STRATEGIC ACCOUNT MANAGEMENT:

Is it about strategic management?

or

Is it about account management?

Drs. Ir. Derrick-Philippe GOSSELIN
Gent, October 24, 2000
Content

- Concepts & Definitions
- Different types of Account Management
- Definition of Strategic Account Management
- Strategic Account Management Process
- Case study
- Conclusions
- Summary
Content

- Concepts & Definitions
  - Different types of Account Management
  - Definition of Strategic Account Management
  - Strategic Account Management Process
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- Summary
Concepts behind Strategic Account Management

- Marketing?
- Strategy?
- Strategic Account Management?
- Key Account Management?
- Sales?
Concepts behind Strategic Account Management

- Marketing?
- The Strategic Concept?
- Strategic Account Management?
- Key Account Management?
- Sales?
Strategic concept?

Adapted model from Prof. Aimé Heene; © 2000 Prof. Dr. A. Heene
The Marketing Concept?

Strategic Account Management?

Strategy?

Sales?

Key Account Management?
Marketing concept?

- **The Economic view** (1920): Mechanism to promote trade between industrial agents as a government policy tool.

- **The Consumer view** (1960): Mechanism to promote sales by manipulation of buyer behavior: 4P’s, STP(*), PLC, 4C’s (**).

- **The Transaction view** (1970): Increase the number, the volume and the value of transactions based on customer needs.

- **The Relationship view** (1980): Creating, developing and maintaining a relationship (network) based on value creation and distribution by solving customer problems.

- **The New Economy view** (1995): Create value on an individual basis (one-to-one) thru solutions based on the information depth or information breadth of the products/services content.

(* Segment, Target, Position
(**) Customer Value, Cost to Customer, Convenience, Communication
“In industrial markets, it is not the manipulation of the marketing mix which brings strategic advantage, but effective ‘Relationship Management’.

This means creating, developing and maintaining a network based on value creation thru problem solving for the customer.”

Gummesson 1987
Consumer vs Business marketing

CONSUMER MARKETING
(CLASSIC 1960)

- Push products / services by manipulation:
  - 4 P’s / 4C’s
  - STP
  - PLC
- Active seller / Passive Customer
- Atomistic market

BUSINESS MARKETING
(1980)

- Relationship based
- Value Creation = problem solving
  - Product use
  - Process adds value
  - Transformation process
- Trust / credibility / reputation

Growth = problem solving
= Performance / Commitment / Trust / Loyalty

Not applicable in Business Markets

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Not applicable in Business Markets
# Evolution of Marketing topics in the USA

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Marketing</td>
<td>5</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Strategy</td>
<td>5</td>
<td>20</td>
<td>5</td>
</tr>
<tr>
<td>4P’s</td>
<td>80</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>Services</td>
<td>0</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Instrumental</td>
<td>0</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>Process</td>
<td>10</td>
<td>20</td>
<td>40</td>
</tr>
<tr>
<td>Total (%)</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

**Instrumental**: Brand equity, satisfaction, loyalty (relationship marketing)

**Process**: New products/information use & e-business, value management, customer management

*Source: Marketing Science Institute: Research priorities, Prof.W.Verbeke (Erasmus University)*
Concepts & Definitions

Marketing?

What is Strategic Account Management?

Key Account Management?

The Sales Concepts?
Sales concept?

- **Sales** = The process to create a transaction.
- The **Type of sales process** depends on the type of transaction.

## Types of sales processes

<table>
<thead>
<tr>
<th>Type of Sales Process</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional sales</td>
<td>Individual, territory, Find, call, present, sell, follow up</td>
</tr>
<tr>
<td>System sales</td>
<td>Team based project (temporarily), Sell system: product+services+integration</td>
</tr>
</tbody>
</table>
| Major account sales   | Dedicated cross functional sales force for one customer:  
  - Contract: Uniform contract terms and coordination  
  - Program: develop business and/or relationship |
| Inside sales          | Telemarketing, e-business, order centers, customer service group |

Source: (B. Shapiro, 1988)
Sales evolution

- Strategic Selling
- Consultative Selling
- Traditional Sales
- System Selling
- Transaction Selling
- Technology Enabled Selling
- Technology Based Selling
- Commodities

Strategic Solutions

Sales evolution
Concepts & Definitions

What is Strategic Account Management?

Key Account Management concept?

Marketing?

Strategy?

Sales?
The Key Account Management
Concept: Current situation (1)

- Develop and maintain business revenues with important customers thru customer satisfaction and increase profits thru customer loyalty.
- Dedicated salesperson for an important customers.
- Started in business markets in the US (1965) and developed during the 1980’s due to increasing complexity of geographic expansion (National Accounts).
- Reactive mode: imposed by important customers to reduce business complexity (costs): one face to the customer.
Sales driven activity extended with logistic, accounting, inventory management and relationship responsibilities.

Positioned within the sales department.

Evaluated on revenues and paid on results (sales function).

Key account managers promoted from the sales force.

In most companies Key Account Managers are in average responsible for > 8 clients (and increasing).
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Definition of Key Account Management (1)

 Are those different names for the same phenomena?
Definition of Key Account Management (2)

- There is no consensus on the definitions but 3 main characteristics are common on Key Account Management:
  
  - **Commercial focus:** key accounts are customers representing a large potential or actual sales volume as well in money terms as in percentage of the total revenues. Sometimes they are the most profitable customers.
  
  - **Relational focus:** key accounts expect special treatment and services: inventory management, logistic support, special prices, special reporting and customer specific applications and solutions. Key accounts will centralise the purchase from different geographic area’s and will involve different departments and different skills.
  
  - **Strategic marketing focus:** key accounts can be selected because of their status, market leader position, to open new markets, as ref. To open new markets, for diversification, technological leadership, because they will invest.
What Do We Know? (1)

- Relationship is key in marketing to business markets
- Competence is key to create a competitive advantage and to build strategic relationships in business markets
- Business markets: pareto distribution of customers
- Hypercompetition is changing nature of relationships
- CRM is about customer information not about relationship
- Trust is at the hart of relationship building, takes time and is always based on performance, if well done, generates loyalty.

- Limited research on relationship building with key accounts in business markets
- No research on impact of competences applied to key account management
What We Don’t Know (2)

- **What is the nature of a key account management process:**
  - *Sales driven?* To manage the sales activities towards important customers?
  - *Marketing driven?* Focus on relationship building and value creation in order to create a competitive advantage?
  - *Strategy driven?* To manage a portfolio of strategic well selected customers based on competence leverage together with the customer?

- **Is it profitable to build a relationship with a customer?**
Key account management emerged at the end of 1960 in the US because of environmental changes which are still valid today:

- Increased concentration of buying companies
- Increased geographic dispersion of buyers of same company
- Increased pressure on costs and communication
- Increased desire to develop partnerships
- Increased complexity of buyers operation

Assign one person: *Key account manager* to handle interface with customer from a sales point of view.
Importance of key account management will continue to increase because of 5 trends:

- Globalisation
- Industry Structure
- Technology ICT/ (E-commerce & e-business)
- Increase in Buying Power
- Maturity of Industrial Markets
Why will it become more important?

5 Trends

More competition
More complexity
More concentration thru M&A
More central purchasing
More outsourcing of services
Elimination of low value activities

Less but more important customers

Less but more important suppliers

Account management is an efficient and effective process to implement
Current views on “Key Accounts” are mainly **Local** or **International** oriented, **Supplier Focused** and have a **Sales or Relationship** Approach.
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Strategic accounts: are potential or existing customers identified by the supplier based on strategic criteria and where the supplier has indications that he is of strategic importance for the customer as well.

Gosselin, Heene 2000
“Strategic account management : is the \textit{process} that identifies and \textit{selects} strategic accounts and develops thru \textit{competence} building and \textit{competence leveraging} a set of \textit{specific and unique} value \textit{propositions} in \textit{partnership} with a strategic account “

Gosselin, Heene 2000
We believe there are 3 different processes at work which are not identified as such in practice, creating a lot of confusion, mismanagement and failures.

<table>
<thead>
<tr>
<th>Process</th>
<th>Nature</th>
<th>Objective</th>
<th>Behaviour</th>
<th>Time Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key Account Selling</td>
<td>Performance</td>
<td>Defensive</td>
<td>Static/Supplier driven</td>
<td>Short Term Sales</td>
</tr>
<tr>
<td>Key Account Management</td>
<td>Coordination/Relational</td>
<td>Offensive</td>
<td>Static/Supplier driven</td>
<td>Mid Term Marketing</td>
</tr>
<tr>
<td>Strategic Account Management</td>
<td>Competitive Advantage</td>
<td>Proactive</td>
<td>Dynamic/Interactive</td>
<td>Long Term Strategic</td>
</tr>
</tbody>
</table>
Confusion on account management is due to non-recognition of 3 different processes.

<table>
<thead>
<tr>
<th>Process</th>
<th>Focus</th>
<th>Local</th>
<th>Regional National</th>
<th>International</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key Account Selling</td>
<td>Sales Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Key Account Management</td>
<td>Relationship Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic Account Management</td>
<td>Strategic Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Implications of Strategic Account Management

- **Selection** of Strategic Accounts: *Portfolio/Resources*
- Business **Development** Process: *Proactive*
- **Strategic** Process: *Competitive advantage*
- **Competences** of Strategic Account Manager and Organisation: *Competence driven*
- Organizational impact: *Change Management*
- Interaction with other functional departements: *Competence Building and Leverage.*

Strategic Account Management is about creating a customer driven organization
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Characteristics of the process

- Selection of Strategic accounts
- Process & Resource allocation
- Competence
- Advanced Research
Characteristics of the process

- Selection of Strategic accounts
- Process & Resource allocation
- Competence
- Advanced Research
## Account Relationship Development Model

<table>
<thead>
<tr>
<th>Pre-KAM</th>
<th>Early KAM</th>
<th>Mid-KAM</th>
<th>Partnership KAM</th>
<th>Synergistic KAM</th>
<th>Uncoupling KAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% business</td>
<td>5% business</td>
<td>35% business</td>
<td>90% business</td>
<td>100% business</td>
<td></td>
</tr>
<tr>
<td>After one year</td>
<td>Year 2</td>
<td>Year 3</td>
<td>Year 4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product need established</th>
<th>Transactions commence</th>
<th>Selling company now one of a few &quot;preferred suppliers&quot;</th>
<th>Selling company is now in partnership with buying company</th>
<th>&quot;Quasi-integration&quot; Selling company and buying company together deliver value to the end customer</th>
<th>Relationship disintegrates or product fails to keep up with the market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying Company scrutinize price and other terms</td>
<td>Key account manager / key contact relationship strengthens</td>
<td>Operational staff get to know their opposite numbers</td>
<td>Contacts at all levels</td>
<td>Focus teams at all interfaces between supplier and customer</td>
<td>Key account manager looks for opportunities for process advantage</td>
</tr>
<tr>
<td>Key account manager's focus is to establish relationship</td>
<td>Key account manager working to increase volume of business</td>
<td>Key account manager working to establish distinctive business</td>
<td>Key account manager looks for opportunities for process advantage</td>
<td>Key account manager looks for opportunities for process advantage</td>
<td></td>
</tr>
</tbody>
</table>

Source: Prof. Malcom McDonald, Cranfield 1999, Millman & Wilson 1994
Not all customers have the same value. Volume is not the selection criteria. The more complex the product and the more complex the customer, the more chance there is to build a partnership and create value.
1. Assessment of the direct and indirect profitability potential of the customer;

2. Assess the potential for organizational learning thru the key customer: depends on the degree of services and the potential to standardize the service processes of the customer;

3. Analyze the type of transaction: is it possible to increase the profitability of this customer based on the transaction cost drivers?

Source: F. Cespedes, 1995 HBS Press
## Strategic Segmentation (3)

### Model of Whitney

<table>
<thead>
<tr>
<th>Strategic</th>
<th>Significant</th>
<th>Profitable</th>
<th>Generic strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Keep and invest in those customers</td>
</tr>
<tr>
<td>Y</td>
<td>Y</td>
<td>N</td>
<td>Keep but Increase profitability</td>
</tr>
<tr>
<td>Y</td>
<td>N</td>
<td>Y</td>
<td>Increase volume if possible</td>
</tr>
<tr>
<td>Y</td>
<td>N</td>
<td>N</td>
<td>Increase volume and profitability</td>
</tr>
<tr>
<td>N</td>
<td>Y</td>
<td>Y</td>
<td>Important but not strategic</td>
</tr>
<tr>
<td>N</td>
<td>Y</td>
<td>N</td>
<td>Marginal interesting do not invest</td>
</tr>
<tr>
<td>N</td>
<td>N</td>
<td>Y</td>
<td>Keep but Do not further invest</td>
</tr>
<tr>
<td>N</td>
<td>N</td>
<td>N</td>
<td>Outsource these customers</td>
</tr>
</tbody>
</table>

*Source: J. Whitney, 1996, HBR*
### 7 S Model of Gosselin

<table>
<thead>
<tr>
<th>Scale</th>
<th>Size of the customer market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sound</td>
<td>Margin or Potential Margin</td>
</tr>
<tr>
<td>Synergy</td>
<td>Cultural compatibility</td>
</tr>
<tr>
<td>Significant</td>
<td>If volume is low value with the customer, your value could be very low as well?</td>
</tr>
<tr>
<td>Sympathy</td>
<td>Do you want this type of customer? Is it a reference for future business?</td>
</tr>
<tr>
<td>Strategic Fit</td>
<td>Do the supplier and customer have and do they agree on a common strategy for the long term?</td>
</tr>
<tr>
<td>Sustainable</td>
<td>Do we want to be seen as a partner with this customer? Do we put enough resources to get him?</td>
</tr>
</tbody>
</table>
**Account Management Portfolio**

**Model of McDonald**

- **Customer Attractiveness**
  - High (H)
  - Low (L)

- **Competitive strength**
  - High (H)
  - Low (L)

**Key / Strategic accounts**

- **Invest/Grow**
- **Maintain**
- **Selectively Invest**
- **Manage for cash/withdraw**

Model is based on the classic McKinsey model.
Positioning of Strategic Account Management

Positioning Model of Gosselin & Heene (2000)

Key Accounts

- Strategic Accounts

- Captive Customers

- Transactional Customers

- Relationship willingness (Customer)

- Competence Leverage Willingness (Supplier)

- Invest in relationship or reduce investments

- Not stable: Invest in specific solutions or manage for profit

H

L

H

L
Characteristics of the process

✓ Selection of Strategic accounts
✓ Process & Resource allocation
✓ Competence
✓ Advanced Research
The Principles of Account Management Process

Building Long-term Relations

Developing Consistent Products/Services

Providing a Network Organization

Winning and keeping Strategic Customers

Source: Senn & Zeier 2000
## Where do successful Companies perform better?

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Long-term Relations</td>
<td>65 %</td>
<td>40 %</td>
</tr>
<tr>
<td>Developing Consistent Products &amp; Services</td>
<td>68 %</td>
<td>42 %</td>
</tr>
<tr>
<td>Providing a Network Organization</td>
<td>69 %</td>
<td>46 %</td>
</tr>
</tbody>
</table>

Study conducted by the University of St.Gallen: Senn 1998 & 1999, Senn & Arnold 1999:
- N = 200, CS = Customer Satisfaction. High-low pairs significantly different at .01 level
- Avg. CS of High Performing Group = 79%, Avg. CS of Low Performing Group = 63%
- Results based on supplier performance resp. customer satisfaction ratings by their key accounts
Building the Framework (I)
Combining Processes with the Implementation View

Step I
Defining Goals and Objectives together with Strategic Accounts

Step II
Aligning Business Processes between Supplier & Customer Organization

Step III
Leveraging Know-how and accelerating Learning Processes

Building Long-term Relations
1 4 7
Developing Consistent Products & Services
2 5 8
Providing a Network Organization
3 6 9

Building the Framework (II)
Nine Areas to allocate Account Resources

Step I: Defining Goals and Objectives together with Strategic Accounts
Step II: Aligning Business Processes between Supplier & Customer Organization
Step III: Leveraging Know-how and accelerating Learning Processes

Building Long-term Relations
- Customers
- Relationships
- Knowledge

Developing Consistent Products & Services
- Solutions
- Processes
- Systems

Providing a Network Organization
- People
- Structures
- Information

Source: Senn & Zeier 2000

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Ghent University Belgium
Faculty of Economics and Business Administration
Departement of Management and Organization
Key success drivers

- Successful Strategic Account Management goes beyond "traditional" customer relationship and sales management.
- It is essential to assess the relevant business drivers and allocate account resources accordingly.

![Diagram showing key success drivers: Customers, Relationships, Knowledge, Solutions, Processes, Systems, People, Structures, Information.]

Benchmarks from an International Research Project; Measures based on Industrial Supplier Performance rated by Key Accounts, n = 200; Senn & Arnold (1999), Thesis No. 4, University of St.Gallen.
Characteristics of the process

- Selection of Strategic accounts
- Process & Resource allocation
- Competence
- Advanced Research
Role of the Strategic Account Manager

Traditional Key Account Selling

Role
- Sales person
- Product seller
- Interface
- Relationship?
- Team player?
- Administration
- Co-ordinator

Issues
- Culture
- Management Support
- Communication
- Systems/Process
- Turf wars
- Authority
- Workload/focus
- Credibility

Supplier AM Customer
### Strategic Account Manager Competences

#### Importance Ranking

<table>
<thead>
<tr>
<th>Competence</th>
<th>Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication skills</td>
<td>1</td>
</tr>
<tr>
<td>Global Team leadership &amp; Management</td>
<td>2</td>
</tr>
<tr>
<td>Business &amp; Financial Knowledge</td>
<td>3</td>
</tr>
<tr>
<td>Relationship management skills</td>
<td>4</td>
</tr>
<tr>
<td>Strategic Vision &amp; Planning</td>
<td>5</td>
</tr>
<tr>
<td>Problem Solving Capabilities</td>
<td>6</td>
</tr>
<tr>
<td>Cultural Empathy</td>
<td>7</td>
</tr>
<tr>
<td>Selling Skills</td>
<td>8</td>
</tr>
<tr>
<td>Industry &amp; Market Knowledge</td>
<td>9</td>
</tr>
<tr>
<td>Customer Knowledge</td>
<td>10</td>
</tr>
</tbody>
</table>

1 = Most Important  
10 = Less Important  

Source: A. Millman & K. Wilson, 2000
Strategic Account Manager: Competence Profile

The strategic account manager must have the capability to solve problems for the customer and realize entrepreneurial opportunities thru the coordination and application of personal, team and organizational competences, without having the full control over all resources.

POLITICAL ENTREPRENEUR:

• Influence power
• Take opportunities
Impact of the context on Competences

Levels of Organisational complexity

Key Account Management
Key Account Selling

Pe
Relational Manager

PE
Potential CEO ?

pe
Sales

pE
Entrepreneur

P: Political
E: Entrepreneurial

Degree of organisational Interdependence and Integration

Source: SAMA, K. Wilson, 2000

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Ghent University Belgium
Faculty of Economics and Business Administration
Department of Management and Organization
Characteristics of the process

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Market Performance in Strategic Account Management

Preliminary Research on Strategic Account Management at Ghent University, Department of Management and Organization (FEB) suggests a high probability that:

1. The market performance (*) of a supplier with a strategic customer is related to the PLC of the customer. This implies a process of dynamic allocation of resources: different relational behaviours at different times and the willingness to invest in specific and time related customers solutions using all available company competences.

2. The market performance of a supplier is higher with strategic selected customers if the supplier adjust his offer and performance according to the PLC of the customer’s Decision Units.

3. Market performance with strategic customers is higher if an explicit and recognized fit exists between the strategies of both the supplier and the customer.

Source: D.P. Gosselin, 2000

(*) Growth in % Customer Market Share and % of Company Portfolio sold to the Account
Schurter Group: Profile

- Founded 1933 in Lucerne, Switzerland
- Privately held company
- Worldwide active supplier of passive components for electronics industry
- Sales turnover (1999) = USD 91.5 Mio
- Number of employees worldwide (1999) = 1000
- 11 subsidiaries and more than 100 agencies around the world
- About 5000 components and parts for 10000 customers
- Highly competitive market, global perspective is mandatory
- Strong customer demand for globally coordinated sales efforts

This Case study was Developed by Dr. C. Senn and Dr.R. Zeier © 2000, Account Management Center, Zurich
Schurter Group: Product Range

- **FUSE-LINKS / FUSEHOLDERS**
- **CIRCUIT BREAKERS FOR EQUIPMENT CBE**
- **CONNECTORS/POWER ENTRY MODULES**
- **INPUT SYSTEMS**
„Although we were doing a good job in the market, we faced an increasing demand for coordinated international marketing and sales activities. Our most important customers were explicitly asking Schurter to implement a Key Account Management Program. The only problem was that we thought we were already doing it.“

H.R. Schurter, President and CEO
„First, the Implementation of a Strategic Account Management Program must help us to cope successfully with the increasing trend to reduce suppliers.

Second, we also want to strengthen our position as a global supplier in the global market.

In any case, however, we are expecting results and not just brilliant concepts or management buzzwords!“

A. Lauber, COO
What would you have done?

According to an extensive internal and external analysis a few years ago, the Schurter group showed improvement potential in three SAM areas: Solutions, Structures and Knowledge. In this session, we are going to focus on resource allocation problems in the following two areas: (1) Solutions and (2) Structures.
Initial Situation:
Most recently, two of Schurter‘s main customers in the Telecom market segment merged, forming one of the world‘s leaders for mobile phones and related equipment. After having examined the actual purchasing processes, the customer declared international supplier prices as an urgent issue and approached Schurter to discuss the massive price differences for Schurter products in Europe and Asia.

Would you ...
(a) Develop arguments for pursuing a price discrimination strategy?
(b) Establish a three-year plan and go for a step-wise harmonization?
(c) Establish a uniform world-price for all customers as soon as possible?
(d) ...
After a highly disputed Decision for a World-price List Key Account
Revenues increased dramatically

Growth Rate of Pilot Customer X = + 303 %

Turnover 1996 = Index 100

Avg. Growth Rate of Schurter = + 7%

Avg. Industry Growth Rate per Year = + 5%
Initial Situation:
After having successfully solved the international pricing issue, Schurter faced another request from customer side. As one customer said: „We want our suppliers to take care of our business on a global level. Anything else is not acceptable!“

Note: Schurter sells to global customers like Ericsson, Nokia, Philips, Siemens, etc.

Would you ...
(a) Promote Schurter’s best sales people to Global/Strategic Account Managers?
(b) Established multi-functional account teams?
(c) Set up a separate Strategic account business unit?
(d) ...
Basic Configuration of Schurter’s Account Team for Customer Philips

- **Strategic Account Manager (Team Leader)**
- **Local Sales Reps**
- **Product Management/Marketing**
- **Finance and Administration**
- **R&D/Production**
- **Customer Support Services**
- **Top Management**
Mirroring the Customer’s Organization was essential for long-term Success

Dedicated Schurter Account Teams consist of the same basic configuration as in the Philips example but finally mirror the customer’s organization.

Key Account Manager (Team Leader)

Local Sales Rep(s)

R&D/ Production

Customer Support Services

Top Management

(Account, if possible)

Product Management/ Marketing

1

2

...
**Project Goals:**

1. **Improved Coordination at Group Level**
   - World price list

2. **Better Integration of Customer Needs**
   - Focus on Design-in Stage

3. **Increased Revenues**
   - + 20% turnover and profit with all pilot accounts by end of 1999

**Project Milestones:**

- **Step I** (1997): Strategic Level
  - Customers
  - Relationships
  - Knowledge

- **Step II** (1998): Functional Level
  - Solutions
  - Processes
  - Systems

- **Step III** (1999): Organizational Level
  - People
  - Structures
  - Information

- Yearly project focus (most resources allocated)
Results (I)

- Better internal coordination at group level fully achieved. All prices for global customers are harmonized (max. +/- 5 percent).
- Better integration of customer needs fully achieved.
- Lost / New business in South America and Asia regained.
- Revenue objective exceeded by three times. Average growth of turnover and profits per customer = + 69%, while overall company growth rate = + 7 % and industry growth rate = + 5%.
- In two cases also “Preferred Global Supplier” status achieved.
- Much more stable business relationships.
„We had to learn that implementing Strategic Account Management is an investment. It takes usually years until the desired results are achieved.

Today, however, we consider SAM as an important management process which clearly helps us to secure our partnerships with strategic customers as well as to grow our most important business.“

H.R. Schurter, President and CEO
Lessons from the Case

- By focusing on global customers, sales and profits can increase up to +300% with one Strategic account.

- SAM implementation at global level takes 2 - 3 years.

- A sound implementation framework can save 1 – 2 years of work.

- Selling the SAM program to the internal organization is more important than selling it to customers.

- Improved internal coordination needs clear top-down decisions.

- When conducting a pilot project, always start with 3 – 5 customers to prevent from internal „sabotage“.

- A CRM-tool is a helpful support instrument, but definitely not a prerequisite for a SAM program at any level.
Content

- Concepts & Definitions
- Different types of Account Management
- Definition of Strategic Account Management
- Strategic Account Management Process
- Case Study
- Conclusions
- Summary
Conclusions (1)

- Develop Strategy, based on **customer portfolio** and not on products.

- **Select** your customers and focus, based on relationship potential.

- Think in terms of value for the customer, using **all capabilities** of the company to solve problems.

- Trust = Be immediately available for the customer with the same team.

- Use Account Management for the most important customer portfolio who are willing to develop a relationship.
Conclusions (2)

- Account managers are **not** sales people
  - focus on relationship building
  - Solutions/coordination
  - long term
  - Entrepreneurship

- Limit the number of key customers! Not applicable for everyone: very expensive

- Key account management only possible if operations are integrated in the process!

- A key account is a market on its own => Develop a customer business plan to approach and deliver in a consistent way
Conclusions (3)

- It takes a lot of **commitment** to implement a strategic account organization: time, resources, top management focus

- **Internal communication** is key (80% of success)

- Selection of strategic accounts: **criteria**!

- **CRM is not about Strategic Account Management.** A customer database software can not compensate for a bad process or strategy.
Content

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Summary (1)

- 5-7 times more easy and cost effective to grow the existing customer base.

- Value of a “Strategic Relationship” is worth 15% price increase.

- Select customers on “Relationship” potential, strategic fit and your willingness to invest in specific competence leverage.

- Strategic account management is a different process compared to key account management or key account selling.

- Its nature is more strategic, interactive, dynamic, proactive and competence driven than a sales or marketing process.
Building a customer focused organisation for competitive advantage in business markets implies to manage a customer base thru strategic account management.

The strategic account manager should coordinate the dynamic resource allocation and solution adjustment related to the PLC of the customer: This is a top management function.

Top management should understand their role, the change impact, investments and process implications needed to introduce Strategic account management: It takes time, money, vision and leadership to succeed.
References

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