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Innovate to differentiate

How top-performing SAMs achieve
competitive advantage through
innovation



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This article is the result of Performance Methods Inc.'s work in the area of strategic and global account management during the past decade. In this time PMI has implemented SAM and GAM solutions at a broad range of industry-leading companies worldwide, virtually all of which agreed to an upfront assessment of their own best practices followed by interviews of selected strategic customers. This analysis has enabled PMI to closely observe the best of the best strategic account managers and learn specifically how they deploy innovative best practices to differentiate their offerings and solutions to win business. Our findings have been validated with the voices of their customers, and the results are both compelling and convincing: Many of today's most successful SAMs innovate to differentiate themselves from their competition.

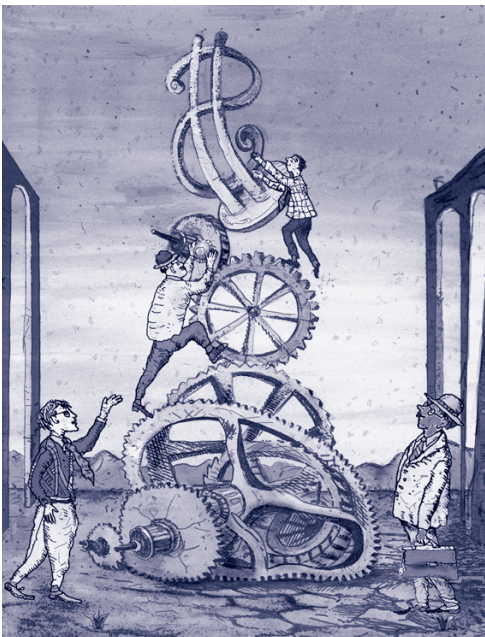
By Steve Andersen

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What can you learn from working with thousands of account managers in a decade? Plenty! Combine this opportunity with the chance to come into direct contact with several hundred of their most strategic customers, and what do you get? A fascinating field laboratory in which the customer-supplier engagement dynamic can be studied and better understood. It's well-known that innovation in sales best practices can impact the outcome of sales strategies and opportunities and that innovation within a strategic account relationship can make the difference between winning and losing. But perhaps of more interest is how today's most successful SAMs implement innovative best practices in their customer value creation efforts—in the actual words of the account managers themselves.

A strategy to innovate

We began to recognize some time ago (through the aforementioned assessments and interviews) that there was a strong correlation between successful account management and having a strategy to innovate. It seemed there were examples in practically every organization of top-performing SAMs who articulated their secrets to success by describing how they differentiated themselves through innovation. We have realized that what is really happening, in fact, is that these innovative best practices are bringing the SAMs and their account teams into greater levels of alignment with customers based on *how* they engage. This sense of connection between customer and supplier almost always results in competitive advantage for the SAM because the deployment of innovative best practices simultaneously differentiates him from the competition while pleasing (even delighting) the customer.



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The zones of innovation

Through seeking to understand what works and what doesn't by asking SAMs how and why they have been successful, then validating their responses with actual customer feedback, we have been able to develop a model of SAM innovation. Our findings reveal that innovation in the SAM world tends to aggregate in eight different but frequently connected zones of innovation. If we look at these zones (see the figure) as repositories of innovative SAM best practices, we can observe patterns of innovation that come from the field execution and customer engagement of high-performing SAMs. In other words, the zones describe the categories of innovative best practices that successful SAMs deploy to create customer value, gain advantage and distance themselves from competition.

Engagement and partnering

Many top-performing SAMs use approaches to customer engagement that are clearly different from those of competitors and do so intentionally to create space between themselves and their competition. They make it a point to "show up differently," as one successful SAM puts it, to ensure that the customer views its actual engagement and interaction with SAMs, their team and their organization as part of their uniqueness and creative value-add. "I try to rise above the noise level," says another SAM whose intent is to elevate his team's connection and communication with the customer to a level (or two) beyond that of the competition. It should be noted that both of these examples can occur early in the sales process, long before any solutions or proposals have been developed, and that both intend to get the customer's attention by being more interesting to engage and meet with based on the value of the engagement process itself.

"I don't just sell to my customer," says a highly successful SAM, "but rather, I find out how *they* want to engage, and then my team and I do so consistently." As another SAM reports: "My customer

is tired of being sold to all the time by their vendors, so I make it a point to 'shine in their eyes' when they're not buying. This alone sets me apart from

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practically all of my competitors and makes us look more like the partner that we have become to them." This SAM makes herself and her team available when the customer isn't buying (or in an open request for proposal) and differentiates her organization from the competition in the process.

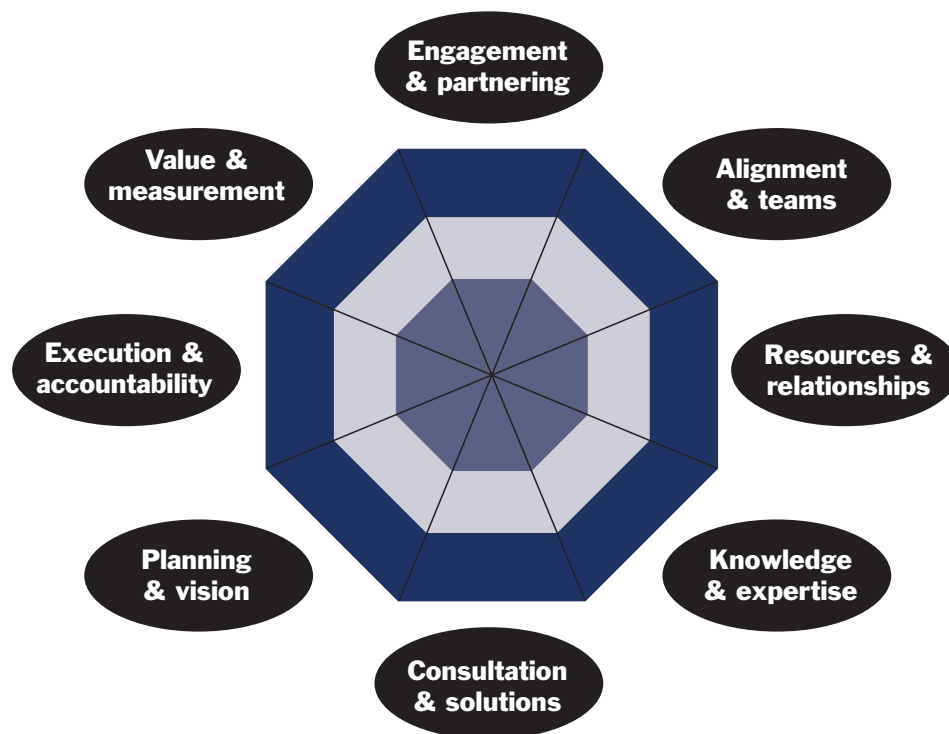
Alignment and teams

A number of successful SAMs have the

stated objective of building a "high and wide network" of customer supporters and sponsors. One SAM reasons, "I make it a point to try to understand what's important to each member of my customer's team and connect with this in every interaction with them." Another SAM has this to say: "I make it my business to first find out who's in my customer's inner circle and then understand what topics are important to them. Not only is the information valuable, but the process of engaging this way with the customer's team ultimately brings my team into greater alignment with them." Many SAMs talk about alignment, both within their organization and with the customer, but some take alignment to new levels. "I look at my customer's buying cycles and time my alignment activities accordingly," a SAM tells us. "It's much easier to align pre-RFP or pre-proposal than when the pressure's on!" We agree.

Additionally, almost every top-performing SAM we have worked with is effective at building and growing an internal network at her own

The zones of innovation





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organization. This network is typically composed of core and extended account team members who can be leveraged in value creation efforts for customers. One highly effective SAM has this to say: “For me it’s all about my team, and this is my theme both internally and externally. I can’t do everything that my customer expects by myself, and even if I could I wouldn’t. They are as interested in a high-and-wide relationship as I am! When we win, my team wins, and when we don’t I take the loss.” She indicates she always follows up internally with her team members to keep them informed of each new sales opportunity’s outcome within the account to which they have contributed.

Resources and relationships

Successful SAMs also excel at deploying internal resources to create new levels of value for customers. These SAMs differentiate themselves through innovative approaches to building and growing long-term customer relationships that can be leveraged for

new business. “I am my customer’s navigator,” one SAM says. “Nothing frustrates my customer more than wasting time trying to figure out who to talk to and how to get things done, so I remove this burden from them.” We have observed innovative differentiation even in the ways top-performing SAMs perceive the relationship-building process with customers, an example of which is as follows from a successful SAM: “I make it a point before every new sales opportunity to

Knowledge and expertise

Knowledge and expertise have been repeatedly shown to be fertile ground for SAM innovation, and our work with SAMs and their strategic customers has revealed a variety of innovative best practices. Says a successful SAM: “I’ve finally realized that one of the most important things that I can teach my customer is how to sell for me. There are many times that they are asked ‘Why this supplier?’ when others are constantly trying to undercut our prices, and I can’t always be there to field these questions about our value and differentiation. By equipping my customer supporters and sponsors to answer the difficult questions when necessary, we both benefit.”

“People are people,” says another SAM. “They are motivated by different things at different times. I make it my business to understand for each member of the customer’s team what’s important to them – both personally and professionally – and I validate this with them on an ongoing basis.” This degree of connection at the individual level is common for top-performing SAMs, as they tend to see their customer knowledge (on both a company and an individual basis) as a competitive advantage. A top performer has this to say: “The more that I know about them, their business and their wants and needs, the better I can deliver on those expectations. I’ve had customers tell me that I know more about their business than they do, and when I hear this it sounds like competitive differentiation to me!”

We’ve also detected a trend of top-performing SAMs sharing best practices with strategic customers. This can be time-consuming, and it should be further noted that most of these situations involve SAMs focused on large, demanding customers and in some cases responsible for only one or two accounts. “My goal is that my customer sees me as leverage—able to get them the things that they need to be successful. If those include expertise, best practices and even specific resources, then I

become different from my competitors automatically." Innovation is alive and well in the application of knowledge and expertise as differentiators when serving strategic customers.

Consultation and solutions

Top-performing SAMs frequently are seen as much more than salespeople by customers and are typically regarded as consultants who are effective at helping customers solve business problems. Most professionals would agree this is what today's SAMs should strive for in customer interactions, but it's how to get there that we find most interesting. One SAM deploys innovation in day-to-day account management activities as follows: "I connect the dots for my customer. What does this mean? It means that we first understand what they're trying to do and which problems they are trying to solve, and then we help them formulate solutions that may include more than just what my organization provides. We want to be seen as the one that provides a road map of how to integrate all of the potential components into a holistic solution. Then we become the glue that holds it all together as well as the ones that figured out how to do so."

We recently captured the following comment from a successful SAM: "I simply refuse to act like a salesperson! My customer is sick to death of being bombarded by self-serving salespeople, and my differentiation is rising above that by building credibility and trust with my customer through always putting their pressures, objectives and problems first." Another SAM says, "The way I see it, sellers 'tell,' but consultative sellers 'ask and listen.' I always want my customer to be able to 'see' me listen." This type of innovation goes a long way in creating a different dynamic in the customer-supplier relationship, not to mention the fact that it breeds significant levels of trust with the customer—a powerful



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differentiator unto itself.

Planning and vision

Some of the most profound innovation we have discovered in our work with SAMs is found in the ways they engage customers in planning. This includes their work in the area of "visioning" with the customer pre-RFP, before the deal is on the table. A technique we refer to as "aligning business objectives with the customer" is part of the innovation one highly successful SAM deploys consistently. When we interviewed his customer, a Fortune 50 company, we asked what was impressive about its relationship with this supplier. A customer executive immediately shifted attention away from the supplier organization and directly toward the SAM, saying, "What I'll always remember about my first meeting with him was when he asked me how I defined success both for my team and for me. Since then, practically everything that we have done together has been directed at our success, and we even have ongoing conversations about how (the supplier and its SAM) are doing in this area. No one else has ever engaged with me this way." Clearly this innovation differentiated the SAM from his competition.

A recent interview with a senior executive at a Fortune 100 company revealed the following: "I hear that many of my vendors have plans for me, but if I

have no equity in their plans, then they have a zero chance of ever achieving them!" The approach one SAM deploys to remedy this is to proactively offer the customer a "seat at the planning table" as a participant in the account planning process. "My job is to create an environment in which my customer will want to be a stakeholder in my account plan," she says. "This means several things: first, that they care; next, that they are willing to participate; and, finally, that they want me and my organization to be successful. More than any other thing that I have done, this sets us apart from our competitors."

Planning and visioning with strategic customers is also proving to be an area of innovation where it pays to be first. Our experience indicates that the first supplier within a market that engages in joint planning with a strategic customer accrues advantages that are simply not there for followers. These benefits include the opportunity to display significant innovation and thought leadership throughout the collaborative planning process, and the reality is that many customers simply don't seem to find time or have interest in planning with more than one supplier within a specific market. The differentiation of this innovative best practice is clear, so we would consider it a great example of unique, differentiable value for planning-oriented suppliers.

Execution and accountability

More and more we find that an acceptable level of customer satisfaction has become a sort of "table stakes" for even doing business with strategic customers. Furthermore, many of them expect increased accountability from suppliers (at least the ones considered to be strategic suppliers), and they demand excellence in execution and getting things done. One customer executive describes the situation this way: "Before our relationship with (the current SAM), we always knew that their company would eventually get things right in the end, but this caused us unnecessary levels of stress, communication and re-work in the process. Now with (the current SAM), we seem to always get things right the first time, and this means a lot to us." It was interesting to close the loop with the SAM and hear his side of the story, in which he described his objectives of "always striving for customer delight" and "under-committing and over-delivering" against customer expectations as a normal course of doing business.

Another highly effective SAM says, "Trust plus credibility equals customer loyalty." Her goal is always to be in a trusting relationship with her customer, which, interestingly, from her perspective does not mean she and her organization invariably get everything right but rather that they always *make it right* for the customer (and communicate proactively throughout the process to reduce stress levels). We also find evidence that many of the most successful SAMs maintain an ongoing commitment to stay close to customers beyond the buying process and into the deployment process. As one SAM explains, "I go the distance with my customer. To me this means that they can count on me being there even when I don't have to be. This builds confidence and trust in our relationship, not to mention the fact that they don't worry as much because they see me as their 'go to' guy." Consistent execution and always doing what we say we will do mean much to today's strategic customers, and many successful SAMs

set themselves apart from competition by excelling in these areas.

Value and measurement


To measure or not to measure—perhaps that used to be the question. But today we feel that every effective SAM program must have supplier-initiated metrics to be credible and complete. We recently heard from a supplier concerned about the metrics score card that one of the supplier's customers (a Fortune 100 company) had imposed. However, we think that at a minimum it is both appropriate and healthy for the supplier to proactively suggest how value creation with strategic customers will be tracked and measured. After all, isn't this the type of value a strategic customer should expect to accrue from its participation in a supplier's strategic account program?

How do successful SAMs approach this? In some very innovative ways and by using some equally innovative techniques and best practices! In the words of one successful SAM: "I always make sure that I know what my customer values most, and then I ensure that we 'measure what they treasure' on an ongoing basis. Even our conversations about this set me apart from my competition, and I once heard a customer say that he felt that my competitor was more interested in measuring the size of their commission check rather than the value of services delivered to the customer. I loved this." Putting customer-defined metrics in place – and even integrating them into your account plan – speaks volumes to a strategic customer about your intent to be in a long-term, mutually beneficial relationship.

Among the most innovative techniques we have discovered in the areas of value and measurement is extending a supplier's value proposition beyond the customer and on to the customer's customers. This approach is best summed up thusly by a top-performing SAM: "The way I see it, if we are truly strategic to our customers, then there should be some value passed on to their customers as a result of our

relationship. I have fascinating discussions with my strategic accounts in this area—even if we never come up with anything specific to measure!"

Conclusions and recommendations

Many of today's most successful SAMs deploy innovative best practices to differentiate themselves from competitors, and we hope this article has provided insight into how they accomplish this. So how can you and your organization "bake" innovation into your SAM program? First, reflect on the zones of innovation that were introduced earlier, then notice where innovation is alive and well within your team and account management efforts. Next, take a look around your organization and observe what successful SAM peers and colleagues do to create value for their customers. Finally, sit down with your customers and have candid discussions about what they expect in a relationship with a strategic supplier and how they would like to engage with you, your team and your organization. The results of such conversations may surprise you, and odds are that your competitors have never engaged in this type of dialogue with your customers. If your competitors haven't, then congratulations: You've just used innovation to differentiate yourself from the competition! 

Steve Andersen will give a presentation about innovation at SAMAs 44th Annual Conference in May in Dallas, where session attendees will receive a tool based on the zones of innovation. He is president and managing director of the Alpharetta, Ga.-based consultancy Performance Methods Inc. (www.performancemethods.com) and can be reached at (770) 777-6611 or sandersen@performancemethods.com.

Additional resources

For more information on this subject in SAMAs library, the editors recommend: Michael J. Stevens, "The inevitable tension: long term versus short term," *Velocity*®, Vol. 9, No. 4, Fall 2007, www.strategicaccounts.org; and Steve Andersen and Allen Tuthill, "Charting the future with your customer: how Assurant Solutions implemented collaborative account planning," *Velocity*®, Vol. 9, No. 2, Spring 2007, www.strategicaccounts.org.