Chapter 11

SAMA's experience working with member companies and our trove of benchmarking data tell us that strategic account managers spend way too little time on step 1 of the SAM process, which is probably the most critical of all the steps. It's at this stage that you gather all the data and the knowledge on the customer and the customer ecosystem, which will lead to the best value insights and, therefore, the best value opportunities. Few people know their customers strategically. They have basic data on customers, like size, growth, and the organizational chart; but this is not what we call strategic customer knowledge. Strategic customer knowledge is about gaining a deep understanding of the customer's business strategies, its needs, and its pain points in a way that is directly related to its business performance.

This co-discovery of value is certainly one of the most rapidly changing steps of the SAM process in the sense that SAMs are asked to tackle broader and more complex problems than ever. Also, the key stakeholders who either influence or make the final procurement decisions are becoming more numerous, and those networks are becoming more complex. Additionally, with the digitalization of supplier-customer relationships, data and the ability to manage data are becoming key levers to co-create innovative and differentiated value. This is why we have selected as the source for this chapter Experience Co-Creation Partnership (ECCP), one of the foremost experts in co-value creation and the developer of an advanced methodology that takes into account the very rapidly increasing role of data in every business sphere. As you will see in this chapter, the SAM is rapidly becoming a data organizer, a community organizer, and a data storyteller, a value innovator, and a transformation agent. The digitalization of supplier-customer relationships is leading us to an age of real-time problem solving, which is the ultimate objective for the strategic account manager who wishes to orchestrate and drive the continuous customer value-creation journey.

The business case at the center of this chapter perfectly illustrates how the SAM had to become at once a community organizer, a technology broker, a data advocate, a data organizer, and, in the end, a value innovator. The business case looks at how one SAM defined a problem in terms of customer pain and value opportunity, then rapidly transformed himself into a community organizer of the relevant stakeholders and problem solvers, and then morphed again into a technology broker, data advocate, and interaction designer.

In this chapter, ECCP describes its approach and methodology to discovering major customer insights, leading to major value opportunities through the co-creation methodology. (Bernard Quancard)

How One Global Technology Firm Co-Discovers Value Insights and Opportunities with its Customers through its Strategic Account Managers

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In today's B2B world, strategic account managers increasingly have to be more than "just" super-salespeople. Yes, they still have to hold the line on price, overcome product commoditization, and build multiparty relationships that reach beyond procurement. But these attributes are now just table stakes. High-performing SAMs also have to be the orchestrators of a new collaborative approach linking multiple parties at the supplier and the customer through technology and data that results in new sources of value—an approach we refer to as co-creation. More specifically, co-creative SAMs have to master five new skills in order to become:

- Community organizers
- Dream makers
- Technology brokers and data advocates
- Interaction designers
- Value innovators

In this chapter, we highlight how one highly skilled SAM used this co-creation approach to develop a very successful relationship with his account, the refinery division of a global oil and gas company (O&G Co.).

The subject of this business case is a strategic account manager at a multibillion dollar global technology company ("Tech Co.") whose business is to enable safe, reliable, and efficient operations for the processing plants of its customers. The company develops and sells process control devices and integrated systems that help its customers' plants run safely and efficiently, as well as software that can be used to design or manage operations for the processing plants. The story described in this chapter is representative of the work done by the strategic accounts team, whose portfolio represents about 15 percent of the company's total annual sales.

"Houston, we have a problem."

Our story starts with a routine visit organized by our SAM at one of Tech Co.'s headquarters facilities for a delegation from O&G.

In his role as a SAM, he had been networking inside O&G's refinery team and had learned of the existence of several "Functional Excellence Teams" (FETs) comprising a mix of employees from O&G engineering, process, maintenance, and other functions whose roles were to discover ways to

improve operations. Buried deep inside these FETs, our SAM had discovered a person acting as lead for field devices, a particularly relevant job title at a company that designs and manufactures many such field devices.

One of the stops on O&G's tour of Tech Co.'s headquarters facilities was its analytical measurement group. "I didn't even know you had an analytical measurement group," our SAM remembers O&G's field devices guy saying. As a high-performing account manager, our SAM knows how to recognize an opening when he sees one—and so he pounced.

"Do you have a specific analytical problem you're trying to solve?" he remembers asking in response. The answer: "As a matter of fact, we do." It turned out that O&G had been wrestling for years with a problem with one of its hydrofluoric alkylation units.

As a SAM, our subject knew in a heartbeat the visit had been worthwhile. He and his team now had a problem they could work to solve for their customer.

Our SAM had seen his share of alkylation units in his career and knew how fickle they can be. Sitting deep inside refineries, they involve chemical reactors that play a key role in the transformation of crude oil into the various grades of gasoline we buy at the pump. (The higher the gasoline grade produced by the reactor, the more profitable the unit.) But there's a catch: An alkylation unit requires using hydrofluoric or sulfuric acid as a catalyst to "high-grade" the gasoline, and these acids are extremely toxic for humans and highly corrosive for equipment. For the unit operator, the name of the game is to inject as much acid as possible while avoiding "acid runaway," the point at which the acid becomes hard to control and can create a safety and quality problem.

To prevent acid runaway, an operator needs to know what's going on inside the reactor. To do so, he has to don protective gear while taking samples of the process and then send samples to a distant lab, where an analytical expert measures various characteristics of the sample with a chromatograph—from which he deduces whether the mix inside the reactor is still safe and stable.

The traditional method of on-line measurement requires equipment that costs about $1.5 million and needs to be overhauled every two years. It also requires a dedicated maintenance person in addition to the sample collector. O&G's engineering staff had looked at myriad technical solutions to replace the daily physical collection with a safer, cheaper, and more continuous analytical process—all to no avail.

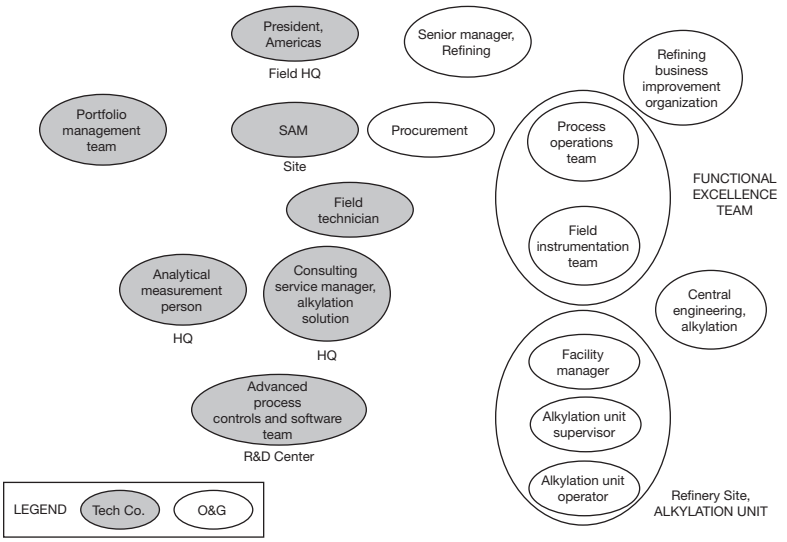
The SAM as community organizer

Technicians at O&G had been working on this problem for years without cracking it, so our SAM knew that building a solution would require bringing together multiple stakeholders on both sides of the customer-supplier line.

Knowing the problem would require significant investment on the technical side, the SAM began seeking executive "air cover." He and his boss, the SAM program head, soon secured the support of the Americas-region president from Tech Co. Having support at the top is key, but it's only part of the equation. Our SAM and his boss also enlisted the support of the portfolio management team, ensuring—they hoped—that their project would find its way into the project prioritization pipeline once it was fully baked. They also knew that, before the account team could even begin tackling O&G's problem, they would have to build a compelling business case to justify the investment of resources. The team argued that if Tech Co. could devise a compelling technical solution to O&G's alkylation

problem, then they could bank on sales of several hundred thousand dollars for each alkylation unit like it in the world—offering the promise of as much as $10 million in new revenue for Tech Co.

Figure 11 How the SAM organized the problem-solving community



Source: ECCP

Aligning the technical constituencies inside Tech Co. was the next challenge. Our SAM painstakingly enlisted the support of the analytical measurement group that first caught the customer's eye during that first visit. He lined up: the field technician he knew they would need for the work at the refinery with the alkylation unit problem; the manager of the consulting service group that would work with the team on the alkylation problem; the software team; and the advanced process controls team that would, in due time, see how the solution being developed could be transformed from an analytical measurement system into a plant optimization process that would safely push the performance of the unit to new levels. And this A-Team represents just the Tech Co. side of the equation.

On O&G's side, the SAM had to start at the top. Involving senior management at Tech Co. had earned the SAM the right to meet with some of the senior refining executives at the customer. It was a guarded meeting, he recalls. At the time of the meeting, O&G thought of Tech Co. like a transactional supplier and not a partner, with no technical collaboration agreement in place. They did, somewhat encouragingly, agree that if Tech Co. could solve O&G's alkylation problem, it would give Tech Co. credibility as a full-fledged technical partner.

Procurement and engineering had been the traditional port of call for Tech Co.'s salespeople, and they played their price- and service-level negotiation roles with bruising enthusiasm. But our SAM had worked hard at building other connection points in the organization, points of contact he knew would be invaluable in his current pursuit. He had already identified the Refining Business Improvement organization and two of its key FETs: the process operations team and the field instrumentation team. His next step was to see what O&G's central engineering team thought of the project. To his dismay, the team expressed extreme pessimism toward the project based on the history of failed

attempts to fix the refining group's alkylation problems. When the SAM asked for permission to visit one of O&G's plants with the alkylation problem, they agreed—grudgingly. Given the tepid endorsement from the refining group's central engineering people, the plant operators were commensurately lukewarm. Their attitude, the SAM recalls, boiled down to "Come back and see us when you have a solution."

It was an inauspicious start to the co-creation process…

The SAM as dream maker

The account manager's breakthrough came from a connection he orchestrated between two extraordinary individuals, one each on the customer and supplier side.

During one of his visits at the targeted refinery, he'd seen firsthand the onerous steps required to fully protect the O&G employee responsible for sampling the troubled alkylation unit. Considering Tech Co.'s stated core mission is to enable safe, reliable and efficient operations for its customers, the SAM couldn't help but think that what he'd witnessed was none of the three. There was, he knew, a potentially huge strategic opportunity to make a difference for Tech Co. at the refiner.

Now this is where our story becomes personal, highlighting as it does the key role a SAM must play in connecting the human passions and expertise of multiple people in the co-creation process. While working on the alkylation problem, the account manager had developed great respect for one of O&G's operators, whom he saw regularly during on-site visits. While not a degreed individual, this operator had developed an intense passion for improving the operations of the alkylation units and had transformed himself into a go-to expert on the hydrofluoric alkylation process. Our SAM had made an early mental note of this key personnel discovery, hoping to eventually pair him with an equally motivated and knowledgeable partner on the Tech Co. solution development side.

Playing detective in his own organization, the account manager found his "man on the inside" in the form of a scientist in Tech Co.'s analytical measurement team. Speaking with him, the SAM discovered that the scientist had developed a theory whereby two separate measurements relevant to the alkylation problem could be combined to generate a third one, which he believed could hold the key to continuously measuring the state of alkylation process inside a reactor—holding the promise of removing all physical human intervention in the process, with its tremendous safety and cost implications. The account manager knew he had the perfect co-creative catalyst in the form of the scientist, who clearly craved a testing ground for his novel hypothesis.

The operator at the customer's alkylation unit and the Tech Co. scientist represented an odd couple in many ways, yet they both played a key role in energizing the broad community of players the SAM orchestrated.

"Without these two people," the Tech Co. SAM says, "we would never have gotten there."

The SAM as technology broker, data advocate, and interaction designer

In the end, the solution to the refinery's problem turned out to be a Tech Co.-proprietary process measurement system (a "platform") that continuously generates data on what goes on inside the reactor. More precisely, it measures the amount of acid, water, and what are known as "acid-soluble oils." It involves an integrated panel-mounted system that is installed in the alkylation unit, which continuously measures the flow and output of the reactor, ensuring that operations are proceeding smoothly. Since it's a direct chemical measurement, no physical human intervention is required.

Now compare the nature of interactions between our various protagonists before and after the advent of Tech Co.'s new platform and the data it generates.

Before: We had a process-based, sequential series of steps whereby the operator would put on protective gear to draw a sample, take the sample to the lab, have the lab analyze the results on the chromatograph, and then communicate the result back to the unit—at which point the reactor team would adjust the amount of acid being used to stay within the desired parameters. Meanwhile, the lab had to maintain protocols for the analysis, as did the maintenance, safety, and health people responsible for the unit.

Now: All these discrete and sequential interactions have collapsed into what can be described as a collective "brain," whereby the refinery operators can make decisions on the fly by simply looking at the system's real-time data stream. Rather than being relegated to the roles of passive data recipients, the lab operators have become active problem-solvers continuously interpreting what they see. They are connected to other resources within the plant (e.g., engineering, maintenance, safety, and health) and can enlist their help as they see fit.

Tech Co. also has access to this new data stream, becoming smarter as more data is collected and bringing to O&G the fruits of this new-found intelligence. Over time, they hope to capture additional data, expanding the scope of problems being solved. Together, the group "co-creates" the best solution at any given time, continuously improving not only the use of the platform but the platform itself.

In the end, our SAM orchestrated a complete rewiring of human interactions inside and outside the alkylation unit thanks to the data platform his hand-picked team created together.

The SAM as value innovator

The final characteristic of a co-creative SAM is the ability to create value for both supplier and customer. The most common form of co-created value is to have the supplier rewarded with more sales in exchange for lowering the customer's operating costs. But as the Tech Co. case illustrates, value can mean risk reduction, lower capital expenses, or revenue increases. As a general rule, co-creation business cases tend to have multiple layers for both supplier and customer.

In the case of Tech Co., the SAM generated value for the refinery in three areas:

- The new system dramatically reduces the risk for the refiner. The Tech Co. solution reduces hazard exposure by reducing the frequency of testing and analysis of results. The new real-time measurement system produces a dramatic improvement in the alkylation unit's risk grade.
- The new platform cuts operational cost by reducing use of the lab chromatograph and the associated manpower and maintenance expenses. It also eliminates the need for the full-time, highly qualified operator who previously handled maintenance on the installation.
- Finally, the solution allows the refiner to increase revenues by producing a higher-grade, more valuable gasoline through the use of what are known as "advanced process controls." Thanks to the data produced by the on-line process control system, the reactor can be pushed closer to its limits without triggering the acid runaway O&G feared when operators had access only to periodic sampling of the liquid inside the reactor.

Meanwhile, Tech Co. has been able to create value for itself in four layers:

- The Tech Co. SAM sold the first unit of the new system at the refinery where the technology was developed, generating a sale of several hundred thousand dollars.
- Its success there allowed Tech Co. to migrate the platform to ten other alkylation units at O&G, generating total sales in excess of $5 million.
- With the locations of all worldwide alkylation units of this type a matter of public record, Tech Co. has been able to sell its new and improved system to other oil and gas companies, including many with whom the company had no previous relationship.
- Impressed by Tech Co.'s ability to develop an innovative process control system for its alkylation problem, O&G also tasked Tech Co. with developing and marketing another process measurement solution O&G developed in house. This will produce yet another revenue layer without requiring the expensive R&D effort that is usually a cost of doing business.

As shown by Tech Co., successful SAMs are able to generate multiple "waves of value" for both their customers and themselves, which allows them to avoid the transaction syndrome where each new sale requires a new effort, thereby generating a high cost of sales.

The challenge ahead

The Tech Co. story illustrates how SAMs likely will have to evolve and how they will need to learn to orchestrate a process of co-discovery and co-creation with their customers. But becoming a co-creative SAM is no simple task, as few SAMs have historically been community organizers, dream makers, technology brokers, data advocates, interaction designers, and value innovators. Every one of these attributes represents a skill that will need to be developed.

The good news is that co-creation is already practiced in some form by most organizations. Salespeople are often instinctive network-builders. They are often quite intuitive about understanding their customers' experiences. They also know that the development of a business case is a sine qua non of business relationships. All of these are great qualities to build on. The challenge for more traditional salespeople is to layer new skills on top of what they already do well.

The other good news is that SAMs will not have to do everything themselves. Our SAM didn't have to personally develop the process-control platform or analyze the data that came out of it. But he did have to orchestrate the development. He didn't have to personally lead all the meetings that took place between the various community members working on the O&G problem, but he did have to bring together the winning coalition of resources and orchestrate the engagement process between them. He didn't have to personally design the entire operating model of how the refinery operators would work in combination with the new platform, but he did have to coach them on how to do it. And finally, he didn't have to close every single sale, but he did have to coordinate and integrate all these sales into a global relationship with O&G.

For most SAMs, a good place to start on the road to co-creation is to pick a customer who exhibits a few desirable characteristics, such as having a good relationship with you, being open to the notion of engaging others inside his or her own organization (particularly executives!), and being open to innovation. The best approach is to do some research and fieldwork, generate a few internal hypotheses on where value could come from for this customer, and then engage the customer by identifying a

problem where the creation of a problem-solving community across supplier and customer would make sense. Tell the customer you'll make him or her a hero in their own organization. You may be surprised to discover how receptive he or she will be to this open-ended co-creation approach.