope of
your efforts to align objectives with the
customer are key considerations before
proceeding.

Conclusions and recommendations:
the long-term perspective

Perhaps as you read this you realize,
“Hey, I’m already doing some of this.”
If so, congratulations. But if it’s not an
intentional effort to align objectives
with your customers, then it’s probably
not repeatable, and accidental goodness
is rarely sustainable. Aligning objec-
tives with your most important cus-
tomers establishes a strong foundation
for collaborative planning, a topic we
will discuss in a future chapter. In the
meantime as you consider the power of
aligning objectives, remember the con-
sequence of being first in line. Most
customers we see never reach this level
of collaboration with supplier No. 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 that are first to engage at
this level with their customers, and the
benefits that they can accrue as a result
are significant. Most customers tell us
that “no one has ever talked with me
this way” when suppliers begin engag-
ing 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 for-
ward: Where there is low credibility
with the customer, there is almost cer-
tainly not enough effective discovery
going on, and where there is little trust
in the relationship, it is doubtful that
there is strong alignment with the cus-
tomer. You see, when it comes to align-
ing objectives with strategic customers,
vendors need not apply.
Most will agree that account growth is one of the most desired outcomes when organizations evaluate the effectiveness of their SAM programs. Even the customer is likely to concur that if they are going to be considered “strategic” to their supplier, then there must be growth in the relationship that represents value creation or co-creation between the organizations.

But as obvious as this may appear, it never ceases to surprise us how few of the account plans that PMI is asked to audit actually have a built-in component described as the “account growth strategy.” For some time now, we have advocated a three-dimensional approach to account planning, which means that the modern account plan should have components that connect with past performance, align with current realities and develop or expand into opportunities for future growth. Organizations that follow this approach tend to find that their account plans – and account planning processes – are more complete and appropriately weighted in terms of focus and application.

So if you think that this approach makes sense, then you’re in good company. But if this is the accepted wisdom, then why are the bulk of time, account plan “real estate” and account briefing/review discussions usually so heavily weighted to the past and the present, giving short shrift to the future?

Most account managers will readily agree that proactively influencing the future is what account planning is all about, but when pressed for how to balance the past, present and

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future, there is rarely clarity about the path forward.

In this chapter we will discuss why account growth strategy can be a “game changer” for you and your account team and create an unparalleled runway for account planning success. And if, in the process, we find that account growth strategy can also provide a means for visioning with the customer, driving collaboration, developing new opportunities and creating competitive advantage, then all the better.

What is an 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 as businesses, it stands to reason that these concepts have application to account planning.

If we are going to adopt a business-like approach to managing and growing our relationship and value-creation efforts with the customer, then account growth strategy needs to have a place in contemporary account planning and, accordingly, in the modern account plan. The concept of account growth strategy is best expressed as a function of interconnected ideas that unpack as follows:

- An account growth strategy is a proactive plan to grow our business and relationship with a strategic customer.
- It is focused on specific customer objectives that are discovered by the account team through collaboration with the customer.
- It is initiated by aligning the account team members with the customer’s team members.
- It is advanced through authentic partnering efforts that ensure the customer’s objectives are realized.
- It results in the creation and co-creation of measurable customer value.

Dennis Wallrath, vice president of strategic accounts at Honeywell Building Solutions, says this about the importance of proactively planning to grow strategic account relationships: “Customers expect much more today of their suppliers, especially those that are strategic to their business. Our customers expect us to work with them in a consultative manner and add value to their business. If our customer sees us as integral to their growth and success, we must reciprocate by growing our relationship in a way that consistently creates value.”

How true! Today, the most effective, appropriate and modern approach to driving growth in strategic customer relationships is through customized account growth strategies. This type of growth strategy is different; it is carefully tailored and predicated upon the supplier’s most important individual relationships with specific customer team members, and it is connected directly with the business objectives that will define personal and organizational success within their respective functional areas. This type of strategy for growth makes sense to the customer because it connects with what is most important to them: their success through the achievement of their objectives. And it works for the supplier, because it opens the door for collaboration around the objectives that will fuel the creation of the next round of business opportunities.

Account growth strategy: your account plan GPS

Lewis Carroll wrote that, “If you don’t know where you are going, any road will get you there.” It’s catchy and possibly true in some circles, but certainly not in matters related to strategic account planning – and, more specifically, account growth strategy. Does the notion that our future with our most important customers, left unplanned and un-strategized, will “turn out just fine” sound absurd to you? It should, and yet that’s exactly what an account plan without an account growth strategy would seem to advocate: that if we are

“The essence of account growth strategy is found at the intersection points of past proven value, future visioning with the customer, the relationship between the parties, and the belief by the customer that the account manager and their supplying organization can be trusted to deliver again because they have done so before.”
mindful of where we are (the present) and understand where we’ve been (the past), that everything going forward will magically turn out OK. Experience has taught us that while the past may be a predictor of the future, it is certainly not a guarantee. And in uncertain times, one could argue that it has never been more important to plan future growth with strategic customers than it is today.

Consider your most recent GPS experience. You began with an intended destination in mind and then entered data to determine the best route to reach it. Typically, your GPS will pinpoint potential ways to get you there, along with an optimal or recommended route. In most cases, it will give you oral instructions for each step, even tipping you off to accidents or traffic snarls up ahead.

Where does this “system insight” come from? It is based on data extracted from the experiences of others that started in the same position and are trying to reach the same destination. Likewise, our account growth strategy should be a function of our starting point and desired destination with the customer, combined with the insight that we have gained from past experience working with this customer and their decision team members. In other words, it should be based on our personal history with the customer at both the organizational and individual levels. And it should be mindful of where we are (the present) and understand where we’ve been (the past), that everything going forward will magically turn out OK. Experience has taught us that while the past may be a predictor of the future, it is certainly not a guarantee. And in uncertain times, one could argue that it has never been more important to plan future growth with strategic customers than it is today.

**Bottom-up vs. top-down approach**

There are very few things that are more important to the average customer than their personal success, and so the development of an effective account growth strategy provides the ideal platform for this kind of value conversations with the customer. Given the opportunity to talk about what’s most important to them, most customers are eager to engage with their suppliers. The information flow between the parties in these kinds of conversations can be quite amazing.

The questions that typically drive the direction of the account growth strategy are first based upon discovery of our customer’s **key future objectives**. We need to explore those areas of potential value creation that this customer team member is personally responsible for driving – or at least significantly influencing – going forward. Note that we are NOT referring here to existing opportunities already present in your account plan and opportunity plans. These areas of value creation already have been identified and (hopefully!) are being pursued with the customer.

What we ARE referring to are those areas of value creation that may be “out on the horizon,” a priority for the future but not yet a reality. With knowledge of “what’s next” in terms of the customer’s focus and priorities, we will have the opportunity to engage in visioning discussions about specific future objectives, as well as how we might work with our customer to achieve them.

How should we approach these visioning discussions that will focus on the individual success of the sponsors and supporters with whom we have developed relationships? We must do so with great care and careful consideration. It is these conversations that will likely determine our own long-term success in the account, as well as form the basis for the account manager’s personal credibility and the trust-based relationships that will be developed with the customer.

**The importance of authentic relationships**

To be most effective in discussions about the customer’s future, we need several types of information. First, what are this customer’s most important future objectives? The account manager’s ability to obtain this information is an indicator of the relationship and alignment that he has with the customer. But before we go there, let’s consider where this customer team member sits within his organization’s decision-making hierarchy – which we think of as the customer’s **decision orientation**.

Levels include people who can influence decisions but do not have an official vote in the final outcome (“influencers”), people who can make recommendations and have an official vote (“recommenders”), people who can ultimately make the final selection and decision to move forward (“decision makers”), and people who can approve and commit funding and resources (“approvers”).

Once we understand the decision orientation of the customer, we are ready to consider the relationship that the account manager has developed with him. How does he view us in
Most account managers will readily agree that proactively influencing the future is what account planning is all about, but when pressed for how to balance the past, present and future, there is rarely clarity about the path forward.

<table>
<thead>
<tr>
<th>Personal Alignment</th>
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<td>Sponsor, Supporter, Neutral, Supports or Sponsors Competition</td>
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Terms of our business performance within his company’s environment? Based on PMI’s research with our clients’ customers (and validated by SAMA), we would suggest that there are typically four levels of relationship that can exist between customers and suppliers. (For more detail, please see Chapters 3 and 6 in this book, but in brief: Relationship assessment describes a specific customer team member’s view of his relationship with the supplier.)

Levels include those relationships that are reactive and commodity-based in nature (“vendors”), those that have graduated to some level of preference through past performance (“preferred suppliers”), those that have grown to include partnering-type behaviors (“planning partners”), and those that are considered essential to the customer based on significant creation of past proven value and the creation of deep levels of trust between the organizations (“trusted advisors”).

Finally, we must consider the personal alignment that this customer has with us as well as other suppliers. We define personal alignment as the willingness and ability of the specific customer member to support, sponsor or remain neutral to us and our competitors. Categories of alignment include our customer’s commitment to providing strong levels of support and even sponsorship within his organization (“sponsors”), his willingness to provide support and express a preference (“supporters”), his neutrality and lack of preference for any one supplier (“neutral” - very rare!), and his potential alignment with another supplier or a competitor by sponsoring or supporting them (“supports or sponsors competition”).

The power of past proven value

Equipped with this information and insight, we are almost ready to approach the development of our growth strategy. But we need to arm ourselves with a bit of history first: Where have we created or co-created value with this customer before? The concept of past proven value provides the potential lynchpin to the collaborative process of building a strategy for account growth with the customer. It is defined in terms of how you and your organization have provided solutions that have created and co-created value for the customer in the past.

Perhaps more than any others single factor, past proven value can provide the necessary momentum for elevating the customer dialogue above the “noise” level and into the collaborative realm. After all, if the customer has experienced value creation in the past with a supplier, then they are likely to trust the supplier and may be willing to support or even sponsor them going forward. The essence of account growth strategy is found at the intersection points of past proven value, future visioning with the customer, the relationship between the parties and a belief by the customer that the account manager can be trusted to deliver again because they have done so before.

Conclusions and recommendations: a plan to grow

A thoughtfully conceived account growth strategy is the account manager’s GPS to future success with a customer. It should be focused on the customer’s objectives, it should be aligned with members of both the supplier’s and customer’s teams, and it should be advanced and implemented through the execution of plans between two organizations that are engaged as partners.

When account growth strategy is realized, the result is the creation and co-creation of mutual value between customer and supplier, creating an active platform for future planning-to-grow discussions.

When the customer has input into the journey ahead and understands how their supplier wants to grow with them, their willingness to partner increases – as does the likelihood of mutual success. It takes valuable time for the customer to engage in growth strategy discussions, and so the reality is that they are likely to do so with only one or two suppliers in any specific market. No matter the maturity of your relationship at the outset, it’s sure to be a most interesting and rewarding growth experience for both parties. And this is the good news – unless you’re cast in the role of “Supplier #3.” You’ll be on the outside looking in.
Ever wonder why your customer doesn’t care about your account plan? Why should they, since most feel that account planning is something that suppliers do to get customers to spend more money with them? We’ve interviewed hundreds of customers, most of them considered to be strategic by their suppliers, and it’s typically the case that they have never seen the account plan (or any part of it) that bears their name. Further, if asked what value they receive from the account-planning process, they typically struggle to think of anything. Finally, when we ask what type of input they provided into their “strategic” supplier’s account plans for them, you guessed it: They almost always say “none at all.”

It doesn’t have to be this way. But unfortunately, in most implementations of account planning across the globe, the most important person – the customer – doesn’t have a seat at the table. In fact, most aren’t in the room or even in the building. They are outsiders looking in to a process that is supposed to be about value creation and co-creation on their behalf. Seem odd? That’s because it is. But the good news is that there are some organizations that have realized the fallacy of the “account-planning-in-a-vacuum” approach and are changing their ways. In our work with industry leaders from all over the world, the customer always proves to be the great unifying factor in our interventions with strategic account managers and their account teams. When this happens, account planning is being executed via a process that is customer value-focused rather than supplier revenue-focused.

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8. **Engage the customer in the account-planning process.**
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10. Provide coaching and sponsorship to account teams as needed.

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It’s amazing the types of obstacles that can be overcome when the customer is the true focus of your account planning. (And don’t kid yourself: The customer can tell the difference right away.) When account planning is a customer-focused process, everybody wins: the supplier, the account manager, the account team and the customer. That’s because, as one of our clients likes to say, “When you put the customer first, amazing things can happen.”

In this chapter we will discuss a proven approach to getting the customer engaged in the account-planning process, discuss the levels of customer involvement in account planning and provide examples that will help you ensure that your customer is invested in your account plan for them. After all, customers are much more likely to support your plan if they have a sense of “what’s in it for me?” – and when they do, your likelihood of making your account plan a reality increases significantly. Oh, and don’t tell anybody…

will enable them to meet and exceed their objectives to help them be successful. Who wouldn’t want this?

It may seem clear that this is the best path to pursue with practically any strategic account, but our experience is that, in reality, customers recognize the benefits of their suppliers’ account plans in a only a very small percentage of cases. In fact, one of the most resonating quotes ever from a customer executive we interviewed sums it up as follows:

“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.”

He felt compelled to say this because I was interviewing him on behalf of a client that absolutely considered this executive’s company to be highly strategic to their business, and he had just asked me what I thought it meant for his organization to be considered a strategic customer. This comment forever clarified for me exactly what’s lost when a supplier pursues account planning in a vacuum, with little or no customer involvement in the account-planning process…much less any awareness of the value of account planning to the customer’s organization. (Also note the executive’s use of the term “vendors.” Ouch!)

The reality is that there are four levels in the evolution of customer engagement in account planning, and they can be described in very distinct terms. Based on our work with clients, there are clear lines of demarcation between these levels, and these manifest themselves not only in the level of engagement that the customer has in the supplier’s account-planning process but also in the level of relationship that the supplier has with the customer – and the level of customer mindshare that the supplier has captured through its efforts to create and accrue past proven...
value. (Note: The reader may want to reference chapters 3, 4 and 7 in this book on assessing and strengthening the account’s most strategic relationships; positioning and differentiating a supplier’s unique value with a customer; and developing/implementing a proactive growth strategy, respectively.)

As we unpack these levels and explore the dimensions and characteristics of each, the reader is urged to think of one of your most strategic customers and your corresponding account plan. As you do so, ask yourself the following two questions:

1. “Which level do I feel best describes my customer’s level of engagement and commitment to my account-planning efforts on their behalf?”
2. “If I asked my customer to describe their level of engagement and commitment to my account plan and planning efforts on their behalf, what would they say?”

The ultimate truth in all matters regarding customer-supplier engagement resides, of course, with the customer. But in our work with suppliers and their most strategic accounts, we have found that the delta, or “gap,” between what we think and what the customer thinks can be quite stark when it comes to awareness, involvement, commitment and engagement with the account-planning process. J.P. Fowler is Zurich Insurance Group’s executive vice president and head of customer relationship management for global corporate in North America, and he puts it this way:

“Our customers trust us to be good stewards of their relationship with us, and this includes the future that we plan together as partners. If the customer is not ‘front and center’ in the account-planning process, then it’s as if we’re having a party and not inviting the guest of honor. On the other hand, when the customer is engaged and has equity in our account plans for them, the impact can be dramatic.”

**Level 1: Total unawareness**

Work with enough clients in the strategic account planning and management space, and you realize very quickly that there are many suppliers making plans for their customers without even telling them. J.P. Fowler is absolutely right: Account planning void of at least some level of customer involvement is like a birthday party without the birthday boy or girl in attendance. Only in this case, the candles never really get lit! At this level of engagement in the account-planning process, there is no engagement – and the customer doesn’t even know that you have a plan for them. You can’t care about something that doesn’t exist, and, at this level, it’s as if you aren’t doing anything for the customer because they are completely unaware you have a plan for them.

But the real problem lies beneath the surface because, in this scenario, the supplier is investing time and resources into a weak relationship, and the customer is oblivious. It’s clear that the relationship is vendor-level at best, and the sad reality is that, if some of the supplier’s efforts had been diverted to having discussions with the customer about planning the future together, the process itself could have possibly helped to elevate the relationship. I wish we could say that this is a rare occurrence, but it’s not. There are many customers across the globe that are completely unaware of the account plans that their vendors have developed for them, and even if they did know, most of them wouldn’t care.

**Level 2: Awareness but no real involvement**

A bit better – but still not ideal – is the scenario which the customer at least *knows* that the supplier is investing time and resources into planning the future with them. At this level, the customer has awareness that the supplier is attempting to put in place a plan that will be focused on future growth. But because the customer has no insight into what’s inside the plan, they don’t relate to it. The customer that likes the supplier may feel a sense of gratitude and appreciation that someone is doing something on their behalf, but it’s hard to get excited about something that you know little, if anything, about. From the perspective of customers at this level of supplier relationship, the contents of the plan are at best data-oriented and void of any insight that might be of benefit to them. And if the customer is not so fond of the supplier, they may even assume that the plan is purely for the benefit of the supplier, i.e., focused on how they make more sales to the customer rather than how they create more value with the customer.

In this type of relationship, if there is an account plan in place, it likely will be considered the supplier’s plan and not a plan that is for the customer. And if the customer assumes that these plans are largely focused on the supplier’s sales targets, they are probably correct. Unfortunately, in account planning, the benefit of the doubt rarely goes to the supplier. And in this type of scenario, it can sometimes be self-defeating. In relationships that the customer considers to be at least borderline strategic, there are always things on the
customer’s wish list – and when these aren’t happening as requested, then the customer feels let down.

**Level 3: Involvement but no real commitment**

The situation begins to improve in this scenario, as the customer is willing to invest time in planning the future of their relationship with the supplier. And because time is a scarce resource for most customers, they are only likely to involve themselves in account-planning efforts with suppliers that they favor. When you are operating at preferred-supplier level, you at least have separated yourselves from some of your competitors in terms of how your customer spends its time and with whom it involves its resources in discussing their future.

If the customer didn’t want to have a future with the supplier, then they probably wouldn’t be this involved, so there are certainly some good signs here.

But the missed opportunity is that, without real commitment to the account plan and planning process, the customer is simply going through an exercise on behalf of the supplier. They probably feel that they know a bit about what’s in the supplier’s account plan for them, but because they aren’t committed to it, they don’t really care. And while you’re certainly better off in this scenario than at Levels 1 and 2, it’s still far from where you need to be to ensure collaboration and a relationship that is authentic and strategic in nature. When the customer considers the supplier to be one of a relative few that are “preferred,” it’s certainly an improving picture. But you’re still not where you need to be in strategic account management and planning, because the customer really isn’t committed to doing anything with the supplier after the initial planning discussions. At this level, the customer has no “skin in the game” and is unlikely to feel any real equity in the supplier’s account-planning efforts on their behalf. But at least they know the supplier has a plan and that they’ve had an opportunity to provide input, which is certainly better than the alternative.

**Level 4: Commitment and engagement**

Now we arrive at our desired destination, the place where the supplier and the customer participate in account planning together. At this level, the customer sees the supplier as a partner to their business and an organization with which they have developed a trust-based relationship, thus allowing the parties to meet at the planning table for mutual collaboration and value co-creation. In this type of scenario,

“If the customer is not ‘front and center’ in the account-planning process, then it’s as if we’re having a party and not inviting the guest of honor.”
there is every reason to believe that account planning will be successful and account plans effectively executed, because both parties are committed and engaged. Customers tend to have only one (or, at most, two) planning partners in any specific market, and so these relationships tend to be quite special and exclusive.

In this type of relationship, there is an account plan in place, and it is clear to each party what’s in it for them and the level of engagement 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 the customer is committed to helping the supplier achieve these objectives. And they feel this way because they know that the supplier has focused the account plan on helping the customer meet their own objectives – and so, as they align objectives through account planning, opportunities for value creation are identified and developed together. Regarding this level of collaboration and engagement in the account-planning process, Zurich’s J.P. Fowler adds this:

“When account planning becomes focused on the customer and their drivers, objectives and challenges, the entire process is elevated. In these types of trust-based relationships, the opportunity to innovate and co-create value is taken to a whole new level. This is account planning at its finest.”

Conclusions and recommendations

Throughout the first eight chapters, we have covered many of the high-impact areas of contemporary account-planning effectiveness, but none may be as elusive or potentially game changing as this one. When we engage the customer in the account-planning process, we are inviting them to join us in planning the future, and this type of “future” has a chance to become reality because of the commitment, engagement, mutual equity and partnering that are fundamental to its pursuit. Anybody can create an account plan in a vacuum, and the customer knows this. So having an account plan won’t get you very far in today’s competitive global markets.

But the suppliers that realize that the best account plans are those created with the customers engaged as committed partners will be far ahead, no matter which markets they serve. Because if this were easy, everybody would do it. But it’s not easy, and it can’t happen without an investment of time and resources. It is a very small percentage of account plans that are actually based on true customer-supplier collaboration, but those that do result in a type of committed engagement from both parties to do what is required to make the plan a reality. This is where the innovation happens, this is where the value creation and co-creation happens, and this is where sustainable competitive advantage is born.

I recently heard a senior executive from a leading global company say, “We have account plans, but we aren’t really doing account planning.” A deeper look revealed just what we expected: The customers either didn’t know there was a plan in the first place, didn’t know what was in their plan, or just simply didn’t care about their plan – all symptoms of generating account plans without the supporting processes, best practices and customer engagement to make them implementable and sustainable. The organizations that subscribe to this evolving way of thinking about account planning will be the developers of tomorrow’s best-in-class account plans. Because pursuing this more customer-centric approach to account planning will lead them to a profound realization: If we ask the customer to engage and help us plan the future with them, there is a much greater likelihood that we will actually be a part of it.
Key 9: Implement performance metrics to measure and track SAM execution

Readers of this chapter are likely far beyond the need to hear the reasons why implementing performance metrics is a key component of effective strategic account planning. Sustainability should be a top objective of every SAM program, and without metrics to provide gauges of SAM performance and execution, there’s simply no way to know whether or not there is traction, adoption and “stickiness” of account management best practices. The top SAM programs we have observed all apply metrics and measures to drive sustainability, and most of their account plans include a customized metrics scorecard that focuses on critical SAM performance “pressure points.”

But when we extend the discussion of SAM performance metrics and consider what top SAM programs actually measure, and how they define, establish and implement performance metrics, the picture begins to blur. It’s fair to say that no two organizations that we have worked with measure SAM performance the same way. Even organizations operating in the same markets and with many of the same offerings differ dramatically in the performance metrics they use.

The reasons for this tend to be highly correlated with the drivers, pressures, objectives and challenges of each organization. And to some extent, metrics are somewhat “personal” to a company, reflecting the organization’s culture and values. The contemporary view of SAM performance measurement has

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evolved to include both short- and long-term dynamics of successful account management, as well as the quantitative and qualitative dimensions of SAM effectiveness. But look closely, and you’ll probably find a high degree of correlation between the successful deployment and sustainability of SAM best practices and the implementation of performance metrics to measure and track SAM execution.

In our assessment of SAM best practice execution, a review of most account plans reveals the absence of embedded SAM performance metrics. And often when a client explains that they do, in fact, measure and track performance, it is difficult for them to produce the metrics in a picture or format that is clear and understandable. Why? Because implementing SAM performance metrics is easier said than done, and even with the best of intentions, it takes an organizational commitment to get this right and maintain it over time.

But isn’t the same true of implementing strategic account planning within an organization? Certainly it is, and perhaps it’s the discipline and rigor required of both that leads to an organization’s success at one correlating highly with success in the other.

Our observation is that if you can’t make SAM performance metrics stick, you probably won’t make account planning stick, either. This chapter will unpack a proven approach to measure SAM performance and execution, and will give examples of how some of the “best of the best” define, establish and implement performance metrics to help them sustain SAM performance, execution and effectiveness.

**Measuring the right things vs. measuring things right**

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. That’s understandable. As SAM execution moves horizontally across the business units and departments of an organization, it’s only natural that different groups with different success criteria will want to ensure that their interests are being considered when it comes to assessing the performance of their most important customers.

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 for there to be a variety of opinions on these specific areas of consideration because there are so many potential variations on each and every one of them.

Additionally, the concept of measurement implies accountability, which most people in and around the SAMA community expect. But there is another concept that is perhaps a bit more unsettling, and that is the concept of visibility. In other words, in effective implementations of SAM performance metrics, not only are participating account team members (core and extended) going to be held accountable for how they are doing, but everyone else is going to know.
When an organization sets out to define and establish SAM performance metrics, there is a window of opportunity to bring the account team together and, through collaboration and teamwork, to reach agreement on what the “right” things to measure are, as well as how to go about measuring them. As much as any non-customer-facing activity in account planning, internal alignment around performance metrics is essential to SAM success. And when it’s done properly and collaboratively, fantastic synergies emerge.

DEFINING THE PERFORMANCE ZONES

Every account plan should include a customized metrics scorecard developed in accordance with corporate SAM program objectives, global SAM strategy, regional/local SAM execution and customer input regarding how to measure the relationship’s effectiveness. And if this sounds like a lot to consider, that’s because it is. 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 team includes members from across the business and the globe.

Sometimes it’s easier to arrive upon the right metrics when you start with the right categories. Ask 10 different people within the SAMA community how to define performance metrics, and you will probably get 10 different answers, each with its own merits. But the performance zones defined here have proven to be special to organizations that have implemented them, and this is for two reasons.

First, they are universal in terms of application. We have presented and discussed these measurement categories with clients and SAMA audiences for years now and have never had someone say that these five categories fail to cover the SAM-specific landscape of what needs to be measured. Second, the categories are clear and — for the most part — discrete, meaning that people “get” them and that the level of overlap between categories is minimal. Let’s define and unpack each category, with real examples to illustrate how other organizations have used these performance zones by “baking” them into their metrics scorecards.

Zone 1: Financial performance

Financial performance metrics are among the most scrutinized in strategic account management, so we might as well begin here. But first, let’s start with one significant caveat. By the time you measure the most typical types of financial performance, it’s too late to do much to impact short-term performance. This means that the information that you receive from these types of metrics is more about data than about insight and actionable intelligence. This is why it can be a huge mistake to only measure the numbers related to account management. Don’t believe me? Read ahead to the next four performance categories, and you will find examples in each that provide clear and compelling insights that can allow the account manager and team to make course corrections that impact the future.

But enough about that…let’s focus on financial performance and suggest a few examples for you to consider.

It certainly won’t come as a surprise to anyone that perhaps the most scrutinized of all financial performance metrics is achievement of annual revenue target. No problem! The most successful account managers know that this is coming and prepare themselves to meet and exceed their annual targets through their excellent execution of The Keys to Effective Strategic Account Planning.

But this metric tells a very limited story. Among the financial performance metrics that we see supporting
achievement of the annual revenue target, the best include:

- Account profitability/gross margin
- Market share or percent of customer spend

It’s one thing to hit your top-line target, but it’s quite another to do so 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 other possibilities, but when it comes to _deciphering the numbers_, these are some of the most vital areas of measurement to be considered in financial performance.

**Zone 2: Operational performance**

Let’s be clear: What we’re referring to here is the degree to which our operational execution meets and exceeds customer expectations and creates an environment in which they are _more than_ satisfied. Even transactional vendors are able to satisfy their customers. We expect SAMs in _preferred supplier, planning partner_ and _trusted advisor_ relationships to aim higher than that with strategic accounts. Anything less than customer delight is likely to group you with providers that do just enough to check the customer satisfaction box. (Note: The reader may want to refer to Chapter 3 in this book on assessing and strengthening the account’s most strategic relationships.)

Sure, we’re fine with tracking customer loyalty and satisfaction scores as a first line of awareness of how the customer views SAM performance, but this data tends to be high level and not particularly actionable – unless, that is, we go deeper and probe key areas of operational performance.

Consider the following examples of metrics that provide more granular insight into what might be impacting your customer’s loyalty to your organization:

- Reporting and invoicing/accurate and on time
- Projects completed/on time and on budget

Think this sounds rather basic? That’s because it is. But we have heard more than a few customers say that when they can’t get the reports they need from their suppliers – as well as invoices that are not just accurate but in a format that allows them to log them per their internal processes – it places stress and burden on their business. The same goes for projects that are not completed on time and on budget. Cost overruns and missed commitment dates are taken seriously by all customers. We certainly can’t expect an account manager to monitor every report, every invoice and every customer project, but for large strategic accounts, there should be some sort of “early warning indicator” built into a supplier’s system that sounds an internal alarm when it appears that customer expectations are not going to be met.

Keep in mind that customer “satisfaction” is considered table stakes for any strategic customer, and that top-performing account managers are aiming to _delight_ their customers every chance they get. If someone can sound an early warning that problems are on the horizon, then the account manager can take steps to mitigate credibility damage in these areas. Early apologies are typically much easier to deliver than late ones.

**Zone 3: Account-growth performance**

One might think with confidence that if he gets the first two categories right, then the next one should be automatic. Not so. Not only is the supposition wrong, but the account manager who thinks this way could be putting himself in a dangerous position. Think of it this way: Is it possible that you can hit your numbers and please your customer but fail to grow the relationship strategically? It certainly is, and we see this frequently. Just because things are going well financially and operationally doesn’t guarantee that a competitor isn’t making inroads into a part of the customer’s organization where you aren’t doing business.

One of the most important indicators to monitor is the degree to which you are penetrating the account across the customer’s subsidiaries and business units. This is the type of metric that provides insight into your potential to meet and exceed your revenue targets _in the future_. Why? Because far too many account managers find themselves in the precarious position of having too many of their revenue “eggs” in too few of the customer’s “baskets.”

By making it a point to continue to identify customer subsidiaries and business units that are potential sources of new opportunities, the account manager reduces the risk of being vulnerable in the event that a division of the customer’s business is sold, divested or becomes unprofitable. And it certainly helps to have more places to look for...
new opportunities for customer value creation and co-creation.

But beyond extending the account into new and untapped customer subsidiaries and business units, there are many other potential areas of growth performance to consider, and two that seem to be consistently deployed in high-revenue accounts are:

- Strength of opportunity pipeline
- Competitive win rate vs. competition

You certainly can’t win business that hasn’t been identified or developed, and so the strength of your pipeline across the customer’s organization can be a harbinger of hitting your numbers down the line. Further, it won’t do you much good to identify and develop new opportunities if your win rate is low. Account managers that are most successful in driving business growth at their most strategic accounts are continuously looking for new areas of the customer’s business to explore and are always on the alert for new opportunities and competitive strategies to win them.

Zone 4: 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 lost). We have observed time and again that when competitive opportunities are won and lost, the existence of strong sponsorship is almost always a factor. Many organizations began to pay more attention to customer-facing performance after the recent economic dip because there simply weren’t enough opportunities to go around, and they felt pressure to win every time.

This area of measurement has much to do with customer relationships and value creation, arguably the two greatest predictors of long-term SAM success. Growing and nurturing their network of sponsors and supporters on the customer’s team is among the most critical core responsibilities of today’s account managers, an ongoing effort that requires an investment of time and organizational/account team resources.

But the return on investment for customer-facing activities that develop relationships and create and co-create value is significant, and so more and more organizations include growing this network as part of their metrics scorecard.

Look closely at how the most successful account managers support and leverage customer sponsors and supporters, and you’ll find a variety of measurables, including (but certainly not limited to):

- Customer’s acknowledgement of supplier’s unique value
- Customer’s willingness to provide supplier references

Any supplier should be able to provide value to a strategic customer. Otherwise, there is no basis for a strategic relationship between the parties. But when the question turns to unique and differentiable value, the missing piece becomes the customer’s willingness to acknowledge and communicate this with others. Taken a step further, when the customer shares with other organizations the unique value that the account manager, her account team and her company have provided to them, it is something quite special indeed. Behind both of these areas of measurement, you will always observe a supplier that is deploying the resources needed to grow its customer relationships and create measurable customer value.
Zone 5: Account planning performance

One of the least-measured attributes of contemporary account planning is whether or not the account manager and his team are actually engaged in account planning. In Chapter 8 we referenced the senior executive comment that “We have account plans, but we aren’t really doing account planning!” This was her way of saying that the mere existence of a document called an account plan doesn’t guarantee that the organization is actually executing on the plan or deploying account planning best practices, much less driving account planning collaboratively and synergistically across their business units and divisions.

The account plan is not the most important component in account planning, and we would suggest that if it is not surrounded by an account planning process, account planning best practices and account team collaboration, then it probably won’t be successful. Through first-hand experience with some of the most successful implementations of account planning in practice today, we’ve learned that the most sustainable SAM deployments always consider effective account team collaboration through regular team meetings a critical component of their success.

Most will agree on the importance of this type of activity. We can’t function as a customer-facing team if we don’t behave like one, which is impossible to do if we don’t have opportunities to plan and get our act together internally.

But when account planning is at its best, performance is optimized on a number of observable levels, two of which are:

- Account plan is updated and socialized with account team.
- Customer is engaged in account planning process.

When the customer begins to feel that it’s getting too difficult to navigate the supplier’s organization, you’ve already gotten yourself into a condition of misalignment. How can you prevent this from happening? How about through the account manager’s ongoing efforts to keep the account plan updated, complete and in front of the account team members that the customer depends on most? Also, isn’t it a bit strange that in so many account planning efforts today, the most important people aren’t involved in building the plans that bear their names? When we get the customer engaged in the account planning process, we’re actually doing account planning, rather than building documents in a vacuum. Successful account managers find ways to drive effective collaboration, both internally and externally, and their account plans are more effective because their colleagues and customers are invested in them. (Note: The reader may want to refer to Chapter 8 in this book on engaging the customer in the account planning process.)

Conclusions and recommendations

In the first eight chapters, we have discussed SAM best practices ranging from strategic account fit to value discovery, and from strengthening strategic relationships to differentiation of unique value. We’ve discussed the importance of balancing and harmonizing short- and long-term priorities and the power of aligning objectives with the customer. We’ve examined the development of account growth strategies and the vast upside of engaging the customer in the account planning process.

What do all these areas of best practice have in common? Each provides opportunities for measurement, and all will require some level of measurement to ensure adoption and sustainabil- ity. If strategic account management and planning were easy, then everyone would be good at it. But it isn’t, and they aren’t. Today’s most effective account managers realize that by implementing SAM performance metrics, they place themselves in exclusive company. They have entered into a covenant with their team members, their customers and also with themselves to be accountable, transparent and willing to be measured. In other words, they have agreed that they will “put themselves out there” by subjecting their SAM efforts to scrutiny and critique – a courageous move for sure.

Think all salespeople do the same? Better think again...or try looking for a metrics scorecard in an opportunity plan. Very few will have anything comparable at the opportunity level to what we’ve described in this chapter. Are the account managers who have chosen to strive for performance levels that will be gauged against defined metrics naïve? Hardly. But they have come to a realization that is pervasive throughout effective strategic account management: that the customer will ultimately determine our success, and if we can align our metrics with theirs, then the likelihood of being successful together will grow exponentially.
Key 10: Provide coaching and sponsorship to account teams as needed

The keys to effective strategic account planning
1. Define “What is a strategic account?” and assess the ongoing fit.
2. Discover what the customer values most and validate it.
3. Assess and strengthen the account’s most strategic relationships.
4. Position and differentiate the supplier’s unique value with the customer.
5. Integrate and balance the account and opportunity planning processes.
6. Align the supplier’s objectives with the customer’s objectives.
7. Develop and implement a proactive strategy to grow the account.
8. Engage the customer in the account-planning process.
9. Implement performance metrics to measure and track SAM execution.
10. Provide coaching and sponsorship to account teams as needed.

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I once heard a strategic customer lament, “All of our suppliers get the big things right, but it’s the ones that also get the little things right that become our partners.” Contemporary strategic account management is about getting the big things and the little things right for the customer, and this has never been more vital than in today’s high-speed, high-pressure and complex business environment.

Examples of this abound in many aspects of life for practically all of us, whether we’re talking about our relationships, health, education or work. But think about sports for a moment – whether it’s the sports you play, the sports your kids play or the sports you watch on TV. Isn’t it true that it’s often the little things that separate the great from the good, and the stars from the average performers? Legendary American baseball executive Branch Rickey, considered by many the greatest innovator in the history of the sport, coined the phrase “Baseball is a game of inches.”

Couldn’t the same be said of football, basketball or soccer?

But in no other sport is the difference between great and good calculated in margins as minute as in golf. If baseball is a game of inches, then golf is a game of millimeters. And when the difference between victory and defeat can be measured in millimeters, the value of coaching can separate glory from ignominy.

TaylorMade Golf (a division of Adidas Group) understands
The importance of coaching; in fact, they have built a business around it.

Headquartered in Carlsbad, Cal., TaylorMade Golf is the industry leader in golf equipment innovations and is an organization with a deep understanding of the importance of coaching in the pursuit of performance excellence.

Brian Coffman, TaylorMade’s vice president of sales, offers this perspective: “Here at TaylorMade, effective coaching is at the essence of our business. In a sport where the difference in winning and losing is frequently determined by the slightest of margins, coaching and preparation are critical. 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 25-foot putt drops in or sadly rims the cup.

Why do today’s account teams need coaching? (And who needs it?)

The demands on the contemporary account team are significant. They find themselves having to do difficult things for complex customers, and they must do many things simultaneously – no small task. To make matters worse, and even more complicated, they are typically operating in tandem with other team members, and, just as in synchronized swimming, keeping everyone in harmony and motion without bumping into one another can be quite a daunting challenge.

Consider your own account team and organization. If your account team is like most, then there are probably those who are considered by your customer to be always needed (to whom we will refer as core team members) as well as those who are sometimes needed. We’ll call them extended team members. Both types are important, and both may be equally strategic to the relationship. But they are different, and their customer-facing roles reflect this.

The value that each team member, core or extended, creates and co-creates with the customer will be determined, in the end, by the customer. And when things start moving and everything seems to be in motion from an account-team perspective, that’s when proactive coaching can be the most effective way to bring out the best in all of the “athletes” on your team. Most readers should be able to relate to the chart to the left (Fig. 6), as it must surely contain at least a few of the operational areas of your organization represented on your account team.

Figure 6. Account Team

It’s clear that when all of these moving parts are harmonized and balanced, the likelihood of value creation and co-creation is significantly enhanced. Conversely, when this does not happen, and the customer hears conflicting messages from different
The role of the SAM coach is to facilitate this through proactive interventions that evolve data and information into insight and actionable awareness, with the intent that this be put to use immediately by the account team on behalf of the customer.

people on the team, there is invariably a sense of confusion that can devolve into feelings of angst. Unfortunately, this can lead to the customer feeling as though he is being put at risk by the very people that should be there to mitigate his stress: his strategic account team.

The job of the strategic account team is to reduce the customer’s sense of risk and exposure while delivering solutions, best practices, expertise and value to them. The role of the SAM coach is to facilitate this through proactive interventions that evolve data and information into insight and actionable awareness, with the intention that this be put to use immediately by the account team on behalf of the customer. We see the account manager, under any title, as the pivot point of coaching because, in highly successful implementations of SAM, these are the people who tend to be the great providers (and receivers) of coaching. This includes coaching to and from their managers as well as to and from their team members and peers. PMI managing partner Craig Jones has worked with the coaches and managers of many of our clients, and he puts it this way: “Some of the biggest challenges for SAMs include getting things done through others who don’t report to them, as well as working effectively across the functional areas of their organizations. Coaching has proven to be a leadership skill that SAMs and their managers can leverage to facilitate internal alignment and ensure that the entire account team is on the same page.”

When are account managers and their teams most in need of coaching?

SAM teams are in greatest need of coaching when they are approaching what might be referred to as the “critical success predictors” of account team alignment with the customer. It’s what happens when account managers and their teams are confronted with these critical areas of SAM execution that typically determines their success throughout the lifecycle of the customer relationship. Effective account team coaching can serve to strengthen team-to-team alignment with the customer, and strong team-to-team alignment has been proven, again and again, to be one of the key catalysts for customer value creation and co-creation as well as the development and deployment of account growth strategies. (Note: The reader may want to refer to Chapter 7 on developing and implementing effective account-growth strategies.)

We have examined the coaching dynamic at work in industry leaders from around the globe and have come to realize through these observations that there are fundamentally six critical predictors of success that tend to drive effective alignment, internally within the account team and then externally with the customer. We identify and describe these critical success predictors as follows:

<table>
<thead>
<tr>
<th>1. Proactive Engagement with Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Not driven by service issues or sales opportunities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Optimal Resource Deployment with Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Helping customers gain access to key resources</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Process Execution on Behalf of Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Utilizing key processes, tools,</td>
</tr>
</tbody>
</table>
4. Growing Customer Sponsor and Supporter Relationships
   • Building increased levels of trust and credibility for you and your organization

5. Joint Collaboration and Planning with Customers
   • Collaborating with customers on achieving their business objectives and addressing their internal challenges

6. Value Creation and Co-Creation with Customers
   • Ensuring that your SAM efforts are focused on customer value creation and co-creation

Effective coaching can help account teams stay ahead of the curve and be more proactive with their customers, rather than falling behind in meeting expectations and becoming more reactive. This goes hand in hand with ensuring that the strategic customer has access to the resources that are most important to their success, an issue that comes up over and over in meetings that we have with client customers.

Sometimes the account manager and team need a bit of help in determining who is most essential to the customer, as well as how to make these resources available to the customer. The effective SAM coach can be instrumental in helping the account team understand how to make the case for gaining access to additional resources that the customer may need.

As we all know, strategic customers can be quite demanding, and they tend to expect their account teams to navigate their own organizations on the customer’s behalf and to get things done promptly and properly on the first try. Strategic customers hate “slow no’s,” and the SAMs and account teams that can make navigation and access easier for the customer have the opportunity to build and grow strong supporters and sponsors. These sponsors and supporters have become such because of the credibility and trust that the SAM and team have developed by getting things done on behalf of the customer, all of which can be facilitated through effective coaching.

Finally, many customers expect to engage collaboratively with the suppliers that they consider most strategic to their business and are even willing to participate in mutual planning activities with them – no small task on the part of the SAM and account team. Effective coaching at the right times and intervals around the collaborative planning process can be a game changer, and when this coaching includes a focus on driving the activities that will ultimately result in value creation and co-creation for the customer, the impact can be dramatic.

Where should SAM coaches focus their efforts?

We’ve covered why coaching can make a significant difference in SAM execution, who stands to benefit most from the application of coaching best practices, and when account managers and their teams are most in need of it. This leads to the question of where the SAM coach can have the greatest impact on performance, and we will define these inflection points as the “four corners of SAM coaching.”

Simply put, we have observed that there are four clear areas of intervention that tend to have the highest return on

Figure 7. The Four Corners of SAM Coaching
investment when effective coaching is proactively applied to the SAM process, and these can be best defined as follows:

**Corner one:**
**account-growth strategy**

Account teams can benefit from effective coaching when they are brainstorming approaches and strategies to grow their relationships with their strategic customers. Development and implementation of account-growth strategy can be the “launch ramp” for account planning, and when coaches intervene in this area the impact can be felt throughout the account-planning process.

**Corner two:**
**account action plan**

Account teams can benefit from effective coaching when they are building the action plans from which they will deploy resources, infrastructure and expertise on behalf of their strategic customers. To avoid building account plans that aren’t properly executed, coaches should consider intervening in the development and execution of account action plans to ensure that there is alignment around the actions, as well as commitment and accountability to get things done on time and on budget.

**Corner three:**
**sales opportunities**

Account teams can benefit from effective coaching when they are developing and strategizing how to win competitive sales opportunities, because let’s face it: If there aren’t enough marks in the win column, the relationship will begin to deteriorate. This type of coaching requires the willingness and ability to jump into the competitive fray with the SAM and the account team to determine how best to “plan to win” new opportunities.

**Corner four:**
**value creation and co-creation**

Account teams can benefit from effective coaching when they are focused on delivering on the commitments that were made in pursuit of sales opportunities to ensure that customer value is being created and co-created. This “corner” of SAM coaching is critical and oftentimes overlooked by traditional sales managers that are more comfortable in the first three corners than this one. The accrual of “past proven value” creation can be the source of tremendous momentum that can, in turn, drive corners one, two and three.

**Regarding sponsorship for account teams and their strategic customers**

Look inside some of the most effective SAM programs and you’ll find a culture of sponsorship, executive and otherwise. Some might see this as a form of coaching, and, in simplest form, it surely is. But the difference is the level of ongoing commitment to the account and the SAM by the sponsor, which in many cases is driven by a sincere interest in the success of both the account team as well as the strategic customer. In most organizations that we have worked with, the more urgent need is for coaching first and for sponsorship second.

Where you see an organization that is proactively providing effective SAM coaching to account teams as a best practice, you’re sure to find at least a hint of sponsorship in place as well. And while both can make a significant difference in the success of account teams and account management programs, executive sponsorship has proven to be a serious needle-mover in high-stakes accounts where “slow-no’s,” navigation issues and conflicting messages simply cannot be tolerated. While sponsorship may be a “nice-to-have” for the contemporary SAM program, effective coaching is not. It is a requirement, and if you don’t believe it, try to find a successful SAM program that is void of coaching – be it manager-down, peer-to-peer or team member-to-team member. I can’t think of one, but if you can please let me know.

**Conclusions and recommendations**

In this e-book, we have discussed SAM best practices that include defining strategic accounts and assessing fit, as well as discovering and validating customer value. We’ve examined how to assess and strengthen the most strategic customer relationships and the importance of positioning and differentiating unique value with strategic accounts. We’ve acknowledged the challenges of trying to balance...
and manage the short- and long-term priorities of account management, and we’ve delved into the high-impact topics of aligning objectives with the customer, developing and implementing account-growth strategies, and the vast upside of engaging the customer in the account-planning process. Finally, we have discussed the importance of measuring SAM performance with metrics that track execution and effectiveness.

Is it accidental that we would choose to explore coaching at the end of our journey into SAM best practices? Hardly! That’s because keys one through nine represent the primary areas of upside and downside for account managers and their teams and, as such, give rise to many of the urgent needs for coaching and intervention into the strategic customer relationship. It’s through the execution of these key areas of best practice that many realize, albeit reactively, that a little help is needed and that a bit of coaching might be in order. Our assertion that coaches should proactively focus on the SAM inflection points represented by the “four corners” model is to suggest that a little proactive coaching can go a long way in preventing the need for “fix-it” coaching that is really more about damage control than value creation.

Because strategic account management, like golf, can be a game of millimeters, SAM coaching must be mindful of that last foot, that last inch and even that last millimeter. It’s about understanding that the slimmest of margins can be the difference between winning and losing. Great athletes realize the significance of coaching, and many of them have their own personal coaches that go beyond what they receive from their teams. Why? Because they understand that to be a champion at any sport requires skills that must be applied simultaneously, a feat that’s virtually impossible for most people without someone to provide them with that extra awareness that can translate into optimized performance.

Have you ever known a golfer who was great on the putting green but couldn’t hit a straight drive if his life depended on it? I’ve met many SAMs who have felt this way as they pursue relationships with their largest accounts, only to find that there are some things the customer needs that are outside their areas of strength. Even the most successful athletes can struggle when they find themselves in situations that are outside their comfort zones or beyond their areas of peak performance. Effective coaching can have an impact on ALL facets of the SAM’s “game” like nothing else can. As baseball great Hank Aaron once said, “It took me 17 years to get 3,000 hits in baseball. I did it in one afternoon on the golf course.”

To be a champion at any sport requires skills that must be applied simultaneously, a feat that’s virtually impossible for most people without someone to provide them with that extra awareness that can translate into optimized performance.
This book is the result of the work that Performance Methods, Inc. has undertaken with our clients over the past 15 years. Without them there would be nothing to write about, and for all that they have taught us about the right ways to develop and grow relationships and create and co-create value with their most important customers, I am forever indebted.

I would like to thank the Strategic Account Management Association’s community of practice for all that it has meant and continues to mean to me and to PMI. It has been my great pleasure to get to know many of the remarkable practitioners that comprise the SAMA community, and it is a certainty that without this exceptional laboratory of thought leadership The Keys to Effective Strategic Account Planning would not have been possible.

I would also like to thank the extraordinarily committed staff of the SAMA organization, who work tirelessly to support and grow the exceptional community of practice in which I am privileged to be a participant. CEO Bernard Quancard and his dedicated team of professionals create enormous value for those of us in the SAMA community, and I acknowledge their profound impact on the work contained in this book. In particular, I would like to recognize SAMA’s Knowledge and Programming and Marketing and Communications teams for all that they have done to make this book possible, including Nicolas Zimmerman, Aimee Waddell and Jennifer Weed, as well as Elisabeth Cornell and Greg Bartlett, with whom this project started four years ago.

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