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Strategic Account Management in Europe

Lessons from the SAMA Pan-European Conference

By Edmund Bradford
Managing Director,
Mosaic Partnership Ltd

At the beginning of March 2004, SAMA held a Pan-European Conference in Nice, France under the theme *the Art & Science of Strategic Customer Management.* The event attracted a large number of delegates from over 50 organisations including Belgacom, Cisco, Hitachi, MasterCard, Motorola, Siemens, Vodafone and Xerox.

For many participants this was the first SAMA event they had attended, underlying the continued success of SAMA in attracting new people.

The two-and-a-half days were packed with informative sessions from practitioners and consultants. This article will highlight some of the common themes that kept the discussions going during the day…and into the wine-soaked evening!

SAM in Europe

Many delegates come from companies that have grown up from local roots. When their organisations grew and expanded beyond their own national borders, they tended to mirror their own history by establishing additional business units with another national sales organisation. Hence over time, many delegates felt their own company had become a mosaic of autonomous country-based operations.

The evolution of European organisations is often further complicated by the tendency to divide themselves into product-based divisions or to grow by merging or acquiring other organisations. Also, in today's world there are often many levels,

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SAMA Event Calendar

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Sheraton Schiphol Hotel
Amsterdam, The Netherlands

24: BEST PRACTICE FORUM
Langham Hilton Hotel
London, United Kingdom

JULY 2004

20: BEST PRACTICE FORUM
Kinko's Headquarters
Dallas, Texas

OCTOBER 2004

12: BEST PRACTICE FORUM
Sheraton Schiphol Hotel
Amsterdam, The Netherlands

14: BEST PRACTICE FORUM
Langham Hilton Hotel
London, United Kingdom

26: EXECUTIVE LEADERSHIP SYMPOSIUM
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27-28: SAMA UNIVERSITY
Le Meridien – Chicago
Chicago, Illinois

For further information or to register, please contact: Rhodonna Espinosa, Meetings and Registration Coordinator, +1-312-251-3131 ext. 38 or visit the SAMA Web site, www.strategicaccounts.org.

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S A M A

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The Strategic Account Management Association is a non-profit organization devoted to developing and promoting the concept of customer-supplier collaboration. SAMA is dedicated to the professional development of the individuals involved in the process of managing national, global, and strategic customer relationships, and to enabling firms to create greater customer value and achieve competitive advantage accordingly.

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functions and teams that regularly interface with the customer. Consequently, even within the same country there is often confusion, inefficiency and ineffectiveness in executing co-ordinated customer management.

For many delegates, presenting "one face" to the customer appears simple in concept, but involves not just a change in structure, processes and systems, but more fundamentally a cultural change in the very way that Europeans do business.

History has created quite different business qualities across Europe. The way a Brit typically does business is very different from the way a Frenchman, German or Spaniard does business. Even within individual countries there are significant cultural differences. A well qualified, socially adept account manager educated at a private school in the U.K. may not be the right person to build a good relationship with an operations-minded buyer in a manufacturing company!

In Europe, strategic account management (SAM) has to overcome an extremely diverse organisational and cultural heritage, rooted sometimes in centuries of history. This does not make SAM less relevant—quite the opposite. The culturally influenced issues are so deep-rooted that a very careful campaign needs to be adopted to overcome them. SAM is just the campaign to do this, and certainly the only way that globalising European companies can operate on the future global stage.

Strategic Customer Management Works

The good news from Nice is that SAM actually works! There is increasing evidence that those organisations that take a serious and careful look at SAM achieve a significant payoff.

Andy Mattes, Member of the Group Board for Siemens Information and Communications Networks (ICN), described that if you get the formula right, SAM should produce twice the rate of growth in your strategic accounts than in your other accounts. Over a five year period, Siemens ICN found that its strategic account business grew by 260% while is non-strategic account business grew by 132%.

Also, you don't need to look too far to find a good case for SAM. Before the Siemens programme was initiated there was very little cross-selling. In Germany, for example, 90% of customers bought only one line of Siemens business.

The impact of effective SAM can be very real and powerful. By partnering with customers who themselves are innovation leaders, you can take your organisation into completely new value-streams. For example, the Siemens relationship with IBM is now taking Siemens into completely new service lines, like voice data management.

Similarly, at Satyam Computer Services Ltd., Bipin Thomas, Assistant Vice President, described that, after introducing a SAM Programme, 618 new opportunities were identified in just one three month period. Also, Satyam's ability to take advantage of these opportunities increased. Successful conversions of leads climbed by 46% and the company's responsiveness scores rose by 36%.

Strategic Account Management Is Vital for the 21st Century

Moreover, at the Pan-European Conference there was a common view expressed by the presenters of the absolute necessity of SAM to be successful in the 21st Century.

In reviewing the Satyam-Caterpillar relationship, Bipin Thomas explained that strong relationship management was the key to its past and future growth.

Lisa Napolitano, President & CEO of SAMA, outlined that strategic account management is about investing in the customers of the future: "This means picking the leaders of the future, not the current leaders."

Andy Mattes described how the market value of many organisations is already 2-3 times the book value. Therefore, the future value of the customer base will become increasingly important in assessing the true worth of companies in the future.

A number of lessons for European organisations emerged from the Pan-European Conference. These may be divided into the four basic steps of a SAM Programme: Focus, Prepare, Execute and Review. If a company does these well, it significantly enhances its chance of success.

1. Focus Carefully

Choose Your Customers Wisely

In a session entitled, *Understanding How Customers Think and Behave*, David Atkinson, formerly a Procurement Director at Rolls Royce Aero Engines, and now a consultant and trainer with Sigma Management Development, explained that most account

managers talked to him about developing partnership relationships. "They have been talking about Partnerships for ten years but they don't know what 'partnership' means. To them it is a euphemism for a relaxed, comfortable relationship…but true partnership is a very intense relationship."

In fact, there are very few supplier relationships that buyers would see as right for partnership. "We wanted most of our spend to be in areas where there were many suppliers. That gave us control of the agenda," he stated.

"Many so-called partnership relationships are actually dominated by either a supplier or a customer agenda. For example, consider Toyota. Toyota is often mentioned as a good example of a partnering organisation that prefers open-book accounting, and that sends in engineers to help take out cost and improve quality and throughput in your operations. But it makes sure that you, the supplier, works to its agenda. Toyota sets the pace, the priorities and the tone of that relationship."

David asked, "How many organisations only choose their strategic accounts based on criteria that are good for them? The key to choosing strategic accounts is to pick customers that now, or potentially in the future, want to have a strategic relationship with you!"

If you don't build the customer's view into your strategic selection criteria you are making a big mistake that will waste huge amounts of effort downstream. David presented a Web-based framework to show how this buyer view should be built into a selection process that chooses *truly strategic relationships*.

2. Prepare Properly

Plan the Change Properly

Many delegates at the conference had had bad experiences with SAM. Their organisations had tried to get it in place but it had often stalled or been abandoned altogether.

Daniel Obodovski, Director of Strategic Marketing & Business Development for the Motorola Global Telekom Solutions Sector at Motorola, described how Motorola is now into its third SAM Programme. "This time," he said, "we decided not to speed up the process. We are looking to have a controlled introduction…when you introduce a SAM Programme it is a lengthy process. It requires a lot of change in behaviour and culture. People have to think very differently. Trying to speed it up doesn't help. Speeding up just creates a lot of misalignment and frustration."

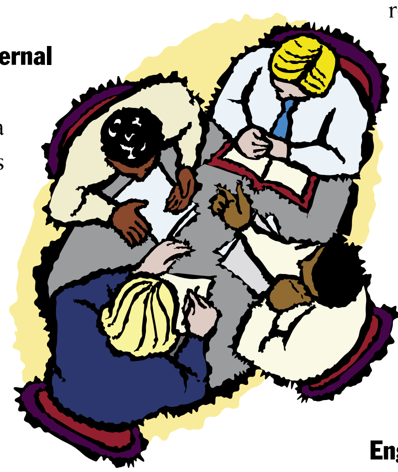
At Vishay (formerly BC Components), Leif Schwan planned a deliberate SAM change programme covering six key steps. The rationale and sharing of the change agenda were key elements in getting SAM sold internally right across the organisation.

Align Your Organisation with Your Customer

Satyam has layered its own organisation around that of Caterpillar's organisation. For example, the customer requirements are faced by global competency teams and supported by the Satyam Horizontal Competency Units. Such competency linkages create greater organisational loyalty / retention, help parallel teams communicate in the same language and help those teams prepare and launch unique offerings to the customer.

Align Your Internal Strategies

Vishay uses a common business plan per market segment that integrates the business units with the Strategic Global Account plans. This clearly shows the business units their profitability in each account and market.



At Motorola, the SAM Programme is now part of the operations agenda rather than separate from it. In previous versions of the SAM Programme, the Global Account General Manager (GAGM) was appointed remotely from ops. This led to alienation from the people on the ground and an inability to effect fundamental change. "Now," says Daniel, "the General Manager of the account is appointed from the sector that generated most of the revenue." This has led to far more support from the operations teams than was previously the case.

Another common issue is how to align long-term business development with short-term sales numbers. At Motorola, there is a Head of Business Development reporting to the Global Account GM for the particular account. In some cases this is one person, depending on the size of the account. Therefore, the medium to long-term business development and opportunity management is handled separately from sales. Only when those opportunities mature are they handed over to sales.

Planning Is Everything, the Plan Is Nothing

Once you have a change plan worked out, do not be a slave to it. Use it to set a course to where you are heading, but be ready for unplanned conditions to change. As Daniel said, "You need to have a change strategy, but you also need a lot of patience and execution capability to bring it to reality. If the rules of the game change you need to change your strategy."

3. Execute Thoroughly

Engage Your Executive

David Macaulay explained the importance of engaging executives: "You must get senior executives to sponsor programmes. This is not just the job of account managers." However, it is no good pulling in senior executives if they do not understand and execute their role effectively. "There are two dangers from senior executives.

The first danger is that they want to run the relationship. The second danger is that they have in-depth discussions with the account but don't share them. The first problem is solved by an effective pre-briefing; the second problem is solved by an effective debriefing."

Siemens has clearly gone a long way in establishing what it calls the Top Executive Relationship Program (TERP).

Manage Global-Local Tension

The effectiveness of strategic account management is tested by the ability (or inability) to get someone at a local level to work on something that benefits the corporate level. This tension between global and local interests is one of the most important in SAM. At Vishay the incentive programme was modified to recognise this corporate activity, with regional top executives encouraged to sponsor global initiatives.

At Siemens, Andy accepts that "we must have strong local representation." But he is also realistic about the limitations of local relationships: "Where we have global customers we have to adapt to their global business model."

Innovate, Don't Hesitate

There is no doubt that to succeed in SAM you must be innovative. Yet this is often an issue that is poorly understood. How do you innovate? How often have we all been told to "think outside the box"? We may agree with the principle of this, but how do we actually do it? In *Forget the Box: A Journey into the Art & Science of Innovative Thinking*, Kevin Hoffberg, Managing Director of DQI, crystallised the issue. "The problem in most organisations is not a lack of innovation," he says. "Innovation is happening all the time in production, products, processes, marketing, etc. The problem is actually how little of it gets bubbled up to the executive. To prove this, ask:

- What do we envy most about the competition?
- What did we not think about that the competition is doing?"

Now look around your organisation. You'll be surprised to find that in almost all cases, someone has already had this idea. But somewhere between idea and execution the innovation got killed.

The answer? Change how your organisation makes decisions. "In most organisations there is too much intention with insufficient resources. A decision must be backed up with adequate resources, otherwise it is merely an intention."

Be Adept in Dealing with Diversity

In Europe, dealing with cultural, functional and organisational diversity is extremely important. It is not uncommon to have multiple nationalities within a single account team. For example, Daniel described that, in one account team at Motorola, he was responsible for six nationalities in five countries.

Be Consistent with Your Customer

Motorola is now very careful not to rotate GAGMs in and out of account relationships. Daniel explained how previously, "one person would come and then disappear, then another person would come and make different promises. The good thing for us and the customer now is that we have been able to keep the key staff in the relationship."

4. Review Continuously

Have a Sensible Review Mechanism

So how do you measure the performance of your SAM Programme?

There was much debate at the conference on the relevancy and importance of establishing an Account P&L. Although the concept of an account P&L is often seen as the Holy Grail of Account Management, delegates at the conference expressed their concern that this represents only the past performance and is not a good indicator of future success.

Furthermore, for a SAM Programme to be successful you must continuously evaluate its performance and make adjustments as necessary. Annual or bi-annual reviews are simply not tied enough into day-to-day activities.

Satyam uses a balanced scorecard called the Relationship Maturity Framework. This framework considers leading indicators like strength of customer intimacy and opportunity creation, as well as lagging indicators like revenue growth and profitability.

Each indicator has an associated Strategy Analysis Tool that is used to drive out the score. The criteria within this review mechanism are weighted and plotted to continuously monitor the portfolio of strategic accounts.

In addition, with each account the Satyam-Account relationship level is plotted on a Relationship Matrix. This shows the perceived performance of Satyam (from "unsustainable" to "superior") and type and quality of relationship (from "combative" to "community") and provides a visual assessment of the progress in the relationship from "vendor" to "partner" status.

This review process is also built into a team scorecard that is used to drive out specific actions.

Summary

Although there are clearly differences in context between Europe and North America, the same golden rules apply to getting SAM in place here as anywhere. Focus Carefully, Prepare Properly, Execute Thoroughly and Review Continuously. If you are not doing this, you are not doing strategic account management.

Edmund Bradford is Managing Director of Mosaic Partnership Ltd, a European consultancy specialising in strategic and global account management.

See www.mosaicpartnership.com or for more information. .

REALITY *check*

The Economy:

Better than It Was Six Months Ago, but May Be Leveling Off

Chief executives and other senior corporate leaders around the world agree that the global economy has improved in the past six months, but fewer are confident that the improvement will continue into the second half of the year. They also agree that outsourcing is good for the world economy—but somewhat less so for individual companies. And they view Asia as the region with the most promising growth prospects for 2004.

These are among the findings of a *McKinsey Quarterly* survey of some 7,300 senior executives from large and small companies. The survey, conducted in January 2004, polled leaders from a wide range of industries and regions to develop a worldwide barometer of executive sentiment on economic and business trends. Subsequent surveys will update the responses and analyse changing trends.

Forty percent (40%) of the respondents came from North America, 33% from Europe, 16% from developing markets, including China and India and 11% from the Asia-Pacific region, including Australia, Japan and Singapore. Twelve percent (12%) of the respondents were chief executives.

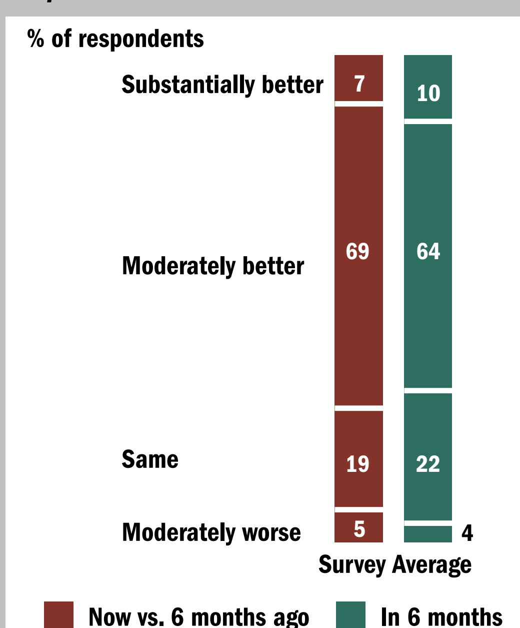
What follows is a topic-by-topic examination of the results, broken out by region and company size where those differences reflected divergent opinions.

An overwhelming number of executives in the *McKinsey Global Survey of Business Executives*, from companies of all sizes and in all regions, believe that the global economy is healthier than it was six months ago, though many expect the improvement to level off during the first half of 2004. A confidence index derived from the survey registered a level of 67; on the scale, 50 or more indicates optimism. Executives in developing markets, with a confidence index of 71, are more bullish than the overall survey average.

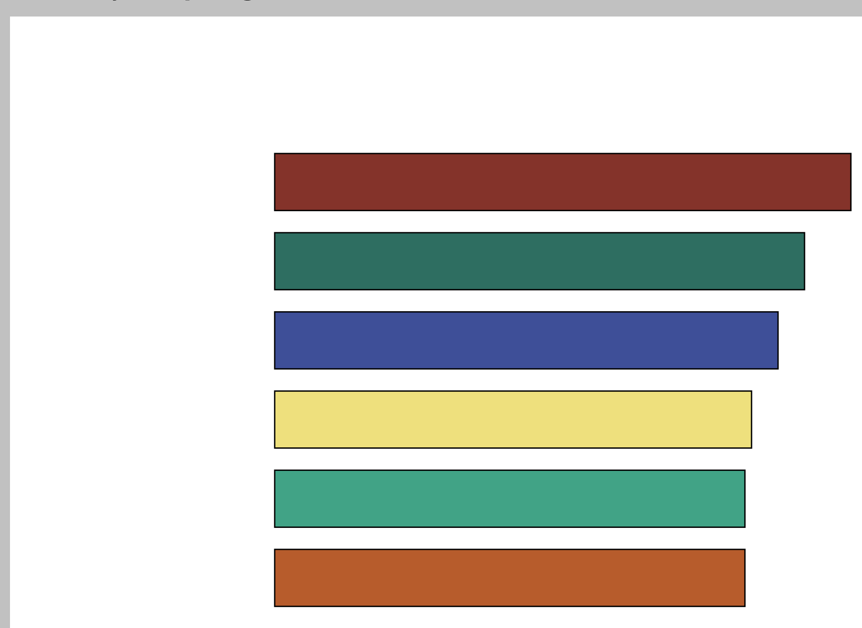
Executives in China and India are more optimistic than their peers in the rest of the world, with 87% and 80%, respectively, predicting the economic climate will get even better by July. Of the other executives surveyed, 73% shared that sentiment.

Source: *The McKinsey Quarterly*, March 2004.

How would you rate current global economic conditions vs. 6 months ago? How do you expect them to be in 6 months?



How do you expect global economic conditions to be in 6 months?



Finding Global Growth

"The springboard for international success is a very strong domestic core business."

- James Root

The world is a cold place these days for businesses seeking profitable, international growth. That was true even before the global economic slowdown and recent wars and epidemics. Swissair and Merrill Lynch are just two of many national giants that have stumbled in the international arena.

As firms expanded globally in the '90s, most failed to prosper. To find out what separates money-winners from money-losers, Bain and Company analysed 7,500 public companies over a five-year period. The biggest surprise: only one company in six achieves sustained, profitable international growth. In addition, margins earned by companies internationally were often below, and almost never above, margins earned at home.

Five Common Mistakes

Companies that failed to enhance their overall performance with international growth made five common mistakes. First, they pushed out to too many geographies too quickly, failing to invest sufficient resources anywhere to guarantee success. Second, their due diligence on local competitors was often inadequate, resulting in surprises that they might have avoided. Third, they entered geographies with no assurance of a cost advantage, or with insufficient evidence of returns that would meet their business plan. Fourth, they failed to develop repeatable formulas for expanding into international markets, thus creating excessive variation and complexity in their businesses. And finally, they neglected to hire local talent, relying far too long on expats in key management positions.

For those companies that got it right, however, the rewards have been sweet. Companies with above-average profitable foreign growth increased total revenues, as well as foreign revenues, at more than three times the rate of average firms trying to expand internationally. Operating margins at the winners were more than 60% higher than the average. And their share prices rose faster.

More than 90% of internationally successful companies we examined started from a very strong core business at home. They knew whether their industry's cost structures and customer profiles compelled them to expand overseas, or whether they should view global expansion simply as one growth option among many.

Global Industries

In some industries, firms have to be global. Computer software, pharmaceuticals and investment banking are examples. The economics of these industries are inherently global. In some cases, customers respond to a single, global value proposition. Oracle, for instance, can deliver its database and enterprise management software to buyers around the world with minimal adjustments beyond adapting it for different languages. A global customer base allows the company to amortise the high cost of product development. In other industries, companies have to capture the benefits of world-scale production. BP uses its scale as a global producer of oil and gas to generate operating efficiencies, and stays flexible to local market opportunities through a decentralised organisation.

Yet, even in an era of liberalised trade regulations and converging consumer tastes, international expansion is more often a choice than a necessity. Winning in beer, for instance, is the result of building market power and influence at the national or regional level. It's a money-losing proposition to ship beer more than 500 km from where it's brewed, and only a small fraction of a beer company's total costs can be amortised across global markets.

Overseas empires rise; they also fall. Successful corporations strengthen their domestic core business first, determine if global growth is a must or simply an option and then pursue an expansion plan that is consistent with how the money gets made in their industries.

Source: James Root and John Smith, Bain Results Brief, October 22, 2003.

Download the full article, *Matching Global Growth to Industry Structure, European Business Forum*, July 2003

Winners abroad build from a strong core business at home

5 year average	Average company	Profitable foreign growth companies
Revenue Growth	7%	22%
International Revenue Growth	10%	33%
Operating Margin	8%	14%
International Operating Margin	8%	13%
Foreign Revenue as % of Total	36%	36%

Financial Analysts Rate Capital Market Communications in Europe

European companies receive a failing grade from analysts for their capital market communications.

A study by Booz Allen Hamilton examines how buy-side, sell-side and private equity analysts in Europe rate the capital market communications of listed companies across industries. Over 60% of the financial analysts Booz Allen surveyed reported that current communication practices do not meet their requirements for making investment and rating decisions. This leads to lower valuations and – in some instances – even exclusion from investment portfolios.

In this context, Booz Allen examined the role that Chief Financial Officers (CFOs) play in closing the information gap as they communicate their companies' strengths to the capital markets. "The CFO is 'mission critical' to building credibility with the capital markets," explained Booz Allen Principal Jens Niebuhr.

Capital Market Communications Fall Short

"Ineffective capital market communication comes at a price depending on the severity of the communication deficit," explained Niebuhr. In the Netherlands, for example, 50% of analysts surveyed said they levy a penalty ranging from 10-33% on the valuation of stocks that do not meet disclosure requirements. A lack of transparency on how numbers are reported can also have an adverse impact on corporate brand equity. Insufficient disclosure, which is closely monitored by financial market regulatory bodies, can increase the risk of litigation.

The analysts called for an increased level of disclosure on financial and operational performance, strategic positioning and initiatives and delivery capabilities. However, the CFO must find the right balance between meeting these information requests while managing risk and cost to the company. Too much disclosure can result in a loss of bargaining power with customers, suppliers and other stakeholders or trigger an adverse competitive action.

The analysts also identified key components to their investment decisions – such as quality of management and convincing strategies with measurable targets – that were missing from the companies' capital market communications. "Analysts generally expect companies to put financial performance into a strategic context but many fail to do so convincingly," said Niebuhr. "The analysts stressed the value of framing the financials with market strategy, operational performance and resource deployment—all backed up with tangible initiatives."

The New CFO Agenda

The CFO's job will become more strategic and business-oriented. The functional role around accounting, financing and M&A remains important, however; CFOs will increasingly be measured based on their business impact. "The CFO must play a very active role in defining and executing corporate strategy in partnership with the Chief Executive Officer," said Niebuhr.

In this context, the CFO must act as an advocate for the shareholders' interests. "It works both ways," said Niebuhr. "From the company to the market – in terms of capital market communication – and from the market to the company—instilling an external or shareholder perspective throughout the company's business units." To foster this connection, the CFO must own a defining role in key governance processes where the multibillion-dollar business decisions are being made and establish a performance management with the required external orientation.

About the Study

The capital market communications study was led by Booz Allen Vice Presidents Irmgard Heinz and Karin Dorrepaal, Principal Jens Niebuhr, and Senior Associate Bernd Spitz.

From Booz Allen Hamilton, November 12, 2003.

How to Be a Good Manager

It's tough at the top. Once you get there, how can you meet the challenge of being a good manager?

In the last ten years, the number of people entering managerial roles has increased significantly. Managers in a variety of industries are taking on increasing responsibility while still ensuring the bottom line is met. The role is expanding, but is often made more difficult through the lack of management training received. According to Mike Trewavas, a recently retired management consultant, "Most managers are promoted because they are good at their job and it is probable that for every one manager with an MBA, Diploma or HND in Management Studies there are ten who've had no formal training." Managers inevitably face many issues and problems. Professor Tom Cannon, Chief Executive of RespectLondon, a leading management consultancy, argues that organisations seek to recruit talented individuals without realising that talent can be difficult to manage. Managers have to work with a range of people: the talented, the team players, those who handle stress well and those who don't.

What Do You Need?

Women probably make better managers due to their biological make-up, according to Professor Stephen Palmer, Director of the Centre for Stress Management. Research has demonstrated that women problem-solve using both parts of their brain whereas men use only one side to do the same task. Using both sides of the brain enables a woman to deal with more than one task at a time. Palmer believes, "Women handle stress better than men, probably because they are natural communicators and much of successful management is based on communication." New theories about management surface frequently and "management gurus" come and go. Peter Drucker, popular in the 1970s, believes that 80% of the manager's role is about supervising people at all levels in the organisation and only 20% about the technical side of the job.

Sometimes, managers get things wrong. Numerous figures are quoted by the CBI and Institute of Directors regarding the cost of legal claims made by employees for cases of constructive dismissal and stress. Marion Bell, a corporate barrister, suggests, "There would be less litigation if managers were more skilled at dealing with difficult, upset or stressed employees." It's a skill that can be learned.

Ros Taylor, MD of Plus Consulting, a successful personal development consultancy for executives, states, "With a little basic training, managers realise they have the capacity to develop people skills. We know from the follow-up work we do that these managers are delighted with the changes they've made and reap huge rewards for themselves, their staff and their organisations."

Improve Your Skills

People skills are important, but what exactly are they? Professor Palmer identifies three key areas:

- Motivation
- Communication
- Assertiveness

You need to be able to motivate yourself and others. And the greatest pull isn't always the money. Most people are motivated by being appreciated or feeling that they've made a difference. Some managers are knocked out by the concept that a simple "well done" or "thank you" can spur staff on to do more. Finding out what motivates staff means making time to talk to them.

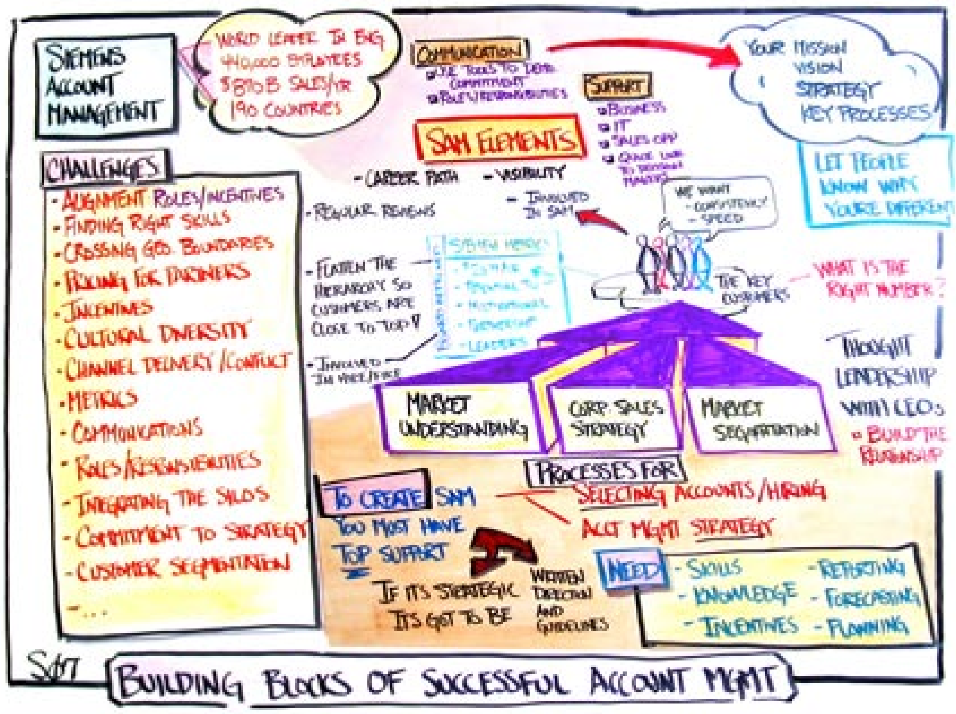
Enthusiasm is infectious. A manager who can transmit enthusiasm to her staff will increase motivation. One way of ensuring you stay motivated is to write down three things that have gone well each day.

According to Palmer, "Communication means being clear in what you say and do. The techniques range from ensuring that written information is circulated to asking for people's opinions."

By Gladeana McMahon, 2004.

The Building Blocks of a Successful Account Management Programme

Insight from David Macaulay, SVP & Managing Director, Siemens AG – IC CAM E



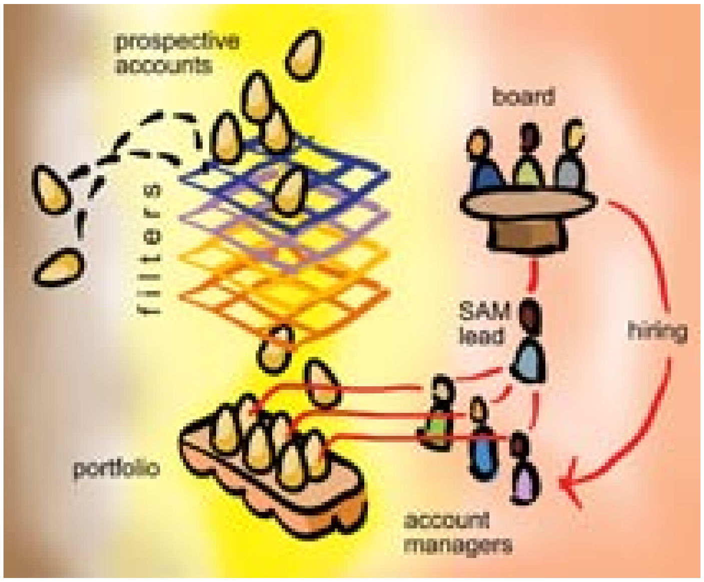
Companies need a co-ordinated approach to handling strategy, programme management and account management.

"To begin with, understand the marketing conditions, create a sales strategy and build a segmentation concept.

Account management includes three important elements. The first is top management commitment. This commitment is a journey, not a destination. It needs to be self-sustaining. Next, there has to be an account management organisation and structure. There needs to be a strategy that's clear and defined. Finally, you need a method for selecting and deselecting the accounts and finding the account managers to run them.

On top of all of this is programme management. It starts with ongoing skill development. Account knowledge is required and must be fed continuously to account managers. There must be a method for improving quality. Incentives are key. Measuring, reporting, planning and forecasting round out the programme management.

Account management requires a formal process to engage your executives with the customers. Account planning is required. Special pricing has to be designed. You must also manage the whole process. Global support is required for international organisations. Customer events are also important, both with the client and internally between various parts of the organisation and the account team."



How to Segment and Select Strategic Accounts

Create a set of filters to select accounts, and then develop mechanisms to encourage and measure commitment.

"Many companies use a set of criteria as filters for selecting accounts. First is the amount of business the customer is doing with us—that demonstrates past loyalty. Also look at the potential. Next, look for clients who have business in two or more groups. We look for multinational. Find customers who like your company and have an affinity for you. Look for companies who are leaders in their industry. Every account should be approved by the board. It's a top-level decision. It's part of the company strategy.

Commitment has to come from someone other than a sales director. If you have 27 accounts, they might all report to a single individual who reports to the board. The customers really appreciate that.

Commitment from top management needs to be in writing. The board is involved in hire and fire decisions. Regular performance reviews ensure that the program is working. Career opportunities for the account manager may tend to be limited, so you need to work with the HR people to put them on a track. Finally, the SAM needs visibility throughout the organisation.

How many accounts should you have? ROI per account may help you make that decision. Pick the right number for your company."

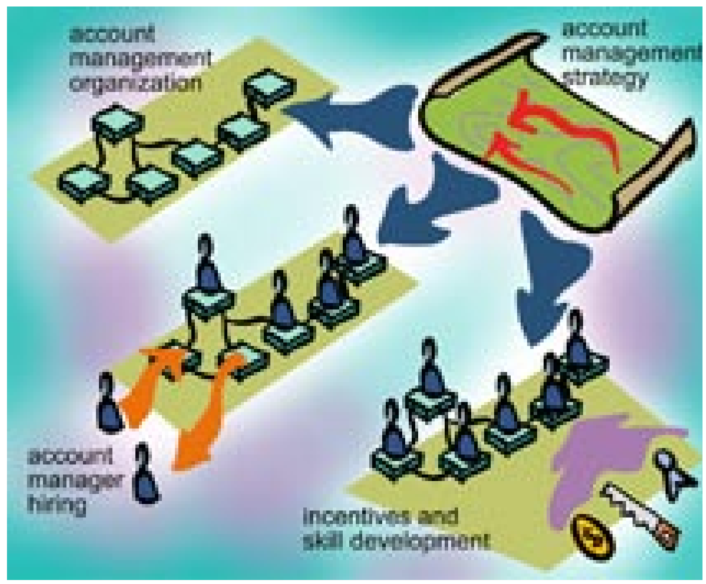
Account Management Organisation and Strategy

Some keys to a successful account management organisation, strategy, hiring, incentives and skill development.

"The account management organisation must report as high as possible. The organisation charts need to be published so everyone understands who is where. Linkages to other groups need to be explicit. Career paths should be made plain. Ongoing reviews are required. Staff functions need to be designated to help the account managers to do their job. This includes the systems required to consolidate data for measurement.

Write the strategy down and publish it. Also understand your two-to-five year vision and goals. The vision for the organisation must be linked to the vision for the account. Your strategy should describe what you will do that is unique to accomplish the goals. Then describe the key functions and processes that will be required to deliver the strategy.

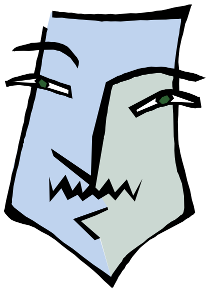
Build a good job description for each type of position and create a standard interview process. Look for people who are somewhat strategic and somewhat operational. Their job is to bring the business to the operating units and move on to the next strategic deal. He needs to be focused forward. He plays the role sometimes of an advisor or consultant.



There are absolute and relative incentives. You can pay on revenues, profit, growth—depending on the needs of your organisation. It can be product-driven or general. Incentives can be tied into business performance. The account managers are senior executives and need to be encouraged to think as such.

Develop skills in value selling, value development, creating alignment with the customer, solutions and products (portfolio), social leadership (calling on the CEO), presentation skills and financial skills. Send them to corporate governance classes, classes for CFOs or classes for engineers."

Source: 2003 SAMA Annual Conference, Session 24: *The Building Blocks of a Successful Account Program*, David Macaulay, Siemens AG – IC CAM E.



Dual Perspectives on Executive Sponsorship

Executive Sponsorship Key Learnings from the Boardroom

1. A healthy strategic account management programme is a must.
   - It makes it easy to invest in;
   - It means the executive resource will be used correctly; and
   - It allows the account manager to lead the executive in the process.

2. The CEO is a champion for executive sponsorship.
   - The CEO sets the behavioural and leadership tone for the organisation;
   - The CEO must sponsor at least one account (leadership by example); and
   - Fun factor: The CEO needs to relish this role.

3. Executive sponsorship as part of your customer's experience with you.
   - You want them to feel your integrity, agility, leadership and transparency;
   - You want them to feel more important than your competitors make them feel; and
   - You want them involved in your business.

4. Account planning is essential.
   - No account plan, no executive sponsorship;
   - Executives must contribute to the plan, but not develop it themselves; and
   - The account manager is responsible for the degree of engagement of the executive.

5. What gets measured gets done.
   - Use a balanced scorecard to measure operating company financial and non-financial targets (i.e., key account growth);
   - Measure key account service diversification and geographical growth;
   - Measure the level of executive involvement with clients; and
   - Measure key account gross and net.

Executive Sponsorship Key Learnings from the Implementer

1. Study your industry's client interface to determine if it's right for you.
   - Can your competitors be outflanked using senior executives?
   - Are your key account decision-makers reporting to senior management / executive boards?
   - Are your decision-makers expected to contribute explicitly to shareholder value creation?
   - Is your SAM Programme healthy enough for this phase of investment?

2. A good level of executive involvement:
   - Active in account planning: once per year;
   - Meetings with the client: twice per year;
   - Social activity: once per year;
   - On-call availability to account team; and
   - Intimate knowledge of the account and the account's industry.

3. Characteristics of a good executive sponsor:
   - Understands and acts the role he / she is playing;
   - Has a high degree of empathy;
   - Is able to take direction from subordinates;
   - Is a great listener; and
   - Has a sense of humour.

4. Some examples of what can go wrong:
   - The executive sponsor oversteps his / her role;
   - The account doesn't like the executive sponsor but won't say anything; and
   - The account manager doesn't like the executive sponsor but won't say anything.

5. Coaching of executive sponsors seems to work.
   - Coaching the process is more effective than organised training of executive sponsors.
   - Set the ground rules for working together via a kick-off meeting involving the account manager, team members and executive.
   - The account manager should be in the lead with the executive taking direction from him / her.

Source: SAMA Best Practice Forum, Amsterdam, June, 2001, Contributors: Mark Heavens and Harrie Noy.

Defining a Skill-Set for Global Sales Executives

Q: In an effort to strategically place candidates in executive positions, my company would like to define ideal competencies for our sales executives. Can you offer some guidance on what skills a sales executive, and in particular a global sales executive, needs to be successful in this demanding role?

A: *Paul R. Sullivan of Global Partners, Inc., tells us, "the biggest gap in the development of many sales executives in today's global businesses is a comprehensive understanding of multiple cultures… The competencies essential to becoming a global sales executive include: possessing a global mindset, developing global teams, implementing global systems, leveraging international alliances, demonstrating cross-cultural effectiveness and providing global sales leadership. Participating in global sales leadership development programmes with strategic account professionals from around the world is one of the best methods to develop these competencies."*

The table below offers more detail on essential global sales executive skills.

Sullivan also suggests that global sales executives take advantage of global opportunities by:

- *Understanding the company's goals and initiatives in the global marketplace;*
- *Getting on the distribution list for strategic plans, global marketing strategies and international news;*
- *Volunteering to work on an international committee, task force or global account team;*
- *Finding an international problem in their organisation that needs solving and recommend a global task force;*
- *Learning to mobilise distant resources through influencing skills;*
- *Developing different management styles and techniques to facilitate managing people from different cultures and mobilising resources in multiple international locations;*
- *Forging partnerships with multilateral organisations; and*
- *Pursuing partnerships with national companies, governments, funding organisations or associations to share ideas, resources and growth opportunities.*

Global Sales Leadership Competencies

Possesses a Global Mindset	Develops High-Performance Global Teams	Implements Global Sales Systems	Leverages International Alliances	Demonstrates Cross-Cultural Effectiveness	Provides Global Sales Leadership
Uses knowledge of global trends to anticipate opportunities.	Inspires commitment across geographic boundaries.	Anticipates changing needs of global systems.	Effectively communicates alliance benefits and results.	Demonstrates knowledge and respect for different cultures.	Communicates a vision that unites others worldwide.
Manages risks successfully in different business environments.	Facilitates effective global communications among all members.	Balances local and global needs when implementing systems.	Builds agreement among alliance stakeholders.	Adapts personal behaviours to compliment cultural environment.	Leverages worldwide company network to achieve objectives.
Ensures that efforts reflect local and international considerations.	Maximises outcomes by leveraging team members' strengths.	Builds global systems improvement teams.	Ensures flexibility of alliances to adapt to changing conditions.	Facilitates understanding among people of different cultures.	Able to formulate global strategies to achieve objectives.
Views uncertainty as a growth opportunity.	Aligns global resources to support team objectives.	Implements global systems change in a timely manner.	Maximises benefits of the partnership to the company.	Responds to information within its cultural context.	Models core values of company globally.