Chapter 12

In the previous chapter, we covered step 1 of the SAM process, which is customer co-discovery and value fit. We emphasized that one of the key outputs of that step is a set of insights and prioritized opportunities. The strategic account business value plan, step 2, is both an information system and a management tool to formalize all the critical steps of the SAM process. The latter steps of the SAM process (to be covered in chapters 13-17) include co-creation of value, mobilizing and aligning the multifunctional team, capturing value through negotiation and closing, executing value, and realizing and expanding value through overall relationship and outcome management. All these steps need to be formalized in the account plan information system, and that's what will be detailed in this chapter. Just as importantly, the account plan is used as a management tool to monetize co-created value, to get customer recognition and validation of the monetized value, and to formalize who from the multifunctional team is going to be mobilized to co-create and deliver the value.

Typically an account plan as a management tool will include an appendix, which will detail all the critical action plans, key players, who is accountable for what, and key milestones and target dates needed to create and deliver the value. This tool is also used by management on business reviews and progress reports with the strategic customer in the course of the value journey. One of the big differentiators of effective and efficient SAM organizations is the degree of formalization and discipline in executing on the value to be designed and delivered to the customer. So from that point of view, the account plan is an essential management tool to ensure alignment of critical resources and accountability of customer outcomes.

This next chapter, written by Steve Andersen of Performance Methods, Inc. (PMI), a renowned expert in strategic account business planning, will cover all the major points we just touched on and delve into the steps necessary to design and implement an effective strategic account planning system. (Bernard Quancard)

Transforming the Customer Experience: Planning to Grow with your Most Important Accounts

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Account planning and management, whether you prefer the strategic, key, or global flavor (SAM/KAM/GAM, hereafter referred to only as "SAM") is as hot a topic today as it has ever been. Why? Because within most industries, there is a "race" of sorts to see who can become most relevant to their most important customers, a race which is certain to have many more losers than winners. In this chapter, I will outline the 10 factors most responsible for effective strategic account planning.

1: Define what constitutes a strategic account and assess ongoing performance

Our client work has taught us much about the importance of defining strategic or key accounts and communicating this effectively, both internally and with your selected customers. Experience shows that the account selection process is typically ongoing and a critical component of any successful SAM program. While at first glance the accounts and customer relationships that are most important to your business may seem to be obvious, on closer inspection it is usually the case that these decisions can be challenging and even stressful to an organization.

How can something that sounds so good for both you and your customer become such a difficult decision process? Among other factors, it depends in part on the customer's willingness to partner with you, as most providers have limited resources and wish to focus on a select number of key customer relationships and to deploy resources accordingly. Additionally, we have observed companies make significant investments in customer relationships they once considered strategic only to see them devolve into futile expenditures due to the customers' unwillingness to enter into relationships in which all parties could benefit.

The last word of this "success factor" is performance, and we're not just talking about your own. Why? Because unless you are conducting an ongoing assessment of just how effective your so-called strategic customer relationship is, you can find yourself investing significant time, resources, attention, and organizational focus on a customer that is more willing to receive the benefits of strategic customer status than they are to engage in an authentic, symbiotic partnership that is mutually beneficial to you both. When this happens, deselection is just around the corner, which is never an easy thing for either the provider or the customer. Also consider the other customer that could have been the focus of the account planning and management energy that was invested in the deselected account; it's hard not to think about the opportunity cost of investing time and resources in the wrong customer relationship.

2: Discover what your customer values most and validate it

Let's be clear: What we're not talking about here is value articulation, value co-creation, or value realization. We're not there yet. But what we are about to unpack is the importance of doing the co-discovery required before any of these other value-focused activities can take place. And it's called co-discovery because you can't do it by yourself. Unless your customer is engaged in this process with you, it's not likely to happen, and even if it does (at one level or another), you can't be sure you've got it right until the guest of honor, your customer, takes its seat at the value co-discovery table.

When you study and immerse yourself in something long enough, it's expected that the picture will become clear, and what was once vague and murky will become easier to understand and analyze. Yet this important component of successful account planning is missed by even some of the most experienced account managers, and our experience is that even the "best of the best" have to be reminded of the significance of value co-discovery. Its significance goes far beyond the insights that the account manager may glean from his or her conversations with the customer about the things that matter most to them, and this is because simply facilitating an effective "value conversation" with the customer can be a significant differentiator when engaging effectively with strategic accounts.

Effective value co-discovery requires that you and your customer explore the things they value most and, in the process, identify potential value targets for future consideration. Think of this as a visioning exercise with your customer, one in which there is no downside—only upside. Why?

Because if you are the only one of your customer's providers that is engaging in these types of discussions, you are almost certain to hear about things that your competitors are not and will be very likely to get that "first whiff" of new opportunities out on the horizon. But keep this in mind: Before ending a co-discovery value conversation with your customer, make sure that you ask why this matters to them personally and, when you do, be prepared to receive something truly precious: Your customer may be about to tell you what success looks like to him or her, and you need to consider this an invitation to help achieve it.

3: Assess and strengthen your most strategic relationships with the customer

At this moment, it is likely that there is someone posting something on a blog or social media about the obsolescence of customer relationships in the modern era of business. Some actually seem to believe that, in B2B commerce, today's customers don't care about developing trust-based relationships with their most important suppliers—and that even if they did, no one has time or patience for this anymore. But fear not, because these writers, bloggers, and misinformed pundits are the people with whom the effective account manager should love to compete.

Contrary to what these prognosticators may think, the development of strong relationships is a main component of any successful SAM program. You'll never see an effective SAM program or successful strategic account manager who is not committed to developing trust-based customer relationships with their most important customers. But what seems less obvious to many organizations is the importance of conducting ongoing assessment and measurement of these relationships. Think of it this way: If you don't understand the true nature of the relationship through the eyes of the customer, how can you build a logical plan to grow and expand this relationship over time?

When we're able to assess the relationship through the customer's eyes, we find ourselves with an opportunity to expand and grow it through the co-discovery, co-creation, and realization of customer value. It's really not that complicated: Customers just want to be successful, and if you want to strengthen your relationships with them and become more strategic to their business, focus on determining how you can help them be successful. When this happens, relationships evolve into partnerships, and doubt evolves into trust.

4: Position and differentiate your unique value with the customer's team

Let's face it: Most organizations feel that they provide significantly more value to their customers than their customers give them credit for. If you concur, then it's important to understand why this is happening and what can be done about it. If the customer truly doesn't "get it" when it comes to your value co-creation and realization, then whose fault is it: yours or theirs? We all know the answer to this question, and top-performing SAMs are taking action. They are engaging differently with their customers, ensuring that the value conversations they began earlier are evolving into the articulation of unique, differentiable value for the customer.

You know you're in trouble when the drumbeat coming from your customer's procurement/sourcing team is getting louder and louder with messages that sound like "You're all the same," "There is nothing different about you or your offerings," "We can make any of our options work," and even "If we're so strategic to you and your company, then sell us your products at the lowest price ever offered to anyone." Is this type of mindset becoming commonplace in today's business environment? Certainly, and the crescendo has gotten louder since the 2008 financial crisis. This is why ongoing positioning (i.e., capturing customer mindshare) and differentiation (i.e., capturing customer preference) with strategic customers is so important today.

The only way to ensure that your value is acknowledged and appreciated by your customer is to be mindful of a few things. First, have you and your organization created and co-created value in the past with the customer? And if so, does your customer understand and recognize this? If so, you can enjoy a bit of momentum by gaining agreement from your customer—especially those sponsors and supporters in the customer organization that you have helped to realize success—that what you have delivered has mattered. Next, have you and your organization developed and customized a broad and deep customer-specific value message that goes far beyond product and solution, including such dimensions as resources, expertise, service levels, experience in the customer's industry, and even your brand and reputation with the customer? Finally, is the account team clear on what the customer is trying to do and why it needs help, and is the customer's team clear on how you and your organization can help solve its challenges and achieve its objectives? If so, great news! You're well on the way to positioning and differentiating the uniqueness of your value with the customer.

5: Harmonize and balance your short- and long-term goals for the account

Based on our experience, there is perhaps no other single factor that has been more responsible for the tension associated with account management than the difficulty that arises when trying to balance the pressures that result from "making the number" in the short term while "delighting the customer" over the long haul. One of my all-time favorite quotes from an account manager reads as follows: "I do my best selling when my customer isn't buying!" When we're working with large, strategic, and complex customer relationships, it can seem that there is a never-ending list of follow-up items for the customer that can (and will) absorb all of the account manager's time. It's true: SAMs can achieve effective positioning and differentiation when the customer is not in buying mode. But it's also certainly the case that exceeding short-term revenue targets is and will continue to be a critical determinant of success for the vast majority of SAMs.

The stress of balancing the short- and long-term objectives that define SAM programs can at times feel overwhelming. This is especially true when priorities are fuzzy and there is a lack of definition and harmony around the opportunity- and account-planning processes. While it may seem obvious that these disciplines should be connected, our experience has proven that in many cases they are not. When this happens, the result can be undue amounts of stress on the SAM, the account team, the organization, and even the customer.

In any economy, it can be very tempting to let the large opportunity or "big deal" command disproportionate attention and resources and take precedence over almost everything else. It's normal and natural to see organizational excitement and enthusiasm develop for pending sales, and when harmonized with the long-term well-being of the customer, this can certainly be a very good thing. When the account manager can effectively deliver the organization to the customer so that value is co-created and realized and expectations exceeded, he or she is, in effect, "planning to grow" with the customer. The account planning process thrives in environments in which there is strong organizational awareness of the need to balance short- and long-term priorities, and when our plans to win harmonize with our plans to grow, account growth can accelerate.

6: Align and connect your business objectives with the customer's objectives

It sounds so easy, and yet alignment and connecting your objectives with your customer's can be among the most elusive goals of effective account planning. After all, if you've done your co-discovery and understand what your customer values most, and if you've developed trust-based sponsor and supporter relationships throughout the account, then why not just "connect the dots" and make everybody happy?

There are many essential facets of effective account management, but aligning objectives with your customer's is one of the most accurate predictors of long-range account planning success. This is because if we can't agree on the big picture (and how to get there), then there's a real risk that account planning will devolve into glorified opportunity planning. In other words, in the absence of an overarching strategic plan to grow that has been forged through transparent and diligent collaboration between provider and customer, account planning can become a glorified exercise in pursuing sequential opportunities that are not necessarily driven through an account growth strategy.

"What's so bad about this?" some would say. Our experience is that so long as opportunities are plentiful and the win rate remains high, the customer and supplier will celebrate each and every win and not look critically at the process. But what about when the opportunities begin to dry up and the customer gets cozy with a supplier who's aligned more effectively with the customer's longer-term plans and objectives? The best time to align objectives with a strategic customer is when you have the wind of "past proven value" at your back and the realization of value co-creation in the present. If that time is now for you and your customer, then you're in an ideal environment to drive the collaboration that will enable the alignment and connection of objectives that can lead to a successful partnership.

7: Develop and implement a proactive strategy to grow and expand the account

We've reviewed hundreds of client account plans in the past, and it never ceases to amaze me just how few include a strategy to proactively grow the account. There's plenty of focus on data, and there's always something about the opportunities or initiatives that are being pursued in the present. But when you look for that strategic roadmap that explains the SAM's vision for growing the account and how and where he or she is going to realize that growth over the long term, in most cases it's simply not there. If it's not there, the only reasonable assumption is that it doesn't exist. And if that's the case, then we've got some work to do.

The essence of account growth strategy is the confluence of past proven value, future visioning with the customer, the relationship between the parties, and the belief by the customer that the SAM and her organization can be trusted to deliver again because they have done so before. Note that when we examine account growth strategy through the lens of our relationships with customer team members, we can look at growth at a more individual level, customer by customer. With this in mind, the conversations that ensue with the customer about what its future plans and objectives are likely to include, as well as what future success will look like at an individual level, can provide something much more valuable than "just" insights. From these types of discussions we can develop the actionable awareness required to actually do something with the information and insights that we've discovered, and this benefits everyone.

An account growth strategy is not simply a summary of existing opportunities but rather a look into the future, based on actual customer business objectives and an understanding of the customer's vision for future success. The responsibilities of the contemporary SAM should include developing a demonstrable understanding of the customer's business as well as the planning and execution of the strategies and activities that will enable the customer to meet its objectives and realize success. An effective account growth strategy should serve as the account manager's springboard to tomorrow's success, and if your account plan is in need of this type of proactive approach to the future, there's no time like the present to begin to build it.

8: Engage your customer in the strategic account planning process with you

Who wouldn't agree that getting the customer engaged in the account planning process can be instrumental in ensuring that we execute on our plans to co-create mutual value that will translate into customer success? Yet based on the infrequency with which this happens today, we can assume that many SAMs simply don't know how to get customers engaged in the account planning process.

Based on our experience in strategic account planning, there are few things more powerful than when the customer takes a seat at the planning table and engages collaboratively with the account team to build an account plan that matters to everyone. However, the element of timing is important when account managers set out to gain customer input, feedback, and commitments that are focused on the mutual planning process. In other words, there are times when this level of engagement between the parties may not be met with as much enthusiasm as others, such as when there is a "burning platform" issue that must be resolved or when you're about to receive that next RFP from your customer's procurement/sourcing team.

There are also types of relationships in which it becomes more difficult and less realistic to engage your customer in the account planning process, including when your relationship is languishing at vendor level and there simply isn't enough trust in the room to provide a basis for deep collaboration and information sharing. On the other hand, if you're viewed as a partner by your customer, it's likely that you're engaging in some sort of collaborative account planning together, and if you've evolved the relationship to trusted advisor status, it's almost assured that the parties are collaboratively planning together.

Wherever you are in your relationship with your customer, there's one very important thing to keep in mind. Customers typically engage in collaborative planning only with their top one or two providers in any given market, which means that the lion's share of mindshare, preference, and trust will accrue to those who are at the planning table with the customer. The time to begin to ask for customer input into your account planning process is now, and it can begin by simply asking for input as you update your account plan to ensure that it connects with what is most pressing going forward. Not many customers will want to pass up the opportunity to encourage you to focus on them and their success, at least not if they consider you and your organization to be as strategic to their business as you feel they are to yours.

9: Implement SAM performance metrics to measure and track execution and impact

Walk the streets of any major city and ask business people you pass if their companies have a successful sales organization, and practically all will say yes. If you ask them how long the sales organization has been in existence, many will say it has been around since the company's founding. But now repeat this exercise, only asking the passersby if their company has a successful SAM organization. The responses will be dramatically different, ranging from a simple “no” to timeframes such as three, five, or—at the outside—10 to 12 years. Why is this the case, when many of us that worked in the previous millennium had strategic account management experiences? The answer may be disturbing, but it offers an opportunity for organizations that are serious about SAM today.

The reason that there are so few tenured SAM programs and organizations today is because many companies that tried in the past to be successful at planning to grow with their most important customers failed to sustain their efforts. When this happens, as mentioned before, there is usually an element of tension or stress between short-term focus on the numbers and longer-term focus on customer relationships. But we’ve learned some interesting things about effective account planning and management programs over the past two decades, not the least of which is the importance of developing and deploying a scorecard of metrics that measures and tracks the performance of both parties in the strategic relationship.

It goes without saying that today’s large, strategic, and complex customers are going to measure and scrutinize the performance of their suppliers, particularly those who represent higher levels of spend and commitment. Despite the pressure that this might present, it also creates an opportunity for the SAM who is willing to engage the customer in discussions about mutually beneficial metrics, including those with outcomes that are just as likely to have been driven by the customer’s performance as the supplier’s.

Our experience in collaborative discussions between customers and suppliers to determine SAM performance pressure points and hot spots has been very positive, with both the selling and buying organizations showing an understanding of the importance of the business outcomes of their counterparts. After all, why wouldn’t they feel this way if each sees the other as strategic to its business and to its future success?

10: Ensure adequate levels of coaching and sponsorship for you and your team

When you consider the numerous facets of managing and growing strategic customer relationships, it is apparent that, on any given day within any given account, there can be many things happening at once. Compound this complexity with the ever-increasing speed of business, the ever-decreasing patience of the customer, and the ongoing difficulty aligning and deploying cross-functional team members, and you have the perfect storm for stress, pressure, internal politics, and even finger-pointing.

Some SAMs take matters into their own hands and engage with trusted colleagues in what might be described as “safe-harbor” peer-to-peer coaching environments, in which each helps the other, and their conversations remain between them. Why do some feel compelled to do this? Because they either don’t feel that they can get the coaching they need in a timely manner from their managers, or they feel that their managers grew up in hunting-type sales environments and, hence, the coaching they are likely to receive will be more about driving short-term sales than driving relationship management excellence.

Coaching and sponsorship are critical components of today’s successful SAM programs, and both roles require definition and even a bit of advance training to ensure consistency. SAM coaching is not the same as sales coaching, and the coaching and sponsorship dimensions of the modern SAM program are key determinants of the predictability, repeatability, measurability, and sustainability of SAM success. Important early steps in equipping SAM managers to be effective SAM coaches include focused discovery and greater understanding in these areas:

- Why are top-performing SAMs successful?
- What do they do in daily execution that causes their success?
- How do they deploy best practices to co-create customer value and grow customer relationships?
- Where are there performance gaps in SAM execution (even with these top performers)?

Armed with the answers, effective SAM coaches and sponsors can add value to their SAMs through an approach that is more meaningful to the recipient and more focused on driving the right business outcomes.

Conclusions

Wherever your implementation of account planning and management stands on the maturity scale, consider taking a pause to assess your performance within each of the areas of best practice discussed here. Next, determine which of the SAM success factors unpacked herein can have the greatest impact on your SAM effectiveness, and resolve to focus there. Finally, select a few of your strategic, key, or global accounts and ask their perspectives on how effective you and your organization are in your pursuit of SAM excellence.