

# synnovation

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# KEYS To The MINIT



# The Pitfalls and Best Practices of an Effective Global Sales Account Program

**E**very business wants the perfect investment strategy. For many of today's enterprises, the golden ticket for earning a bigger share of wallet with customers, lowering the cost of sales, and boosting customer satisfaction and loyalty lies in investing in global sales account programs. While a fine balance between people, process, and technology needs to be achieved (and this isn't a trivial undertaking for large, multinational organizations), there are just as many pitfalls as best practices that help companies maximize the effectiveness of a global sales programs. >>

By Chris Leone, Oracle | Siebel

The most effective way to change behaviors to support an initiative such as a global account program is to focus on measuring and paying against leading indicators—internal behaviors (within the sales company) and external behaviors (with the customer) that are known to lead to success.

Along with the underlying need to ensure organic growth, there are other drivers that companies should consider with a global sales account management model.

### *Mergers and Acquisitions*

While mergers and acquisitions (M&As) can help companies improve their competitive positions, they often create confusion for customers. Following a merger, customers may not know which account managers are handling their accounts or how coverage is being coordinated within the new organization. The post-M&A account managers in charge of customers may not always have the knowledge required to sell the combined company's products, so they will simply sell what is known. Competitors leverage these vulnerabilities to create fear, uncertainty, and doubt with customers. Companies planning or executing mergers and acquisitions need plans for coordinating account coverage and for transferring knowledge of their expanded product portfolios.

### *Management of Sales Resources*

The relationships between remote resources (local sales offices) and corporate headquarters is a key consideration in achieving an effective global sales account model. Before the implementation of a global account program, these resources are mostly virtual, meaning they don't report directly to corporate, and influencing the local sales offices becomes a challenge. A common example is a global sales account manager located in the United States who has full responsibility for an account but is looking to influence a colleague in Asia for whom the local division of the account represents an insignificant part of his or her total responsibility. Implementation of a

global account program necessitates changes in the hierarchical relationships that have previously existed. Managers (first line and more senior) within the geographies who previously held the majority of power will see that level reduced; account managers will see their power and influence increase. Both geographic and account management must be enabled—made able and willing—to undertake their new roles. This results from the correct combination of management, measurement, systems, and tools.

Another key area in the management of resources is a clear definition of selling and implementing into a single, global account. If the global headquarters of the selling company is in France, and the implementation of the sold solution is occurring in the United States, then should the people in the United States be responsible simply for managing the implementation, or should they do more selling to that account locally? Frequently, additional selling needs to occur before the implementation of the solution can begin in order to overcome cultural or political negative reactions resulting from lack of effective communication or coordination within the customer organization. In order to effectively manage global sales resources, everyone involved must understand that some key purchasing decisions may need to be made, or at least recommended, locally.

### *Consistent Account Management*

Larger, global accounts often demand to be treated consistently wherever the interaction with their supplier occurs. This presents challenges within many selling companies that don't have good coordination and communication. One manifestation of this problem is when a senior executive from the selling company meets with a senior executive from the client company. Without clear communication of the account and relationship strategies, the executive can actually damage the relationship and business. In some cases, competitors will take advantage of this poor communication. Sales companies need to adopt real-time communication and coordination on accounts so that they are treated the "same everywhere"—this benefits the customer and the selling company.

## A Critical Success Factor: Focusing on Customers of Value

The key to any successful global sales account program lies with the selection of accounts to be included in the program. In some cases, companies over invest in accounts by allocating too many resources or people and receive little or no benefit. Therefore, it's costing companies too much to sell into those accounts and the cost of sale is too high. The opposite may occur when resources are being used in the wrong accounts and then the company doesn't have those resources to apply to accounts that may yield significant growth, creating an opportunity cost problem. Companies should have a complete understanding of which customers provide the most value to the company before accounts are considered global.

For installed-base customers, companies can look at historical evidence to determine customer value. How is the selling company being treated within the customer organization? What has the selling company been allowed to do inside the customer organization? Does the customer view the selling company as simply a "vendor-on-demand" or a strategic business partner? If the customer is always asking for "best and final" pricing, and interactions are always transactional, then most likely that customer sees the selling company and its products or services as a commodity. The customer may be important and may still need to be taken seriously but it may not be a wise investment of resources to develop a proactive global account strategy with them.

History alone should not be the only consideration to determine customers of value, and this obviously applies to new customers. Future potential is another key element. Companies must look at the future potential—revenue and other variables—to determine appropriate global account investments. A good example of "other" future potential is the focus on a strategic market influencer (SMI), a company within an industry that tends to lead, and which others follow. If the selling company is launching a new product or looking to introduce products to a new market, it may be extremely beneficial to invest in an SMI customer. What might initially look like an over



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investment may produce positive rippling results in a new market or industry resulting from the influence of that customer.

The marketplace is complex and never static, and there are companies that will initially "fail" the test, but then develop in some way that makes them more attractive. It's important to continuously evaluate which of these customers may need to be promoted to the global sales account program. A global sales account program is dynamic and keeps changing based on the value potential customers have to the selling company. >>

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## Implementing an Effective Global Sales Account Strategy

There are a number of best practices to consider when building, implementing, and measuring a successful global sales account program.

### *Include the Customer in the Planning Process*

When developing a global sales account strategy, the most successful companies involve the customer at the appropriate time during the planning process. Not only does this transform

the account from a “selling to” to a “selling with” relationship, but it also identifies and develops agreed mutual business value for both the selling company and the customer. By explicitly involving the customer in determining the strategy, sales companies get real insight “to see beyond the obvious” and into their customer’s business and secure commitment to implementation. In most cases, companies aren’t only selling their products or services, but also positioning, and gaining competitive

advantage from, their approach to the business.

### *Gain Buy-In from the Account Team and Senior Management*

It has been said that it’s better “to develop a shared plan than to share a developed plan.”

For a strategy to be most effective, it’s wise to bring together critical members of the team who can contribute insight and be involved in the implementation. This approach will increase the level of commitment to the activities required to achieve the successful implementation of the plan.

When the account team presents the plan to sales management, this process should be two-way. Far too often sales and operations executives review the account plans on the basis of existence, meaning the fact that a plan exists is good. The most effective reviews are those where the account team communicates the account plan as a true business plan, including

the potential return on investment. The “return” represents the achievement of the account goal (revenue, market share, margin, etc.) and the “investment” represents the resources required to execute the plan (people, program, materials, money, time, etc.). It’s imperative that the sales team identify the critical success factors for the achievement of the plan and that sales management commit to the allocation of resources and support the approach.

### *Determine the Organizational Structure*

Organization is the physical manifestation of strategy. It’s important to remember that there’s no one right answer, but there’s always a best answer. If there isn’t a perfect organizational strategy, companies need to look at the implications of the various basic organizational strategies.

The question of whether to move from a fundamentally geographic-centric model to an account-centric organizational model is a first consideration. When sales organizations make this transition, power shifts. The account manager is now being measured on the performance of the account globally and needs to be given power as well as be willing to demonstrate that power to influence the remote and/or virtual resources. New questions need to be answered. Is the sales company’s focus on the account profitable? Is the account benefiting from the new global approach? Is business growing? Is customer satisfaction improving? It’s critical to have systems in place that enable the company to gather real-time data to measure effectiveness.

Geographic sales managers need to “buy in” to the new approach. They must agree to the fact that they do not control all the resources in their geographic territories. Cultural and political impediments to change need to be identified and analyzed, and a plan must be developed to manage them. The style of company management (autocracy, democracy, consensus, etc.) will determine how easily and how quickly these organizational changes can be made. For many companies, ultimately, a hybrid approach is often the most successful: a phasing of reporting, structure, and hierarchy for some accounts to socialize the change, followed by a more comprehensive deployment.

### *Secure Executive Sponsorship*

For any initiative to be successful, two types of sponsors within the organization are needed: initiating sponsors and sustaining sponsors. These roles are typically provided by executives, and both roles can be undertaken by the same people. Initiating sponsors are typically senior sales or other business executives who determine that a global account program is needed. They and their staff are involved in creating and announcing the program.

It's the sustaining sponsors and their behavior that determine the difference between long term success and failure of the program. Examples of "walking the talk" include executives who request a review of the account plan in detail before visiting customers and seek to become part of the account strategy, and sales managers who set the goals and objectives for the accounts and review progress with the account managers to ensure that they are being met. This type of behavior sets the standard for performance.

### *Create Focused Incentive Compensation*

Too many companies focus too many resources on measuring lagging indicators such as percentage of quota achieved, margin, market share, and so on. The most effective way to change behaviors to support an initiative such as a global account program is to focus on measuring and paying against leading indicators—internal behaviors (within the sales company) and external behaviors (with the customer) that are known to lead to success. This doesn't mean that companies should ignore the all-important financial results. But if a portion of the variable drives the appropriate behaviors, the results will follow.

The first step is to define and set the behavior standards. These could include how the account plan is determined, when to involve the customer, how to involve the customer, and how the value of the company's solution is communicated. It's important to explicitly define the qualitative characteristics of the behavior that companies want to drive. For example, if a company rewards its account managers for writing an account plan, then account plans will be >>



created. But, to get a plan that includes extensive analysis, strategy, and content, companies need to think about frequency and quality. After the quality of the behavior is established and a set of standards is agreed upon, it needs to be communicated, tracked, and rewarded.

### *Develop Accurate Forecasting Processes*

The new millennium has brought with it a need for improved predictability for business performance. In a global account program, accurate and predictable forecasting is paramount. The largest customers drive a significant proportion of the overall performance, and accurate assessment of their potential performance leads to improved forecasting accuracy at the corporate level. Companies often use forecasting processes that rely on data derived by the sales representatives making an estimate as to what revenue will close within a certain time period. This rarely gives management a realistic glimpse into which products will be sold and what resources were used to sell those products.

In a global account program, these specifics are critical to understanding whether or not the program is benefiting the selling company and giving value to customers. To develop accurate and predictable forecasting, companies need to look at the whole sales process. This begins with identifying the processes for global accounts that can help companies understand where the account is in the sales process and the timing associated with the forecast. If companies also apply some form of opportunity management methodology, it can also help them understand how well account managers are performing at that stage in the process.

A key consideration when dealing with multiple cultures, characteristics, and languages is to define and communicate a common taxonomy to define terms, such as “opportunity” and

“where am I?” with respect to sales stages (based on customer evidence). A common language ensures a level of consistency across the account team, so it’s important to ensure that everyone understands how the process and timing is being defined.

### *Set Appropriate Global Pricing*

One of the most complex components of a global account program is the area of pricing. Yet, it is critical to ensure that accounts feel like they are given fair, and sometimes the same, pricing everywhere. This becomes difficult for the selling company because the cost of selling a product in one area of the world may be much higher than in another. In these cases, it may be appropriate to have different levels of pricing based on geographic location.

With global accounts, pricing can become very transparent to the customer. If the selling company’s goal is to become the customer’s supplier of choice, there has to be a level of trust and credibility, especially when it comes to pricing. Companies also need to establish consistent pricing to minimize the risk of customer “special pricing” requests and lost revenues.

A global sales account program can deliver dramatic value to both the selling company and its customers. To implement successfully, companies need to be willing to perform careful planning, execute consistent communication, sustain executive sponsorship, and conduct detailed and bilateral reviews. Developing business partnerships with large, multinational accounts means that those customers rely on the selling company’s products and services as a critical component of their businesses and can’t easily replace them. These accounts can make or break the viability of any selling company and affect the critical problem facing most sales companies today: growth. |s|

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