

41. What to Do When Your SAM Program Begins to Fail

At any given time, your SAM Program can be improving or failing. When things go wrong, how can you spot the warning signs and take proactive steps to get things back on track? We often hear about success stories and innovative practices, but this session is designed to expose the scary side of SAM—failure. In it you will examine various types of program failures and identify tools and resources to make sure you take the necessary steps to prevent problems before they occur.

Key Learnings:

- Recognize when your SAM Program is at risk
- Adopt tools to assess your current program
- Implement lasting, corrective improvements once problems surface

Presenter:

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What to do when your Strategic Account Management Program Begins to Fail



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1



What do leaders want?

- Increasing sales/revenue: 66.1%
- Expanding visibility/sales: 43.9%
- Enhancing credibility of company/product: 31.9%
- Building brand of company/product: 29.8%
- Saving costs: 14%
- Investor relations: 7.7%

Source: *B to B Magazine*, January 14, 2002, pp.1, 23.

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2



Start with the ideal:

10 traits of a high performing sales force

1. Communication strategy
2. Recruitment and retention strategy
3. Clear customer targets
4. Thorough understanding of competitors' strengths and weaknesses
5. Bonus incentive plan
6. Sales training and skill enhancement strategy
7. Technology tools
8. Effective coaching and counseling strategy
9. Reward and recognition programs
10. Tradeshow and event strategy



Agenda

- ❖ Introductions
- ❖ Segment 1: The leadership factor
- ❖ Segment 2: Are you healthy?
- ❖ Segment 3: Anatomy of decline
- ❖ Segment 4: Eighteen steps to improvement
- ❖ Resources and tools
- ❖ Session evaluations



Housekeeping Notes



- Cell phones off
- Active engagement
- Back on time, out on time
- Offer real-life examples



Introductions



- Your name
- Your company
- List your expectations for this session

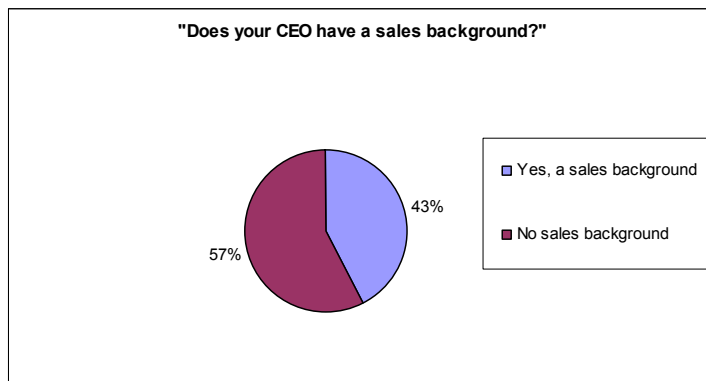


The leadership factor

- CEOs
 - Seller
 - Non-seller



2004 MPI European Business Leaders Conference attendee survey responses



43% of attendees surveyed have a CEO with a sales background.



CEO with a sales background – Keep at bay

Pro's:

- They recognize the efforts
- Are willing and able to interact with clients
- Know the market trends

Con's:

- No empowerment, "I know it all."
- They avoid other parts of the company.
- They don't delegate the sell to sales.
- They don't pressure operations to deliver.
- Lacks apathy



CEO without a sales background Non-seller – coach

Pro's:

- Willing to learn- a good student
- Often they are less emotional than a sales based leader
- Strong operational knowledge
- Invested in process improvement across the organization

Con's

- Upsets clients without knowing it
- Can't recognize good or bad effort
- Awkward messaging to the sales force
- Doesn't respect the role of sales
- Sides with operations during conflicts
- Constant scrutiny- it's never good enough



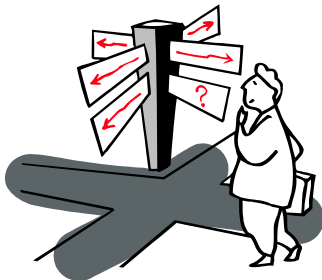
Group table discussion



List the most effective techniques that you use to manage your CEO/Leader during times of transition



Segment: 2 Are you healthy?



“The change inside needs to catch up to the change outside.”



Let's examine a healthy organization

- When problems occur there is a mutual commitment to the relationship recovery.
- The actions that are agreed to are sustained and “short term wins” are recognized by both parties.
- The staffs agree with the prognosis on issues of implementation, follow-up and they don't minimize the small steps.
- Include agreed upon metrics in the contracts – define the risks and the upsides.
- Mutual supply side management.
- Demonstrate you know the client's business.



And then one that has never been healthy

- The only measurement is sales growth %; share has never been measured.
- No feedback system
 - Customer satisfaction measurements and the equity that comes with that
 - How all parties feel on a regular basis (needs to be a way of life, not a one time event)
- When the GAM is asked about competition and he/she replies, “I don't have any.”
- Double counting revenues: President, sales leader, NSO, finance, (I won't pay twice syndrome).

Segment 3: Anatomy of decline



"it's a slippery slope"

Evidence of decline:

- Supplier begins to lose share.
- When issues take a long time to move up the ladder towards resolution and the client feels the churn.
- No proactive recognition of problems = denial or total lack of awareness (clueless).
- No clear metrics for success in the relationship: "when we have more data than the supplier, there is a problem."
- People complaining about their company to our staff = relationship and Brand tarnish.

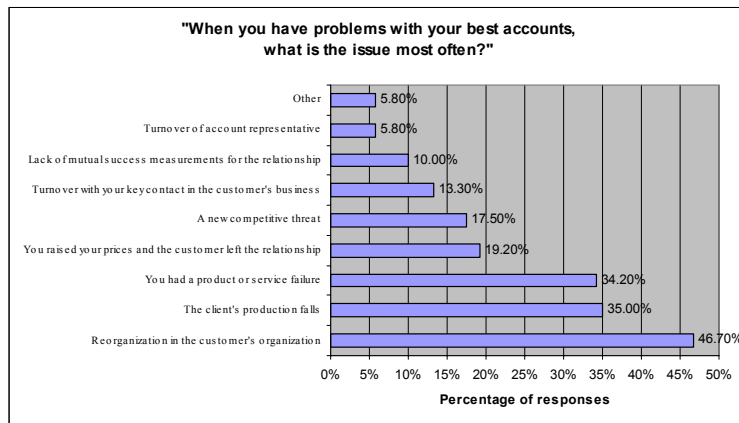


Decline continued

- Operations stops listening to sales – operations loses its curiosity mindset about your program.
- CEO stops having lunch with clients (Marriott heart attack '93-'96) not one customer – in high times you see avoidance.
- Lack of understanding of the client's market changes – research proactively, client needs change.
- Team turnover.
- Unilateral strategy shifts.
- Customer's profitability changed and you don't change your approach; the solution hasn't changed in a year.



2004 MPI European Business Leaders Conference attendee responses





Key issues that contribute to relationship problems:

- “Hit by the bus, I’m dead.” The account rep is the only connection to the relationship.
- When there is one person as the primary contact and multiple relationships have not developed at other areas of the business relationship (phantom team).
- Client is expected to train the new person.
- Affects of the institutional knowledge loss of the former GAM and the void it creates.



Relationship problems continued

- The client is not included in the selection process of the new GAM.
- Lack of formal needs assessment process to have a historical context to move the relationship forward.
- Lack of training and resources that affect the relationship.
- When companies allocate less monies during the turnover phase not more.
- When the GAM is not replaced with an equal or better person.

Segment 4: 17 steps to energize your program



"Make your move
towards health"

Make your move towards health

1. Move the team around – procurement does this to avoid favoritism, neutralize the competition's good new ideas.
2. Have a program map – if you are not on top in three years, you just have a direct selling program.
3. Be more consultative – help the client save and make money.
4. Be humble enough to replicate an idea your competitor has, "Mercedes did not invent seatbelts, they just perfected them."
5. Hold an all day session with the client(s)



Make your move towards health

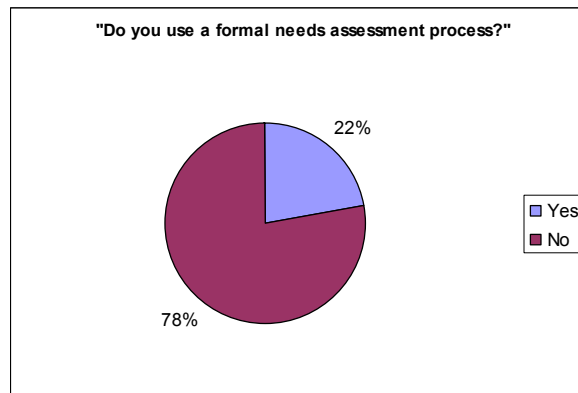
6. Examine customer service delivery
7. Conduct a competitive scan
8. Culture to culture mapping
9. Verify incident resolution time
10. Your P&L is based on clients as assets versus units, “Avis rental car – you’ve had lots of accidents.”
11. Include the client “use us” to consult on how to get things back on track.



Number 12: Good customer defined: high value, low effort

- Calibrate account deployment (time not money), how much is the client worth?
 - Growth of share with your company
 - Low cost of doing business
 - Low volume of special services/customization
 - Mix of business purchased matches your needs
 - Cycle time: length of time to move through the sales process

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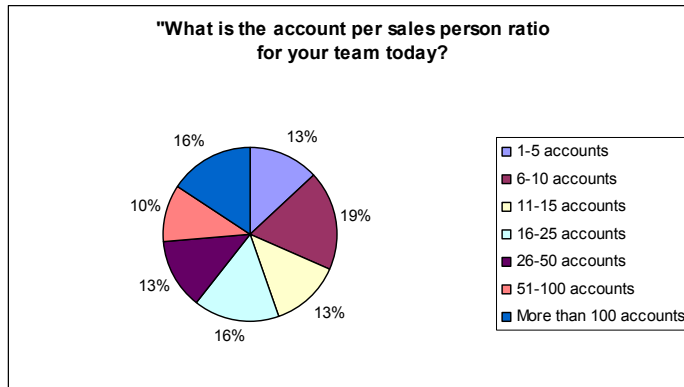


78% of the surveyed attendees do not use a formal needs assessment process.

Number 13: Appropriate account per person ratios

- ❖ 1-9 accounts, sweet spot for effectiveness
- ❖ 10+ accounts, profitability and goal achievement decreases

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61% of the attendees surveyed have sales representatives that manage 25 and fewer accounts each.

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27

Number 14: compensation

- Plans with 20% weight on customer satisfaction achievement achieve higher profitability.
- Sample Components:
 - Management discretion
 - Specific sales volumes over quota
 - Company profitability
 - Specific account objectives
 - Corporate results

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28

Number 15: Roles clearly defined

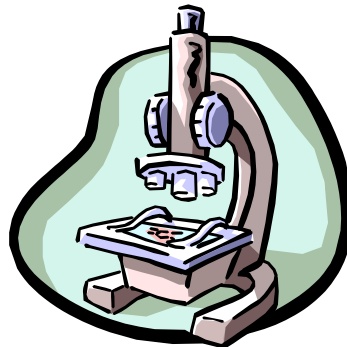
- KAM = Key account manager
- GAM = Global account manager

Core competencies:

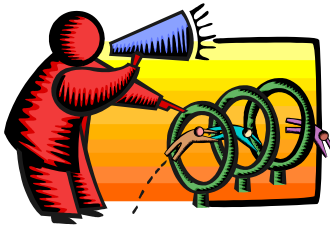
- Maintain customer intelligence and data
- Determine mutually agreed upon value drivers
- Leverage mutual competencies to make and save money
- Inside and outside selling

Number 16: conduct research

- Conduct a sales assessment:
 - ❖ Your team
 - ❖ Your top 15 clients
 - ❖ Your competitive set
 - ❖ Your division leaders



Number 17: Manage the CEO



- Use SAMA knowledge to educate
- Create a customer advisory group
- Interpret data for him/her
- Communicate proactively

Tips and tools

- Handout
 - 10 steps to account management health
- Resources
 - Websites
 - Books

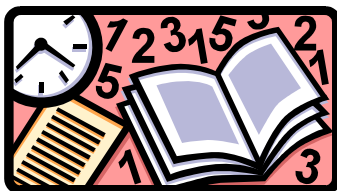


Session Summary

- ❖ Segment 1: The leadership factor
- ❖ Segment 2: Are you healthy?
- ❖ Segment 3: Anatomy of the decline
- ❖ Segment 4: Eighteen steps to improvement
- ❖ Resources and tools



Conclusion



- One key takeaway from this session
- Please complete your evaluations



Checklist Steps to Sales-Force Health

- ❑ Evaluate deployment schemes for effectiveness.
- ❑ Develop a two-year program map.
- ❑ Establish customer reviews: find ways to make and save your clients money.
- ❑ Conduct a competitive scan.
- ❑ Meet with top clients for a day-long strategy session (culture-to-culture mapping).
- ❑ Repair weaknesses in the service delivery process; measure incident resolution time.
- ❑ Assess what your top clients' "best assets" are based on (value vs. effort analysis).
- ❑ Validate the accuracy of account targeting and check resource allocation.
- ❑ Check account-per-salesperson ratios.
- ❑ Update sales compensation plans.
- ❑ Update GAM roles and job descriptions.
- ❑ Meet with your CEO and CFO and provide progress updates on the health of customer relationships.

Books:

- *Unlocking Profits* by Ginger Conlon, Lisa Napolitano, and Mike Pusateri.
- *The New Strategic Selling*, by Stephen E. Heiman
- *Winning the Profit Game* by Robert G. Docters
- *Supercharging Supply Chains: New Ways to Increase Value Through Global Operational Excellence* by Gene Tyndall
- *Competitive Advantage: Creating and Sustaining Superior Performance* by Michael E. Porter