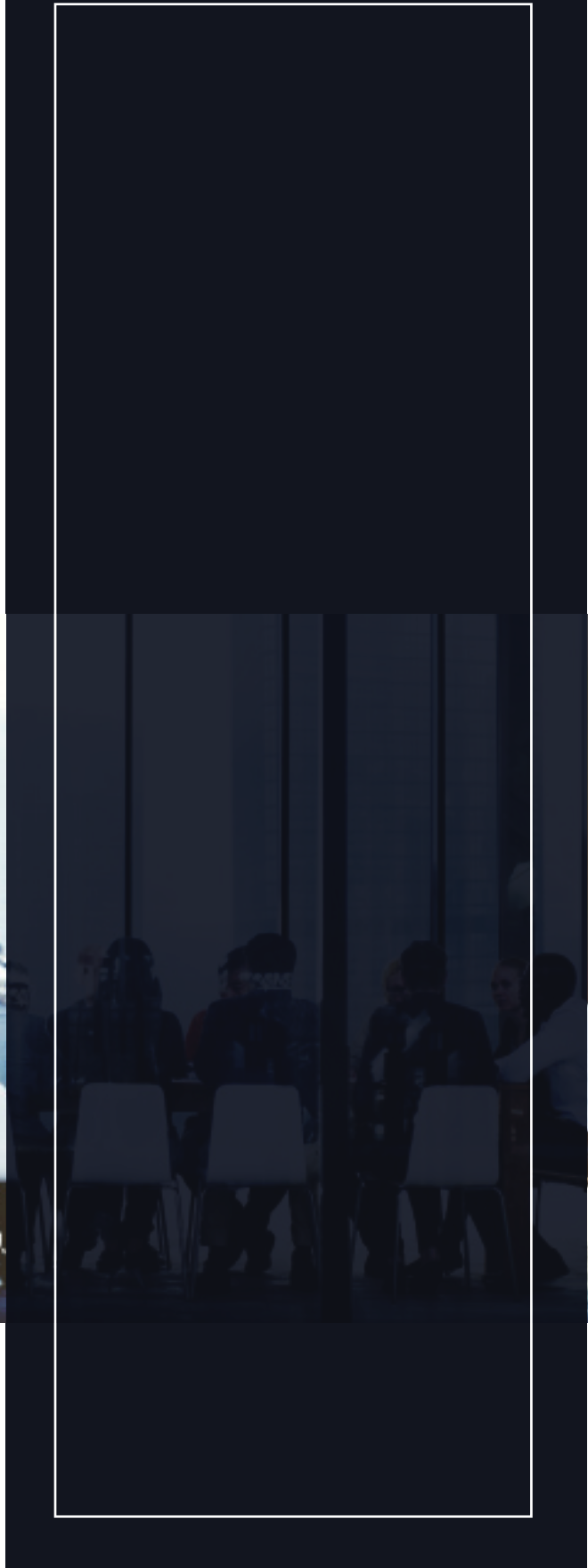


STRATEGIC ACCOUNT MANAGEMENT ASSOCIATION

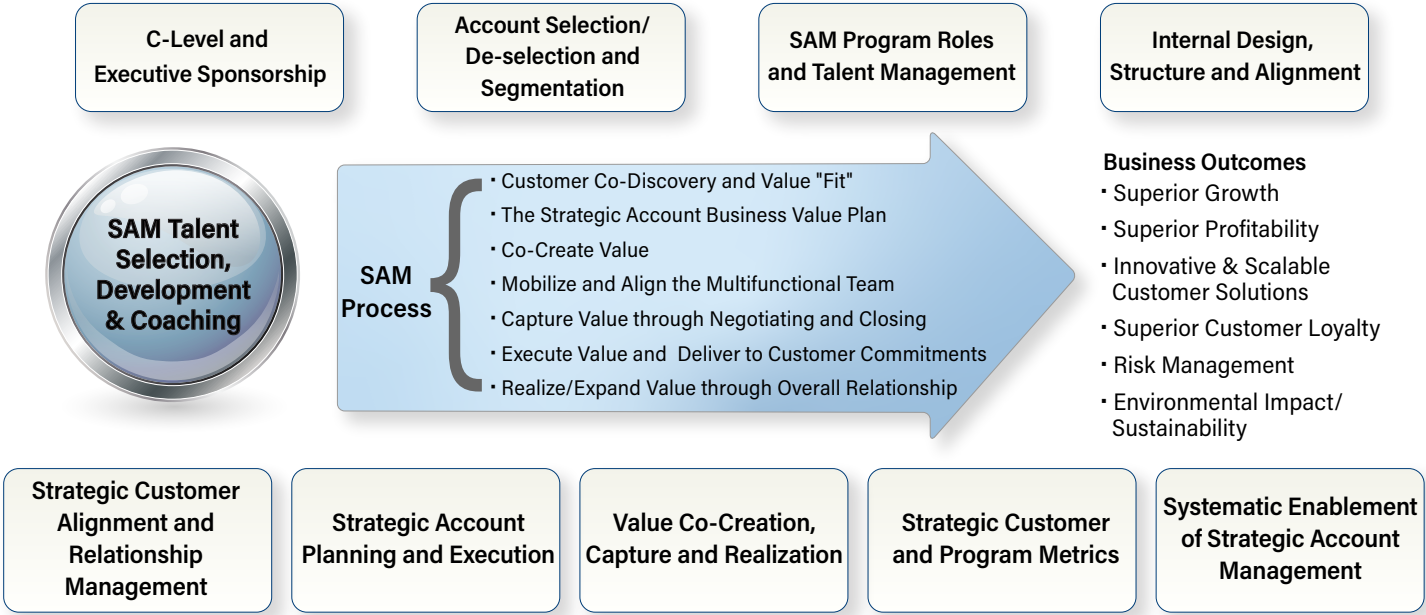
SAMA'S QUICK REFERENCE TO A SUCCESSFUL SAM PROGRAM



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SAMA's Organizational Enablers

Key Elements of Successful Strategic Account Management Organizations



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INTRODUCTION

The importance of strategic account management is the impact it can have on both the supplier's and the client's business. SAMA research shows that strong SAM programs yield double the revenue growth for strategic accounts versus non-strategic accounts, along with 20% greater profit margin as the program matures. In addition, SAMA members report much strong customer satisfaction and loyalty among their strategic accounts. Just imagine the impact on your business if you were to lose just one of your top customers to a competitor.

SAMA benchmarking shows there are several common enablers for a successful strategic account program. This summary outlines the ten most critical elements for success. You may work with your SAMA team and the full SAMA community to explore each of these areas for maximum impact.

1. Engaging the C-level/ Executive sponsorship

Based on benchmarking SAMA has conducted with dozens of the world's foremost SAM-centric companies, we have concluded that the most critical enabler of successful co-value creation is C-level support. The most visible example of C-level support is executive sponsorship, which we define as a disciplined process that selects the best executives in the supplier organization and matches them with their peers in the customer organization. For an executive sponsorship program to be successful, it must lay out expectations for the executive sponsor's impact on the strategic customer relationship and establish desired key business outcomes, such as innovation for growth, collaboration for strategic investments, and others.

But C-level support extends beyond executive sponsorship and includes setting the right expectations for the strategic account initiative; defining the corporate strategic goals of the initiative; ensuring the right positioning and visibility of the strategic account organization within the enterprise; and making it known that strategic account management is a corporate strategy, rather than just a part of the sales strategy. It is these latter two elements that constitute the most tangible forms of C-level interest and support of the SAM initiative

2. Account selection and deselection

Companies all too often confuse large accounts, critical accounts, and strategic accounts. Large and critical accounts are very important for the company because of the impact their size has on the supplier business. Yet, be very selective in choosing your *strategic* accounts, and make sure to prioritize strategic fit when making your evaluations. Just a few criteria to consider include cultural fit between your organizations, whether your customer is considered a leader/innovator in its market, and your customer's willingness to invest in the relationship and innovative projects.

Last but certainly not least, get your company's buy-in on the criteria being used to select your strategic accounts. Critical company stakeholders—such as business unit, country, and regional leaders, as well as sales, marketing, and strategy leaders—are among the most important stakeholders who should participate in the meetings to finalize the selection/de-selection criteria. Having their participation will drive improved internal alignment and communication. Overall, our members have typically selected between 2 percent and 20 percent of their clients as “strategic” based on the supplier's business, size and investment in SAM.

Most of SAMA's corporate member companies exhibit annual turnover in their strategic accounts portfolio of between 10 and 15 percent, meaning that the environment, the customers, or the relationships change to the point where there is no other choice than to rotate an account out of the program.

3. SAM talent selection, development and coaching

Research shows again and again that a superstar SAM delivers drastically more value than an average SAM. It's not even close. The latest SAMA research offers six key recommendations for those looking to find and select the right talent:

- Raise the level of importance within the company of strategic accounts and with it the integral role of the strategic account manager in effectively managing, growing, and retaining top corporate customers.
- Educate corporate HR and align their support, professionalism, and policies to legitimize, standardize, and publicize the SAM role.
- Categorize job profiles for different types of SAMs and global SAM positions.

- Where it makes sense, add more stakeholders to the recruitment and selection process.
- Formalize internal processes for both sourcing and selecting SAM talent.
- Consider screening *first* for desired personality traits and softer skills believed to be the most difficult to train or teach. Too many companies attempt to teach or train traits and softer skills

instead of using them as a filter to select the highest-potential candidates.

Once you find the right talent, it is critical that companies have the tools and management time to coach the SAMs on the job to change the way people work day to day and to transform their overall mindset. It is also critical to create a formalized and disciplined process for articulating the career path of your SAMs. To attract and retain the best talent, you have to make the SAM role an attractive career choice for your most promising future business leaders. The most important SAM competencies are depicted in the graphic to the left.

4. Organization design and structure

There has been a huge body of work on organizing around customers, and the research is unanimous: Organizational structure follows strategy. In other words, you need to put the customer at the center and organize around them. Indeed, organizing around strategic customers is essential in today's business climate of online purchasing, empowered procurement functions, and supplier reductions.

To be clear: There is no one-size-fits all model for organizing around strategic accounts, because each supplier is different. The key factor to consider is how the customer is organized. Is it global? Is it fully decentralized? Is it a hybrid of global influence but with heavy local decision making? The suppliers also need to consider these key inward-looking questions: Can we scale our solution globally? Can we ensure

efficient, global worldwide service support? Should we establish global pricing or country-based pricing to fulfill customer needs and demands? The answers to all these questions will have a huge influence on how a company decides to organize for strategic accounts.

5. SAM process for optimal co-value creation with the strategic customer

Each strategic account and each strategic account manager must be held accountable for specific business outcomes. A list of key business outcomes would include (though not be limited to) superior growth achieved with a customer, superior profitability for both parties, innovative and scalable customer solutions, superior customer loyalty, risk management for both parties (strategic customer and strategic supplier) and, increasingly, greater sustainability and lower environmental impact. All these superior business outcomes can be achieved only through a rigorous co-value creation process. SAM training and process descriptions are available through SAMA and its partner offerings.

The importance of sketching out the SAM process and showing it as an integral part of the organizational enablers is that, like in all business processes, it has to be integrated into the entire organization, and the organization has to enable the most efficient process. If you want your SAM program to succeed, your company must be aligned to support and drive both the SAM and the strategic value-creation process.

SAMA's Best-in-Class SAM Competency Model®



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6. Account plan structure and process across the matrixed organization

This is a highly structured process by which the SAM can communicate with his core and extended account team, as well as management and all other stakeholders involved in the design and delivery of customer value. It is an invaluable tool for internal selling—to align people and resources, to secure executive buy-in, to push for technical expertise, and to hold people accountable. To be effective, the account plan must include:

- **Customer strategy.** How can we summarize the customer's strategy and how, as the supplier organization, can we contribute to that strategy?
- **Key decision makers map.** Who are the key people with whom we need to have relationships and who we need to convince through our value offerings and the monetization of those value offerings?
- **Past and future value opportunities and the monetization thereof.** How much has the customer spent with us, the supplier, in the past? While it is important to have a record of past value opportunities to show the customer the value we have brought, it is equally important to uncover new value opportunities—which also must be monetized to allow the customer to make informed decisions.
- **Current and future projects.** How do we itemize current projects and future initiatives, the key stakeholders responsible for executing them, and the means and methods by which to hold those people accountable?

7. Account and enterprise alignment

Most of the time, the value packages that a SAM proposes to a customer will involve the contribution of several product, business unit, regional, and country managers from across the enterprise, which is most often organized by product groups, business units (BUs), and geographies. Yet when SAMs are asked if

it is easier to sell internally or externally, most (if not all) agree that internal selling is the bigger challenge. Usually this is because the company is not well aligned around the objective of co-creating value with its most strategic customers.

SAMA research has shown, time and again, that there are four broad areas that explain the success or failure of a SAM initiative in overcoming the challenges of a siloed, or matrixed, organization.

Alignment and leadership: The proper allocation of success factors when dealing with silos	
SAM leadership competencies and skills	40%
Alignment processes	20%
Customer governance	20%
Human Resources management	20%

*GAM = Global account manager

8. Knowledge Management Systems

There is literally no better guide for a SAM in the co-creation of value with a customer than a successful business case executed by one of his or her colleagues. Knowledge Management Systems serve as institutional encyclopedias of successful business cases. When a SAM is confronted with a business challenge with one of her customers, she can simply plug into this virtual library to retrieve the specific case that's closest to the one she is facing. It's like having the entire business knowledge of her organization at her fingertips, anytime and from anywhere in the world. These business cases can even be applied to non-strategic customers, offering a way to scale the efforts, expertise, and value developed within the SAM initiative. Depending on the supplier's business, the knowledge management system should include industry-based information on trends, practices and solutions.

9. Internal KPIs/financials

Financial metrics and KPIs are essential tools to use to convince top management that investing in the SAM initiative returns significant financial rewards. Because investing in SAM is expensive and significant, top management will continue to demand exceptional returns. These returns are measured not only in financial terms but also by predictive indicators, which measure the efficiency with which strategic customers are managed. These are a much better predictor of future financial returns.

Revenue growth, gross margin, and net profit are absolutely indispensable for measuring the financial stoutness of the SAM investment, but keep in mind that they are lagging indicators. Just as important, if not more so, are predictive metrics, such as evolution in share of wallet, customer satisfaction and customer loyalty. Obviously, each company has to select the metrics that are the most important for its management to measure and support the strategic account initiative. Once these metrics have been laid out and endorsed, they have to become institutionalized, so it's important that the financial department and C-level endorse the chosen metrics.

10. Customer SRM/Metrics

One of the key parameters leading to the selection by the supplier of a set of strategic customers is what we call strategic fit. An essential part of strategic fit can be summed up in the question "Are we facing a customer purchasing organization that is open to co-value creation, rather than a customer purchasing

organization that is essentially making decisions on price and whose essential drive and performance metrics are around the commoditization of suppliers?" Most purchasing organizations that are open to value over price engage in what we call supplier relationship management (SRM), a discipline that mirrors the SAM approach by trying to co-create value with a company's most important suppliers and to manage them much more strategically.

We recommend sitting down with your strategic accounts to identify a set of meaningful, measurable metrics you can use to gauge the success of a strategic relationship. The metrics you use will be specific to each customer, but there will be broad overlap. A few suggestions from one of SAMA's most mature SAM organizations include:

- Target percentage of prior year sales for quantifiable business results (QBRs) implemented
- Percent of obsolete systems upgraded with the goal of 100 percent over seven years
- Number of opportunities identified for customer products to be potentially used in supplier manufacturing operations
- Joint customer satisfaction survey improvements
- Gains in share-of-wallet for the supplier with the customer

Summary

The elements above can be implemented to varying degrees based on your organization and situation. More and more, technology is playing a role in supporting the SAM and the SAM program. Easy access to information trends, the ability to measure each strategic client's success, account-planning tools and automated methods are examples of support that can be provided to your program over time. Keep in mind that a strong SAM program matures with age. It is not a one-time event but rather a journey that needs continuous focus and feeding to maximize its impact.

Ranking of SAM Program Enablers

(based on how SAMA weighted them)

Enabler	Weight
Engaging the C-Level / Executive Support	20%
Account Selection / De selection, Portfolio Review Process and Segmentation by Industry Verticals or Clusters	15%
SAM Talent Selection , Development and Coaching	15%
Value Creation and Capture Within the SAM Process	10%
Strategic Account & Enterprise Alignment	10%
SAM Organization Design and Structure	5%
Account Plan Structure, Process and Support Across the Matrix Organization	5%
Customer SRM/Metrics/Score Cards	5%
System for organizational sharing and learning, and customized for SAM	5%
Business Systems that support the SAM Program, SAM processes and Strategic Account Planning (CRM, Business Analytics)	5%
SAM Program Metrics and KPIs	5%



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