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The keys to effective strategic account planning

Key 6: Align the supplier's objectives with the customer's

Strategic Account Management Association

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"The keys to effective strategic account planning" is a best-practice model Performance Methods Inc. has developed from our extensive client work in the strategic account management area as well as our affiliation with the Strategic Account Management Association. Chances are, if you've recently gone to a SAMA event, you even may have attended a session bearing the same name. This model, based on 10 critical best-practice areas, establishes a SAM execution framework. In this article series, we will "unpack" each key and provide insight into how global industry leaders achieve SAM excellence through effective implementation of best practices.

Align the supplier's objectives with the customer's objectives

Everybody knows that when a supplier connects with what is most important to its customer, good things are bound to happen. But if that is true, then why are there so few examples of suppliers and strategic customers actually doing this? As it turns out, as natural as this might seem, aligning supplier objectives with those of the customer is not something many SAM programs can claim as a best practice. Yet the impact from effectively doing this with strategic customers can be profound, and it's not hard to see why.

Let us think like the customer for a moment. Does your customer want to succeed? Does he want to work with suppliers that help him succeed? Of course the customer wants this, and aligning objectives is about the supplier and customer succeeding together in an environment of transparency and collaboration—both rare commodities. In this article, we'll discuss how some of the best of the best effectively do that and why aligning objectives with your customers (or even simply having these types of discussions) can be an absolute game changer for both parties.

Co-creation's seeds

If you're going to align objectives with your customer, the first step is to come to grips with the challenge you face: What do you need to know to enable you to align, and how will you get this information? It's well accepted in today's SAM environment that understanding the customer's business is "table stakes" for establishing credibility with the customer's team, but there are varying degrees of understanding and significant differences among them. Consider the request-for-proposal process. When you reflect on the most recent response you prepared for a customer's RFP or request for information, was it immediately clear what the customer was looking for, or did you find yourself using knowledge that you had developed through previous engagements with the customer? Also, are objectives only business in nature, or is it possible your customer's people have personal objectives that would never show up in an RFP document? The latter's answer is yes, and the most successful strategic account managers realize it.

Within SAMA's community of practice, we like to speak of co-creation, a term implying that value creation is accomplished jointly and mutually between the customer and supplier. Denise Lodrige-Kover, vice president of global SAM at Hilton Worldwide (www.hiltonworldwide.com), provides insight into the connection between value co-creation and understanding what is important to the customer: "From my perspective SAM is all about creating and co-creating value with our strategic customers, which requires an understanding of what the customer is

Figure 1. The keys to effective strategic account planning

1: Define "What is a strategic account?" and assess the ongoing fit.

2: Discover what the customer values most and validate it.

3: Assess and strengthen the account's most strategic relationships.

4: Position and differentiate the supplier's unique value with the customer.

5: Integrate and balance the account and opportunity planning processes.

6: Align the supplier's objectives with the customer's.

7: Develop and implement a proactive growth strategy to grow the account.

8: Engage the customer in the account planning process.

9: Establish performance metrics to measure and track SAM execution.

10: Provide coaching and sponsorship to account teams as needed.

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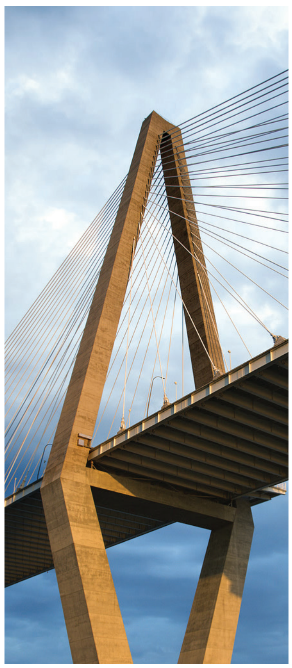
trying to do." How true. SAM's essence is the growth of customer relationships based on value creation and co-creation, begging the question: What does it take to engage at this level with your customer?

Our work with clients has taught us that without application of two important skills – discovery and alignment – there won't be much co-creation. We've talked about those in prior articles in the context of discovering customer value (Key 2) and the relational alignment between two organizations (Key 3). Discovery refers to the process through which SAMs seek to better understand the customer's business by asking value-focused questions that gain specific insight. Alignment refers to the process through which SAMs connect their organization's objectives with those of the customer and build relationships based on credibility, trust and value creation.

What is fascinating is that without effective application of discovery at the front end of customer engagement, there is simply no solid basis for the alignment we need to connect objectives. Think of it this way: We've all had sales experiences in which we were the buyer and a salesperson tried to become our best friend just in time to sell us something. Rather than tagging any particular industry, let us merely say that there are environments where salespeople are known for trying to close business without investing significant effort into learning more about the customer and what matters most to him—i.e., not taking time for much discovery. I don't know about you, but for me this feels disingenuous and causes me to bring up objections I might not otherwise raise. Why? Because I'm not ready to buy when the salesperson is ready to sell. So the sale fails and the connection isn't made. The reason for this is apparent in sales situations:

No discovery, no alignment

Unfortunately when there is no alignment, you're probably just a vendor. And vendors don't typically have the trust or credibility with the customer to talk about aligning objectives. So if aligning objectives is about co-creation and co-creation is a function of discovery and alignment, then discovery and alignment can be considered co-creation's seeds.



It's the providers daring to be different and caring enough to collaborate that are first to engage at this level with customers, and the resulting benefits these providers can accrue are significant.

Discovering your customer's objectives

Discovering your customer's business objectives is not only about gathering data. It's also about elevating the conversation to a new level that in many cases provides competitive insulation as well as reaches a special place with the customer in terms of what she is comfortable discussing with you. I once heard a SAM refer to this as "rising above the noise level of business as usual," and there is certainly truth to that analogy. We've all heard of "important few/ unimportant many" as applied to suppliers and even life in general, and if you put the customer's headset back on for a moment, you can imagine how the customer might feel: "Everybody wants my business, but few really understand what is important to me." The supplier rises above the noise level when making it the supplier's business to understand the customer's business *and* value expectations. We unpacked this topic in Key 2 and shared specific examples of 16 types of customer value expectations. Here we will consider two of these:

- "The supplier solves our business problems."
- "The supplier helps us envision and plan our business."

If the objective is what the customer needs, then value expectations become at least in part how the customer wants to experience this. Hence one way forward in discovering customer business objectives is to ask focused questions regarding *what* the customer values and will define its success, then agree *how* you will engage with the customer's team to pursue those value targets. Have you ever known a SAM or salesperson who didn't want to matter more to customers? The question becomes how to do it, and the answer may not be as difficult as you think: It's by helping your customer succeed through aligning with the customer's business objectives.

Why should your customer share his objectives with you?

Would you tell intimate details about your personal goals to a stranger? Probably not unless you're sitting in an airplane with a long flight delay. Even

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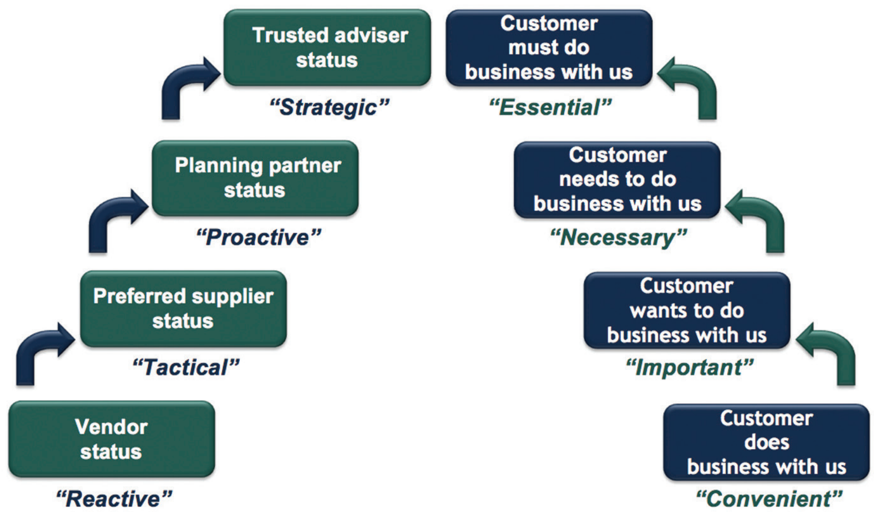
Figure 2



more to the point, would you share this type of information with someone you did not trust? Unlikely. When it comes to sharing business objectives – both the customer with the supplier and the supplier with the customer – it's important that each party earns the right to engage at this level. In some environments, it might require putting in place a mutual non-disclosure agreement.

Why would your customer choose to give this kind of information to you? There is only one reason I can think of: because the customer believes that you can help him succeed more than he would without you. "Long-term business relationships that are based upon trust and credibility provide an environment for having the conversations around how we can align our efforts with our customers' objectives and help them be successful," Lodrige-Kover adds. "This is one of the reasons why we invest so much time and effort into building trust-based relationships with our customers."

If you're experiencing a trust-based relationship with a customer, congratulations: You've joined an exclusive club. Why? Because there is simply not enough time for customers to invest in many of these types of relationships, particularly with multiple providers in the same market. And reciprocally, most suppliers will not invest the level of time and effort to build and sustain these relationships. In Key 3 we defined and described four levels of supplier relationships with customers: vendor, preferred supplier, planning partner and trusted adviser. These definitions are based on more than 1,500 interviews with our clients' customers and allow insight into their thought process when they engage accordingly. (See Figure 2.)

The reason a customer is more inclined to align objectives with a planning partner or trusted adviser is because those relationships are based on the currency of trust and credibility. This is why these suppliers are at least necessary or perhaps even essential to the customer. Imagine the steep climb from bottom to top as the SAM attempts to "ladder-up" the relationship, not to mention the time and resources that will be invested in this journey. History shows that this relational ascent can take years of hard work by the SAM, yet the fall from the peak to the base can happen much more quickly. The good news is as you rise above the noise level, the air becomes a little clearer and the view is much improved, as well.

Building bridges

You certainly don't have to align objectives with your most important customers to succeed with them. You may be fine without this level of collaboration and engagement. But if you want to become more strategic to your most important customers by aligning objectives, this begs a couple of notable questions: Why should a customer align with you, and why should she align with you instead of your competitor? What customers expect from suppliers they consider planning partners or trusted advisers is commitment to their success. The difference between competing providers in a market is sometimes subtle at the product, price or even service level. So we need to go to deeper levels of value creation to truly connect objectives and build a bridge that will sustain this type of customer/supplier partnership for years to come.

Your unique business value is the foundation that will support the bridge between your and your customer's objectives. This is because your unique business value is what the customer needs that he doesn't have and your unique business value is what you have that your competitor does not. In Key 4 we concluded that supplier value isn't unique because someone says so, but rather it becomes unique when it is aligned with the customer's business drivers, objectives and challenges in a way that can be quantified and measured. If it was easy to make these connections, then every supplier would, and you can be sure that most do not. There are barriers to entry—ones you could expect. But the reward for bridge builders can be significant and long term, and the barriers to entry for vendors can be almost insurmountable.

Are you ready, willing and able to align objectives?

So the choice is yours. Are you interested in aligning objectives with your customer? The upside to doing it is

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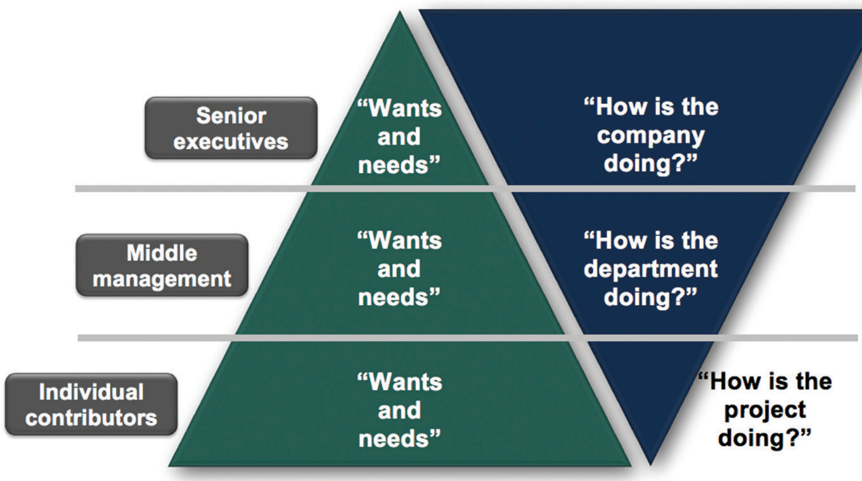
Figure 3



huge, but there is a downside, and this is something to consider. Introducing this level of customer engagement should be taken seriously by the supplier before proceeding. It is extremely difficult to return to the way things were. So prior to initiating this concept with your customer, it's important to reflect on the resolve you and your organization have for continuing. We recommend a few simple tests to help determine whether aligning objectives with your customer is right for you and now is the time to start:

Testing your willingness to align objectives

- We are willing to focus SAM and selling efforts on solving customer problems: yes/no.
- We are willing to listen to customer needs before discussing merits of our products and services: yes/no.

Testing your ability to align objectives

- We are able to invest the time and effort necessary to understand our customers' external pressures, business objectives and internal challenges: yes/no.
- We are able to make ourselves available for customers even when there is no immediate sales opportunity: yes/no.

Testing your readiness to align objectives

- We are ready to commit the resources required to engage effectively with our customers for the purpose of aligning objectives: yes/no.
- We are ready to commit that if we start these types of activities with customers, then we will continue to prioritize this: yes/no.

You need affirmative responses to those questions to be in a realistic position for aligning objectives with your customer. Also, consider the possibility that you may be required to align objectives at multiple levels of the customer's organization, and this may mean additional time and resources. Understanding the complexity of the customer's organization (see Figure 3) and carefully defining the scope of your efforts to align objectives with the customer are key considerations before proceeding.

Conclusions and recommendations: the long-term perspective

Perhaps as you read this you realize, "Hey, I'm already doing some of this." If so, congratulations. But if it's not an intentional effort to align objectives with your customers, then it's probably not repeatable, and accidental goodness is rarely sustainable. Aligning objectives with your most important customers establishes a strong foundation for collaborative planning, a topic we will discuss in a future article. In the meantime as you consider the power of aligning objectives, remember the consequence of being first in line. Most customers we see never reach this level of collaboration with supplier No. 2, so the potential competitive advantages and insulation that can accompany aligning objectives with the customer are compelling.

In the end it's the providers daring to be different and caring enough to collaborate that are first to engage at this level with customers, and the resulting benefits these providers can accrue are significant. Most customers tell us that "no one has ever talked with me this way" when suppliers begin engaging in discussions focused on customers' success, and to say they appreciate it is surely an understatement. But keep this in mind as you plan to move forward: Where there is low credibility with the customer, there is almost certainly not enough effective discovery going on, and where there is little trust in the relationship, it is doubtful that there is strong alignment with the customer. You see, when it comes to aligning objectives with strategic customers, vendors need not apply.

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Additional resources

For more information on this subject by this writer in SAMA's library, the editor recommends: Steve Andersen, "The keys to effective strategic account planning: Key 5—integrate and balance the account and opportunity planning processes," *Velocity*®, Vol. 14, No. 3/4, Summer/Fall 2012, www.strategicaccounts.org; and Steve Andersen, "The keys to effective strategic account planning: Key 4—position and differentiate the supplier's unique value with the customer," *Velocity*®, Vol. 14, No. 1, Winter 2012, www.strategicaccounts.org.

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