

10-Step Strategic Account Management E-Book

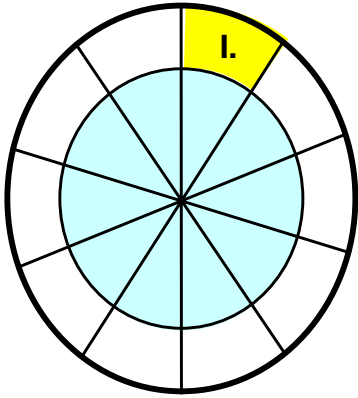
This sample guide to **Strategic Account Management** is based on a compilation of best practices identified in benchmark research and numerous client cases. It is designed to demonstrate the outcome of strategic account teams following our 10-step process for formulating and implementing a strategic account plan.

The following tips should help in the strategic account management process:

- Read the entire planning guide to filling it in, as it is designed for learning the SAM process
- Be flexible - adapt the questions and forms to fit the business and the account's needs.
- Follow the 10 step process in an iterative way, constantly checking back to make sure the requirements and strategy are consistent and logical.
- Remember, this is a continuous process. Since most of the information is dynamic, the plans should be reviewed and revised frequently, and a major comprehensive plan should be done once or twice per year.
- The goal of this comprehensive guide is to provide you with detailed analytical tools. Once the Account Planning process is familiar, a shorter Account Plan may become a more efficient document for your regular use.
- With large accounts, each representative should contribute the information from their respective areas of this account plan to build a combined document. In most cases, you will use this document to record and plan your particular activities.



I. Develop Customer Profile



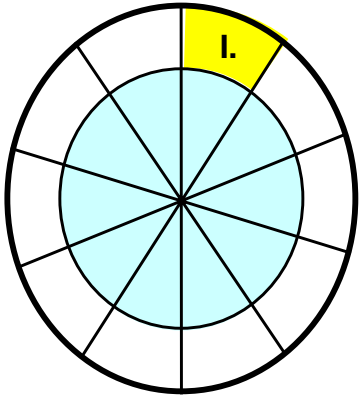
The "Strategic" approach to managing accounts requires you to become customer-focused.

There must be a commitment to understanding the customer's business as an insider and to providing value-added solutions throughout its organization.

Think about the account to understand the CEO's vision, the strategies, its organization and their objectives.

<i>Account Name:</i>	Volvo Car Corporation		
<i>Location:</i>	Gothenburg		
<i>Description:</i>	Car-Manufacturer		
<i>Products and Specialities</i>	Cars		
<i>Facilities:</i>	Gothenburg, Ghent, Udevalla		
A. Customer Objectives			
<i>1. Long-Term Vision and Goals:</i>		<i>2. Specific Short-Term Objectives</i>	
Become a totally customer-oriented Company <ul style="list-style-type: none"> Secure "Premium Brand" Status <ul style="list-style-type: none"> Improve perceived quality Improve overall image Focus on brand values <ul style="list-style-type: none"> Safety, personnel security Family, environment Emotional brand perception Environment Become #1 at JD Power Customer Satisfaction Sales to increase to 600.000 p.a. Introduce new small car, based on Safety Concept Design (SCC) Increase profitability Decrease development time of new vehicle to 24 months 		<ul style="list-style-type: none"> Focus on high Quality program initiative. Launch of the XB-90 Introduction of Bi-Fuel vehicles during 2012 Introduction of low-emission engines (Noise problems) during 2015. 	
		<i>3. What are their strategies to achieve these objectives?</i>	
		<ul style="list-style-type: none"> Offer a product range which covers all car segments (see BMW, Audi, Mercedes) Focus on Total Quality & Environment Stay "Best in Class" on safety Emotional customer oriented styling concepts 	
<i>4. Financial Position</i>			
<i>Revenues</i>		<i>EBIT /share</i>	
<i>Profits</i>		<i>Share price growth</i>	
<i>Growths</i>		<i>Bond rating</i>	

I. Develop Customer Profile



Understanding the formal organizational structure is an important starting point. However, as we will see later the 'informal' network of decision-makers and influencers is far more influential on the customer's actual buying process.

B. Organization

1.a. Ownership of account

Volvo Car Corporation

1.b. Governance and structure

Volvo Car Corporation

1.c. Alliances with other organizations

Ford / PAG

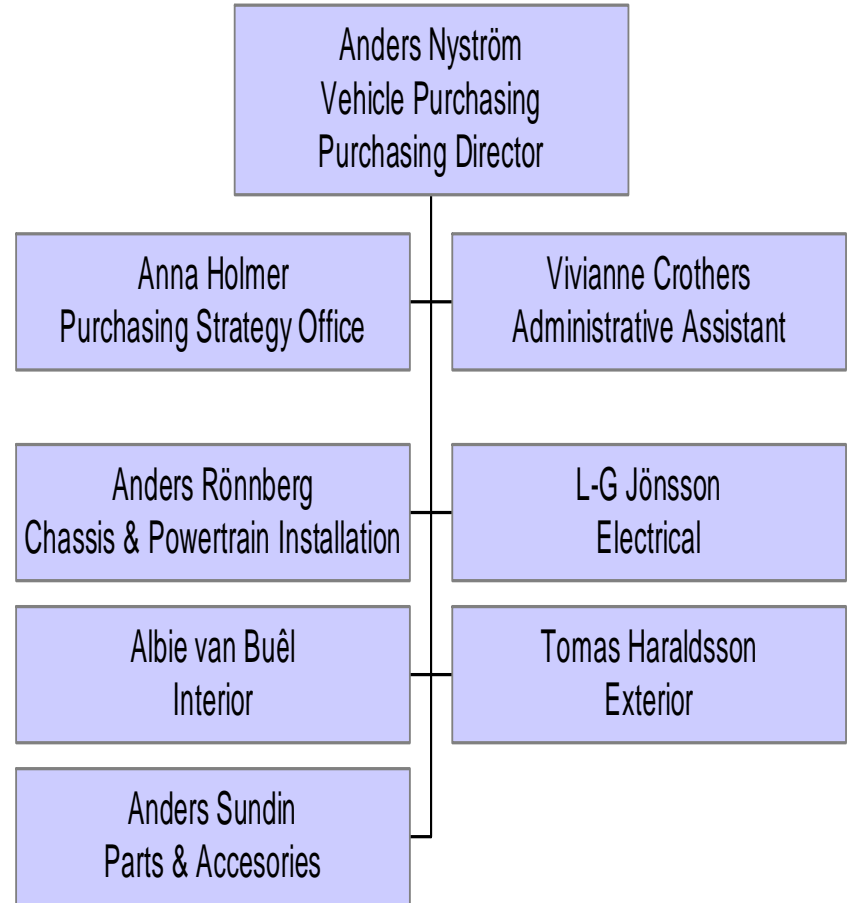
1.d. Major Market Areas

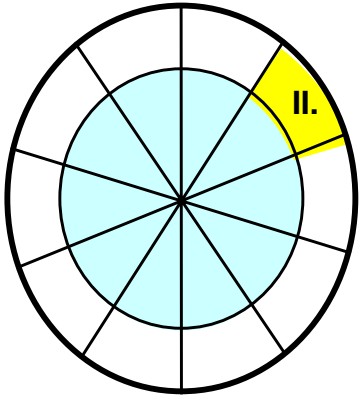
Volvo Car Corporation

1.e. Explain primary reasons why their customers buy from this organization

Reasons: Safe high quality cars, with modern design for customers with different life-styles

2. Organization Chart





Think through your current relationship with the account, focusing on the account history, present contract performance and perceptions of your company within the organization.

A. History

1. Initial contacts and evolution of your business

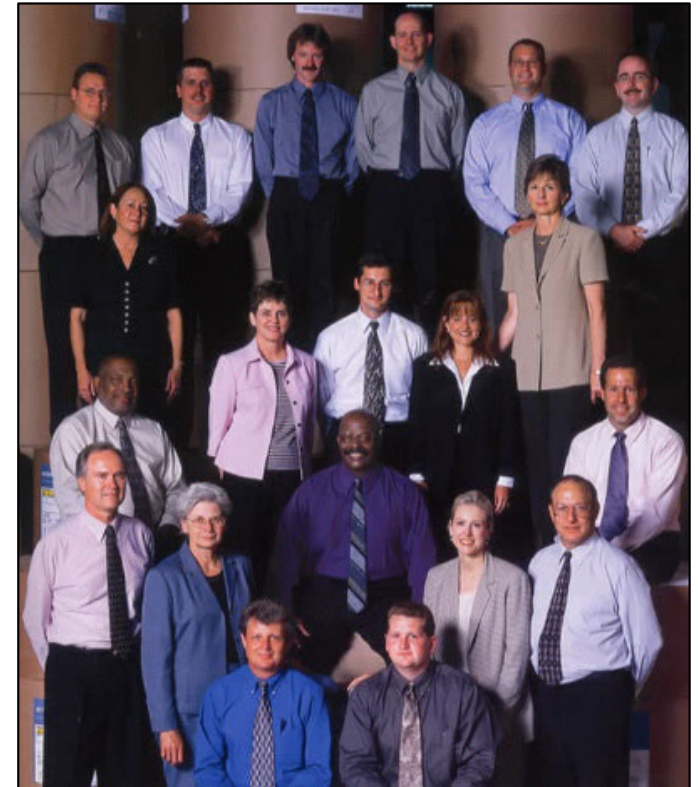
- Who are all the contacts in the account?
- Which ones have formal authority, influence, both or neither?
- Do we have 'Coaches', contacts who will provide information and advice to help us win?

2. Describe the breadth of your present account coverage

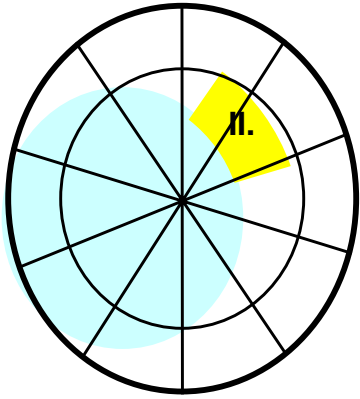
How present are we in all key locations?

What is our frequency of contact?

Where are the gaps?



II. Analyze relationships (cont.)



The following table asks you to think through all of the important contacts at the customer organization. This will become a key document that all team members should have and update regularly. It will be especially critical during the strategy and planning phases.

List contacts in rank order of importance and influence in the decision-making process for each department (use your attached organization chart).

Under each category, select one descriptor from the appropriate column.

B. KEY CUSTOMER CONTACTS AND THEIR CONCERNS

Under each category, select one descriptor from the appropriate column:

Decision-Making Role

D = Decision Maker

E = Evaluator

A = Approver

I = Influencer

Attitude Toward Us

++ = Key Supporter

+ = Ally

0 = Neutral

- = Non-Supporter

Extent of Contact

+ = high

= = average

- = infrequent

Leadership

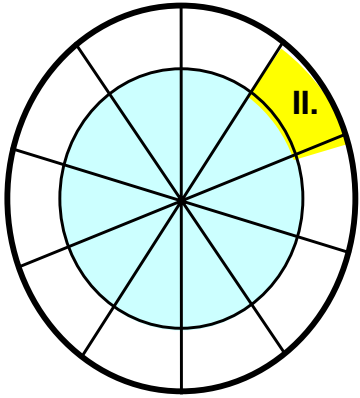
+ = Strong

= = Moderate

- = Weak

Under « Most Important Concerns » include such criteria as price, competence, reliability, experience, responsiveness etc.

II. Analyze relationships (cont.)



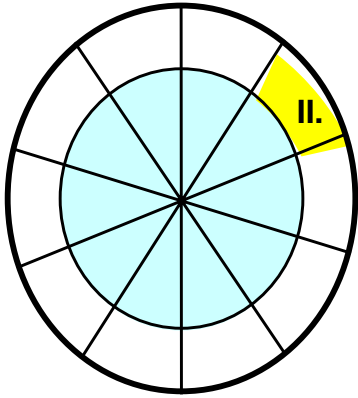
How wide and deep are the relationships with the account?

Are we connected to senior managers and decision-makers or mostly to technical people and procurement?

How do we use our current network to establish new, higher-level relationships?

How do we discover the concerns and expectations of key contacts?

Department Headquarters / Admin	Key Account Contact	Decision-Making Role	Attitude toward Us	Most Important Concerns	Expectations of Us
Purchasing	Name: S. Armstrong Title: Sen. Vice Pres.	D	0	Price, competence, reliability, E-business	Good Price / Quality balance
Purchasing	Name: A. Nyström Title: Purchasing Dir.	D	0	Price, reliability, emerging markets	Good Price / Quality balance
Purchasing	Name: A. Van Buël Title: Purch. Mng. Int.	D	++	Price, Future Supplier Base, reliability	Good Price / Quality balance, System Approach
Technical	Name: S. Pettersson Title: Head R+D Interior	I / A	+	Virtual engineering, competence, R&D	Competence, Quality, Innovative Solutions, Smooth P1X/P28 introduction
Technical	Name: P. Palmqvist Title: Vice Dir. R+D Interior	I	++	Competence, Lean deployment, virtual engineering	New innovations, competence
Technical	Name: T. Werner Title: Interior P2X	I / D	+	Competence, Price, Know-How, technical support	New innovations, development support, know-how



C. Perceptions and Levers

1. Relationship Swot Analysis

Strengths

- Competence in thermal management
- Technical and commercial organisation at Volvo with good engineering and CAD support
- Pro-active and innovative solution provider
- Reliable partnership
- Good product portfolio
- Financial strengths of our Group

Weaknesses

- Manufacturing skills
- Unclear manufacturing strategy
- Project management resources & capabilities
- Cash flow from operations
- Risk management
- Product development
- Unreliable calculations from Rieter Operations

Opportunities

- X70-Face lift , Luggage compartment and X70 successor 200x
- Increase market share through sales of under floor systems
- Joint approach with tier 1 to offer Integrated Interior concept
- Involve Innovation Institute for advances engineering and styling

Threats

- Joint Interior approach could lead us to 2nd tier position?
- Failing to keep pace with OEM's pricing demands
- Lose single source position for acoustics and carpets

Identify the unique strengths that you can leverage to beat the competition.

Remember to identify those that the customer would agree are unique strengths.

Be honest about your most critical weaknesses. Which ones will your competitors attack?

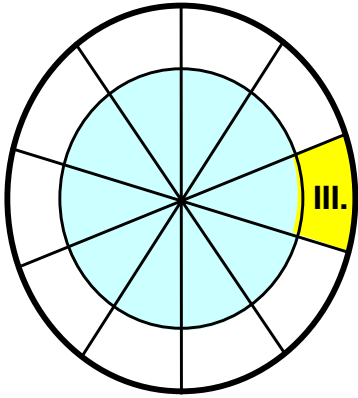
How will you use your Strengths to address the Opportunities and Threats?

Comments

We need a new manufacturing strategy and clearer costing methods (before and after calculations) in order to get more transparency in the overall profitability level.

Also more control is needed in the follow-up of the internal plant-results.

III. Identify Strategic Requirements



Define the customer's buying history, broken down by division where possible, showing total business and share of budget. Clarify requirements and your expectation of the customer's future needs.

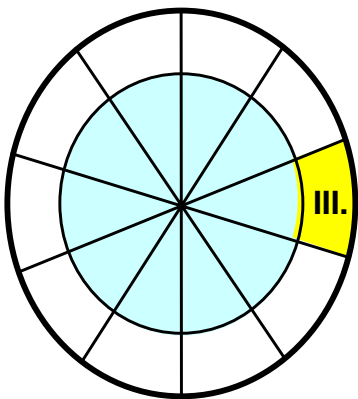
A – B. Contracts History and Total Sales

Sales		Mil \$ per annum
DEPARTMENT	SALES	DESCRIPTION OF CONTRACTS
Other		
TOTAL SALES		
Last year		
Previous year		
Year before		
Percent of Plan Year-to-Date		

C. Most important requirements

1. What supplier capabilities does this account rate very highly?

- Cost
- Quality
- Development and acoustical know-how support



2. What issues or concerns are expressed to all vendors?

- More outsourcing for OEM to System-Suppliers, resulting in more responsibility and/or higher turnover, for fewer suppliers. (more price pressure)
- Continuous cost reduction
- Increased quality demands
- Reduce weight

3. What are the current and future needs of each department?

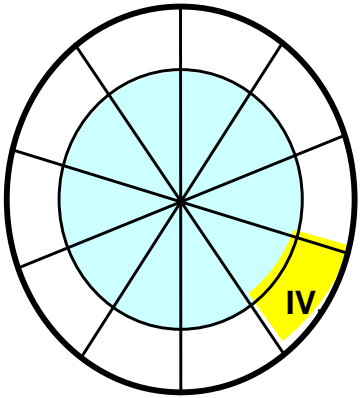
	ANTICIPATED FUTURE NEEDS and DELIGHT FACTORS
Dept. Purchasing	More responsibility to suppliers, less risk for OEM (Example T.A. discussions and sequencing responsibilities)
Dept. Interior engineering	<ul style="list-style-type: none"> • Weight reduction to reduce fuel consumption. • Increasing demands on comfort (acoustic improvement) • Improved craftsmanship • Further product development and engineering services
Dept. Acoustics	Higher demands on interior quietness
Dept. Quality / Production	< 60 ppm six sigma

Describe the customer's basic requirements as expressed to all suppliers.

Which needs are currently not being met by any supplier?

What are the likely needs that the customer will have in the future?

What would 'delight the customer'?



In the earlier sections, you analyzed the customer, their needs and your competitors' strengths as well as your own. It is important now to review your analysis and identify those areas where you should focus your efforts.

Review your key findings from previous sections. Then identify where you think your strengths can be leveraged to serve the customer and its requirements, where your weaknesses must be overcome and where you may be able to exploit previously untapped opportunities to provide unique value.

A. Leverageable strengths

How will you leverage your company and your resources to find new opportunities?

- Acoustical Know-How
- Innovative System-Solutions
- Full System approach and support in technical development (Swedish Team)
- Involve R&D in advanced engineering project

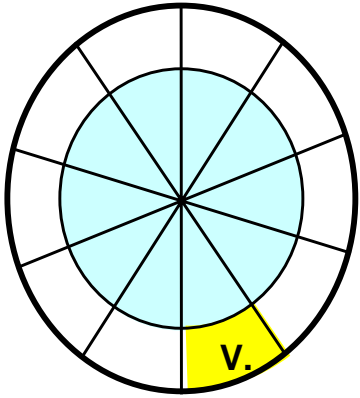
B. Exposures

1. What shortcomings do you need to overcome, such as large gaps between current business and potential business or need for unique capabilities?

- Improve project management
- Improve lean manufacturing process
- Increase supplies out of emerging markets

2. What mistakes have been made in the past that needs to be corrected? What complaints are still outstanding?

Our cost estimates are not transparent, which leads to wrong pricing of products. This again results in "life –time" difficulties as far as "economics" to the customers and return to us is concerned!



Outline the key criteria and most important requirements in the organization's decision-making process.

On the next page, identify how and by whom the decision will be made, and what other factors might influence the process.

A. Decision-Making Process

1. Describe the formal decision-making process:

- Common platforms:
Global council from Jaguar, Volvo and Ford of America.
- Unique Platforms:
See decision making role.
- Cross functional team is meeting together, in order to extract a decision proposal for supplier nomination to head of Purchasing and R+D

2. Describe the informal decision-making pattern:

- Informal decision making through people who are not officially cross functional team members (e.g. Peter P, Stefan P, ...)

3. Map the Decision-Making Process:

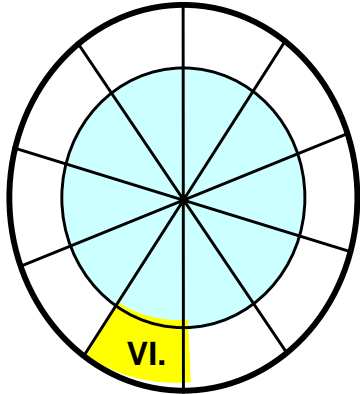
- Prerequisites.
- Concept proposal incl. offer.
- Evaluate proposal with customer.
- Target price setting.
- Negotiations.
- Agreement.

V. Map Decision Process

B. Decision Process (By Major Department)

Dept.	Key Players	Process Description Include Milestones and Buying Habits (e.g. tenders, administrative involvement and outside influence)	Typical Evaluation Criteria	Weighting Factors	Outside Pressures
Purchasing	A. v. Boulet	Recommend potential suppliers, Nominate potential suppliers, Nominate potential supplier with common view Ford/VCC, Decision at VCC. Strategic sourcing in order to achieve a supplier base	Cost Mfg. Logistics Commercial	20% 10% 10% 5%	Global Council
Purchasing	P. Anders	Recommend potential suppliers, Nominate potential suppliers, Nominate potential supplier with common view Ford/VCC, Decision at VCC. Cost driven purchase manager (low cost countries etc)	Cost Mfg. Logistics Commercial	20% 10% 10% 5%	Global Council
Purchasing	A. Eriksson	Recommend potential suppliers, Nominate potential suppliers, Nominate potential supplier with common view Ford/VCC, Decision at VCC. Critical individual and has problems to take decisions	Cost Mfg. Logistics Commercial	20% 10% 10% 5%	Internal VCC and Peter Anders

VI. Analyze Competitors



A. The Competition From The Customer's Perspective

Account's Most Important Requirements (MIRs) in order of priority	Account Current Ranking (1 to 5,5 = Best) and Comments about the Competition					Your Benefits vs. Competition
	Weight	Your Company	Competitor A	Competitor B	Competitor C	
1. Cost	40	2	3	2	2	1. Local Team 2. Accoustical Know-How and support 3. R.U.L. Concept Proposal
2. Technical Support	20	4	3	2	4	
3. Acoustics	20	5	3	2	2	
4. Quality	20	3	3	4	4	
Totals of Weighted Scores	100%	320	300	240	280	
Current Choice:	Why? Concept Proposal RUL Technical Support on site					
Strategies to Overcome Major Competitor's Advantages:						
1. Productions Transfer to Emerging Markets 2. Six-Sigma						

* Raw Score: 1-5
 * Weighted Score: (1-5) x weight

Identify and assess your major competitors at this account and particularly competitors for each major department opportunity.

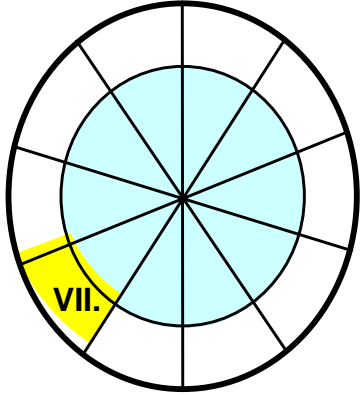
B. A Face-Off With Leading Competitor

	Marketing	Selling	Technology	Quality	Service	Financial
Your Company:						
Key Competitor:						
Observations, Explanations and Comments	Result is based on current situation. But situation for competitor is improving	Result is based on current situation. But situation for competitor is improving	Result is based on current situation. But situation for competitor is improving			

C. The Competitor From A Local Perspective

<p>Marketing Strategy: How does the competition measure succes at the local level? Revenue? Share of Market? Profit? Other?</p> <p>Share of Market</p>	<p>Strenghts as the Customer sees them:</p> <p>Technical support</p>
<p>Selling Strategy:</p> <p>Are trying to get into Volvo with support of Ford in the gloabal council</p>	<p>Weaknesses as the customer sees them:</p> <p>No good technical concept / innovation</p> <p>Financially weak</p>
<p>Strategies to Position Against this Competitor:</p> <p>Improve relationship with parent, so that our position in the global council improves</p>	

VII. Establish Objectives



Consider the long-term results first and then, set "must accomplish" objectives for the short-term.

The best objectives are quantifiable: achieve x-amount \$ in new business in September, gain 75% of budget by the end of October, or grow the business by 25% by the year-end.

Written correctly, the results to be achieved will be S.M.A.R.T.: Specific, Measurable, Achievable, Realistic and Timely.

They should relate to the customer's Most Important Requirements.

A. Business Objectives

1. Specify for your Business Objectives in terms of Contract Sales by department. Specify business volumes and expected profits where possible.

Departments	TotalSales in US\$	Profits %	Comments
Technical			
Dept.	RATIO	50% of savings for us	
Total Revenue Identified		Average Profit %	Total Personal Target for year:
			Percent of your target:

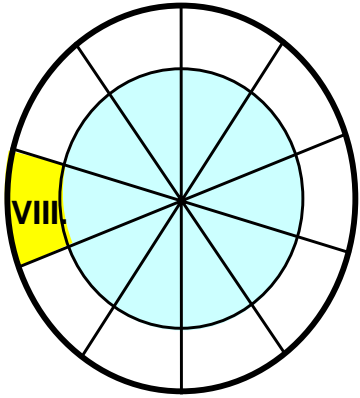
2. How can your business objectives support customer goals and objectives from Section I of this guide?

B. Relationship Objectives

Individual Departments	Objectives
Purchasing	Offer competitive System-approach
Technical / Acoustic	Support Volvo vie IDEA Institute
Quality	In the initial stage of a new project -> 6-sigma

C. Special Programmes

What special programs could you initiate to open up new opportunities or cooperate on new ventures? What other objectives will help to advance your service activities?



Your strategy will answer the question:

“How will I differentiate my offerings from the competition and win more contracts at the account?”

A. Value-Added Competitive Differentiation

1. How will you demonstrate your value-added capabilities to differentiate yourselves successfully?

Offer to build demonstration car to show capabilities

Professional Presentations

Simulation Projects

2. What will be the critical success factors in implementing the strategy?

Resources and MONEY

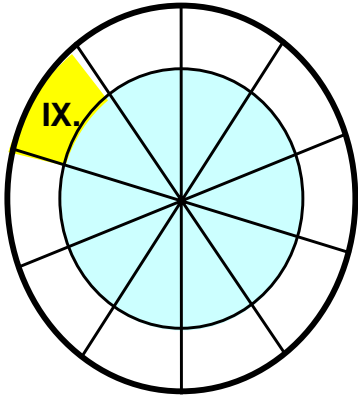
3. How will you improve economic justification so as to demonstrate a better value than your competition?

Smart solutions for a lower price

4. How can you minimize the costs of doing business with your company?

- Transfer parts to emerging markets
- Implement automated equipment for new projects if feasible financially i order to achieve a low percentage to sales labour content.
- Propose alternative specifications, still fulfilling customers technical requirements.

IX. Coordinate Action Plans



- WHAT** actions need to be taken to implement the strategy?
- WHO** is responsible for each of these actions? Where can you delegate?
- WHEN** should each action step take place? In what order?
- HOW** will you accomplish each action?
- HOW** will you determine if each action has been accomplished successfully?
- WHAT** resources are required?

Your plans must be proactively tracked and evaluated on a regular basis to ensure that they are on target and to assure yourself that there have been no changes in the external or internal environment that require revised strategies or implementation plans.

A. Tactics: Tasks, Roles and Responsibilities & Timing

Use the matrix below to help think through your roles and responsibilities and action plans. Consider needs analyses, long-range planning, support etc.

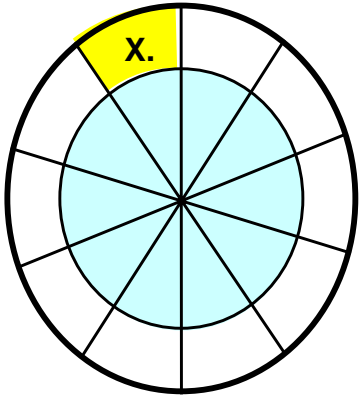
Note that the most effective planning documents are also used to track progress on a regular basis. Recording actual accomplishments becomes a critical part of Account Plan implementation.

Planned Task (What?)	Responsibility (Who?)	Timing of Critical Steps (When?)	Resource Needs (e.g. budget)	Date Completed

Once the strategies have been determined, your most important role is selecting specific tasks to implement. The plans are a critical component of the Key Account Process.

Key questions to continually ask when devising the action plans are:

X. Manage Account Relationships



A. Advance Partnerships

What are the top two initiatives your company could take to improve its level of account partnering with « thought-leading » executives?

1.

2.

B. Account Development

1. What activities would bring your company perception to a new level e.g. sponsored research, joint development?

2. Which departments would benefit the most?

3. Where would your company get the best return for its efforts?

C. Customer Satisfaction

1. How will you gauge your progress in customer satisfaction (e.g. surveys, interviews, face-to-face meetins or executive meetings, etc.)?

2. How will you provide customer feedback and work to improve your own performance?

Developing a long-term mutually beneficial partnership requires careful key development and planning for implementation, but it also requires ongoing efforts that continually nurture and advance the relationship.

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