

Compass Group: revitalizing and relaunching a healthy strategic account management program in an unhealthy economy

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Introduction

As we write this, sales and marketing budgets are being cut and business development projects canceled or moved backward in many industries. Surely then, now is the worst time to talk about launching a strategic account management program. We all know that SAM programs are a costly drain on profits in the short term but (so the argument goes) deliver more profits in the long term, right?

Wrong. As we show from Compass Group PLC's experience, relaunching a healthy SAM program does not have to be an expensive exercise. Moreover, if you have a good program, not only will you benefit when you come out of recession, but you will benefit *during* the recession, as well. However, the key to success is taking a pragmatic but professional change management approach and balancing sensible science with focused execution.

What is Compass Group?

Compass Group is a global food and support services company operating in about 55 countries with annual revenues of roughly £11 billion and 380,000 employees. Its strategic focus is on the outsourced food and support service market. It serves customers in the workplace, schools/colleges, hospitals, leisure events and offshore and remote environments. Workplace clients include major blue-chip multinationals in industries such as oil and extraction, technology, financial services, manufacturing and pharmaceuticals.

Compass uses a specific portfolio of sector brands including Eurest, Medirest and Scolarest, recognizing the need for specific go-to-market brands further underpinning the company's sector expertise. More recently Compass launched Eurest Services, a brand dedicated to serving clients in the business and industry sector covering both food and support services such as cleaning, reception, the mail room and landscaping.

Creation of the international clients program

Since 1998, when Compass pioneered the outsourced food service market with the first global food contract, the company has managed a growing number of multinational contracts. This growth has been fed by the increasing trend for multinationals to demand globally consistent solutions and transparency on total costs and service quality. In response to this and to manage the increasing impact it has placed on the organization, Compass laid strong foundations for an international account management infrastructure. This included basic processes and tools that, combined with geographical coverage, have provided the company with a unique selling proposition for multinationals.

However, as with many companies that begin this journey, the challenges were tough, and support for the original program was fragmented around the world. Fast forward to 2006 when new leaders arrived at Compass. One of their first activities was to speak with all the business leaders in the major countries and learn more about the business. From this, Compass gained six clear insights into the status of its key account management:

1. International client management seemed to offer good potential.
2. There was an opportunity to more effectively align the account teams and countries to deliver greater value both to clients and Compass. More consistency in the processes and tools used would drive this.
3. The responsibilities of the key account managers needed to extend from a focus on relationship management to looking at the accounts as businesses.
4. The reward process had to reflect the changing account management responsibilities.

5. A more proactive approach toward business development was needed to unlock the true relationship potential.

6. Compass' product and service development would greatly benefit from stronger client input.

Clearly the foundations needed renewed attention to develop the capability to serve and leverage Compass' multinational client relationships in the future. A proactive approach was required that would maximize the opportunities and also provide strong input to future service development. (See Figure 1.)

Five steps to a successful future

Step 1: Set up a dedicated international clients team reporting directly to the chief executive officer.

Last year Compass established a dedicated international clients team with a senior director reporting directly to the CEO. Next to business development, account management and finance, the IC team had a marketing/business systems function. The IC team's task was "improving the top and bottom line of international clients, developing an industry-leading KAM process to be implemented in a consistent way and installing a clearer, proactive business development strategy." The team's goal was to establish Compass' ability to manage international clients as a unique selling point. Twelve major international clients were tagged for coordination by the function.

Step 2: Get input from the country management and secure some quick wins.

After installing the IC team, a more detailed review was organized with each of the main countries to gain a deeper understanding of the key needs of the senior management team. As a result of this work two key actions were implemented. First a communications plan was put in place aimed at building executive- and country-level management buy-in. This plan had two aspects: resolving immediate internal issues related to how multinational contracts were handled and underlining the importance of executive management support for international client management. Secondly, meetings were set up with best-in-class Compass suppliers to learn how they managed their client base. Both of these actions gave the IC function some rapid internal credibility.

Step 3: Work with an external party to review the approach and come up with a refreshed version that is fit for the future.

Moreover, there was a desire to consider not only the lessons learned and best practices of the program's early life but also other companies' experiences. From connecting with SAMA, including attending its conferences, Compass studied a case study about Jones Lang LaSalle's client management program. Then Compass identified Mosaic SRM Ltd. as a partner to sharpen Compass' program. The company wanted an external specialist to challenge its current program to see how far it was from best in class. Mosaic provided the framework and experience for this and spent a day with the IC team to score Compass across numerous areas in a KAM health-check

workshop. (See Figure 2 on Page 44.) From the workshop a new IC program plan was created.

The IC program plan defines 10 key objectives for the program that keep everyone focused on the major deliverables. For example, the first two objectives are:

1. "Create a vision of what world-class IC management looks like at Compass. Use this to gain agreement on the vision to achieve buy-in for necessary changes."
2. "Take a program approach: Create reference terms and plan the journey to achieve the vision. Ensure that smaller countries are included in the plan. Treat the program as a challenge to embed change."

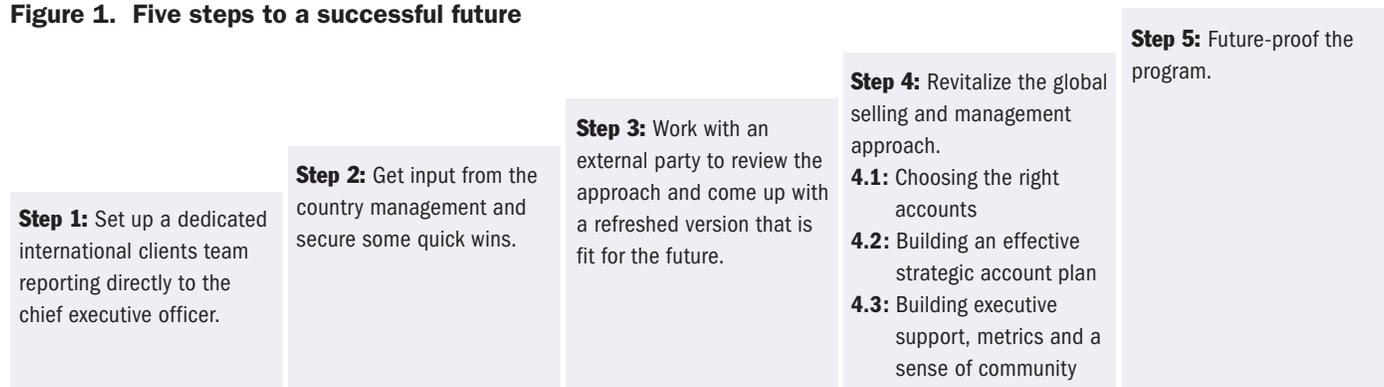
The program is then split into key areas as defined by the Mosaic model. Under each of these, there are specific action plans and clear definitions of success. This is Compass' day-to-day guide for developing its IC capability and delivering quick wins.

Step 4: Revitalize the global selling and management approach.

4.1: Choosing the right accounts

The health check also highlighted the importance of good key account selection. Compass needed to focus more proactively on developing relationships with the right clients rather than reacting equally to challenges or requests for proposals across all clients. Key account selection is not just about arriving at a list of top clients but also

Figure 1. Five steps to a successful future



about managing a strategic sales pipeline. Compass required a tool to help the company populate its sales funnel with the right names even if it currently had a single-country relationship with them. Its key account selection model is actually a process that helps filter hundreds of international accounts into a short list of potential clients and then finally into its strategic account portfolio.

Important to the process is first to have a clear definition of the minimum requirements to be considered a key account. At Compass these are:

- The current plus potential volume of food and support/facilities services.
- A multicountry/multisite presence.
- A willingness to sign a global agreement on a preferred/exclusive basis.
- A significant part of revenue should be generated outside the client's home country.

Secondly, those accounts that clear the minimum hurdle need to be prioritized. The account's importance is driven by potential (not current) business levels and the potential relationship, which are evaluated by scoring such factors as:

- Risk evaluation
- Partnering potential
- Cross-selling opportunity
- Ease of implementation

In today's environment of fewer resources and more demanding customers it is even more important to adopt a process that distinguishes between investing in the clients of the future and the clients of the past.

4.2: Building an effective strategic account plan

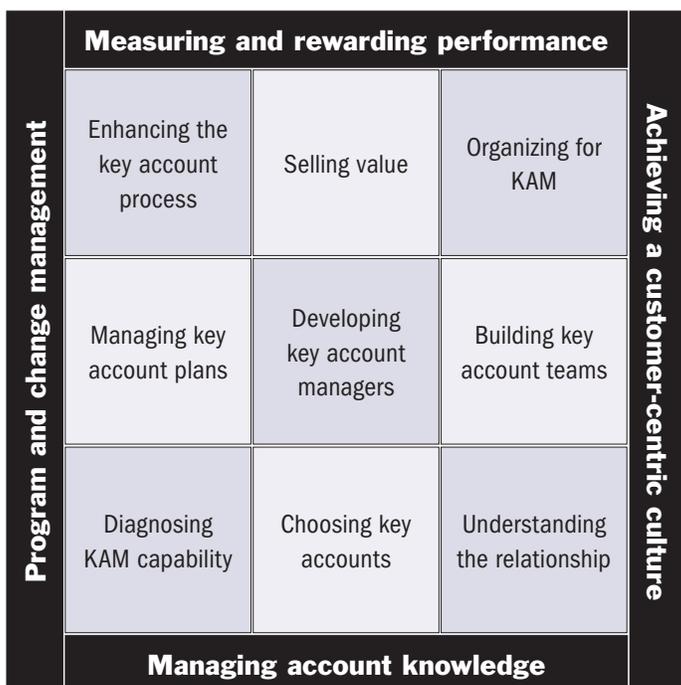
Developing an effective account plan is critical to ensuring relationship lock-in, uncovering new business development opportunities and driving rapid implementation. These are crucial tasks, especially when procurement functions are tasked to take a few percentage points off suppliers' prices. Compass' account plan is a true strategic, relationship-focused, comprehensive process to drive long-term account planning. This is the primary vehicle to push executive support internally, refocus the job from relationship manager to commercial business manager and drive better client support and alignment. The account plan is also a good tool for developing the strategic and business skills of the key account directors (KADs—i.e., Compass account managers). For example, if the plan asks the right questions of the KAD, then it helps him ask the client the right questions and question the relationship in the right way.

4.3: Building executive support, metrics and a sense of community

The health check also helped Compass focus on further development of the KAM infrastructure, including:

- *Senior executive support.* As a first step the CEO provided a statement about the importance of IC management to the company as well as to achieving the objectives of the individual country teams. In parallel, the visibility of ICM performance was raised by adding the sales and profits line of ICM to the company's strategic management and performance process. ICM is now a regular item on the board agenda and integrated into the country reports.
 - *Good internal reporting.* Standard internal management reports are now produced with the KADs that show quarterly sales, profitability, satisfaction and account penetration figures for each IC. These are used to review performance with the key account teams and are available online to the country business units.
 - *Good external reporting.* In addition to the existing financial performance reporting of its clients, Compass has also launched an online client loyalty/satisfaction measurement tool. This gives Compass a robust assessment of a client's satisfaction with the delivery of its services and how likely it is to renew a contract. The latter measure is a key indicator of loyalty and provides Compass with meaningful statistics on the progress being made across the IC portfolio.
 - *Measuring client penetration.* A customer relationship management tool is used to track client penetration. A database is used to identify current market share with the ICs and the areas of largest potential growth.
 - *Establishing an ICM community with the clients.* Compass is establishing an online ICM community that includes contacts, relevant articles and e-news for KADs. In addition the company is installing client Web portals (extranets). These include contract performance reporting, contact information, a contract archive, a best-practice archive and key dates for the diary.
- Together these building blocks ensure that solid science is balanced

Figure 2. The Mosaic model of key account management



with efficient execution and that the IC program maintains momentum.

Step 5: Future-proof the program.

Compass has put many of the key components of its program in place over the past year. However, it has its eyes set on four areas for future development:

1. Implement an *executive sponsorship* program (modeled on Siemens AG's approach). Each executive committee member is assigned a current or prospective IC account. The sponsor then plays a significant part helping to develop business with the account. Examples of this include a sponsor becoming quickly involved with any health and safety incidents and assisting with overcoming internal or external cross-functional hurdles. The account plan plays a substantial role in keeping the sponsors updated on the client relationship.
2. Expand the key account *community* beyond just the KADs to all the stakeholders at Compass. This will include integrating the account plans more closely with the country business plans and seeking increased involvement of the countries in ICM.
3. Develop a universal gold standard of performance across the KADs by developing a KAD *competency model*. This will be used to assess training needs and close skill, knowledge and behavior gaps.
4. Develop *joint account plans* with selected clients to cement the relationship and further drive strategic alignment.

Conclusions

The Compass IC program has already delivered much in its first year, including:

- Improved performance and service delivery with ICs.
- Greater consistency of service across the business.
- Company-wide activities with ICs have become more effective, efficient and aligned.
- A deeper, broader knowledge of clients

with much greater insight about their key issues.

- Better appreciation of account attractiveness, a more objective account qualification process and reduced internal discussion about priorities. This has resulted in much greater focus and energy applied to the most attractive clients.

- Improved communication and information flow internally with greater teamwork across the business.

However, for anyone else starting (or restarting) a KAM program, we would advise you to keep in mind the following:

- Secure and maintain senior commitment to the program.
- Plan some quick victories to demonstrate early success.
- Use outsiders such as consultants to provide an external best-practice solution and challenge the internal mind-set.
- Make sure there is a balance between science and execution. The exercise must be quickly converted into action, otherwise momentum will be lost.
- Keep the tools and processes simple. Don't try to model everything.

- Take the program seriously by utilizing a professional change management approach. This means having a carefully constructed program plan and team and ensuring that the key players have real business experience and authority.

The Compass IC program is a very significant vehicle for helping the company's global business strategy become locally implemented. The program has been a fundamental mechanism for delivering Compass' multiservice offerings into its key markets in a worsening economic climate. Moreover, the program has proved that with good planning and commitment, *now* is the time for serious client management. Not only will you be better-prepared for tougher client demands, but you can also take advantage of the cutbacks in your competitors' budgets to strengthen your client relationships, exploit new opportunities and reap the rewards this year—as well as in the future. 

Jeroen Kurvers and Edmund Bradford will give a presentation about launching a healthy strategic account management program at SAMAs Pan-European Conference in March in Berlin. Kurvers is marketing and business systems director for international clients at Compass Group PLC (www.compass-group.com) and can be reached at jeroen.kurvers@compass-group.co.uk. Bradford is director of the consultancy Mosaic SRM Ltd. (www.mosaiccrm.com) and can be reached at e.bradford@mosaiccrm.com or 44 (0) 1527 542530.

Figure 3. A sample client Web portal for a Compass key account director

