



UNDERPERFORMING STRATEGIC ACCOUNTS

*5 Best Practices to Improve Performance in Your Top
Accounts*

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To say that businesses depend on the success of their most strategic accounts would be a hyperbolic understatement. Typically these customers represent less than 20% of an organization's total customer population and generally account for over 80% of the total revenues. So what do organizations do when the performance of these top accounts goes stagnant or suffers? This is the question that we at The Chapman Group have been answering for over 25 years. In our experiences consulting with the world's largest sales and account management organizations, we have found that when top accounts are not growing or performing at desired rates, one or all of the following 5 areas need to be reviewed and adjusted to move accounts into positive growth rates:

1. Account Segmentation
2. Competency Models for Hiring/Selecting Strategic Account Managers
3. Program Guidelines / Standard Operating Procedures (Rules of Engagement)
4. Account Plan Templates and Processes
5. Coaching Process for the SAM Program

Fortunately for you the reader, we have compiled a list of 5 best practices for improving the performance of strategic accounts. On the following pages we will go into each in more detail to indicate how, with a little tweaking, they could positively impact your SAM Program.

As it is with all of the resource materials The Chapman Group publishes on our website at ChapmanHQ.com, we hope that this eBook provides you and your SAM organization with the value, guidance, and expertise you need to improve the performance of your top accounts.

Best Practice #1 – Account Segmentation; How to Avoid Selecting the Wrong Accounts

Tell me if this scenario sounds familiar, or has happened inside of your organization when it was decided that the company (and the customers) could benefit from implementing a Strategic Account Management Program...

Leader 1: "Which of our accounts should we include in the Strategic Account Management Program...which accounts do we consider strategic?"

Leader 2: "Let's pull a customer report from our CRM system on annual revenues, and sort from largest to smallest...the top 10-20 accounts that are doing the most business, spending the most money with us, we should make a strategic account."

Leader 1: "That's a great idea! I will get our CRM Admin on it right away, and will have our list of strategic accounts to you by the end of the day."

If this sounds like a conversation from your organization, then we may have already figured out the first root cause of your underperforming strategic accounts - Your organization may have selected the wrong accounts to be a part of the program. Before we go into the detail on "why" this may not be the best way to segment your strategic accounts, it would be best for us to define a strategic account.

A strategic account is a customer / account where the ongoing relationship is critical to the success of your organization and (just as importantly) critical to the success of your customer's organization. This is very different from top revenue producing accounts, which we call "Major" accounts. So what exactly constitutes this difference, and how can your organization create a segmentation model to reflect these differences?

According to the Strategic Account Management Association (SAMA; www.Strategicaccounts.org) the key factors influencing the selection process of strategic accounts includes the customer's strategic direction, geographic presence, financial viability, cultural fit, and management philosophy.

At The Chapman Group, we have an Account Segmentation model that includes all of the above listed, albeit with slightly different labeling, and we add to our segmentation methodology and Excel model a couple more very important criteria for you to consider. The following table outlines the segmentation model that our clients use to determine their strategic accounts (some factors and sub-factor categories may vary based on a client's industry considerations):

Section	Element	Definition
Financial Importance	Revenue Last 12 Months	Revenue actually received from account over past 12 months.
	New business over last 12 Months	New Business Awarded (signed business) received from account over past 12 months.
	Wallet Share	The percent of spend, for similar products and services across all business units that is currently received
Competitive Situation	Level of Competitive Attackability	Viability that account would change from existing competitor relationship when presented with your organization as an option to meet needs.
	Strength of Competitor	The depth of dependency on and relationship with existing competitor within account that makes switching from existing competitor more difficult / a questionable decision.
Future Opportunity	Revenue Opportunities	the value of opportunities currently in the pipeline for the account indicating potential revenue gains

	Customer in Growth Industry	the customer competes in an industry / market segment that is in a growth mode, thus increasing their likelihood to increase budgets / spend
	Total Market	Total available pipeline based on what your organization offers today in products and services.
Relationships	Account Perception of us as a Quality Provider	Assessment based on any recent data and/or perceptions from account on quality of deliverables; if based on more than one business unit, it is the reflection of an overall average across all business units.
	Consecutive Years of Relationship as of this Current Year	Number of consecutive years, as of the current year, that account has been under contract
	Loyalty Rating	A numerical assessment of our strategic alignment with an account (our risk of attrition).
	Senior Level Relationships	Evaluation of Senior Level "C-Suite" relationships within account (Number of positive and influential relationships).
	Significant SBU Penetration	Identifies which business units are currently engaged with account.
Alignment / Fit	Willingness to partner in a SAM Environment	Measurement of key indicators that assess the account's propensity to partner.
	Capabilities that would add value to Client	Measurement of the "perceived value / importance" our organization brings to the partnership – value propositions that win and keep revenue.

To summarize, segmenting your customer base into who is and who is not a strategic account MUST BE based on more factors than simply revenue. It is however important that lagging indicators (i.e., revenue) as well as leading indicators (i.e., Loyalty Index, Willingness to Partner) should be well balanced in the criteria – ideally weighted 50/50. The relationship between a strategic account and your organization goes far deeper than top line revenues and this must be reflected in the model you are using to segment your accounts. So, if your strategic accounts are underperforming, take a look at how accounts were segmented to become strategic accounts to ensure that you did not miss ALL of the critical factors that determine who is and who is not a strategic.

Best Practice #2 – Utilize a SAM Competency Model for Selecting/Hiring Strategic Account Managers

Think about this for a minute...If you needed to have major life saving surgery, would you simply select the doctor that had the best grades coming out of medical school...? ...or the doctor who has won the most awards? ...or the doctor that has the most patients? My guess is the answer to all of those are "No", but you could say that any one of those is a part of a longer list of competencies you would look for in a doctor to do your surgery. Staying with this example, I am sure that you would want to select a doctor who had done this type of procedure before, hopefully many times before. And I can also imagine you would want to select a doctor that not only makes you feel comfortable but also has a passion for his profession. These are only a couple of items that you may look for before aligning yourself with a doctor to perform your surgery.

Similarly to the example above, your strategic accounts need a Strategic Account Manager that has the competencies that will make both the customer's and the supplier's organization successful. At The Chapman Group, we sometimes over-simplify what makes a successful SAM program into the following: the right accounts (which we covered in Part 1 – Account Segmentation), the right strategic account managers, and the right activities done the right number of times with the right people (relationships). Therefore, it is critical to have the framework of a

competency model that can be employed immediately within your organization to help identify, hire, train and educate Strategic Account Managers.

Using the model is straightforward. For each of the following 18 competencies, rate the Strategic Account Manager, or candidate, on a 5 point scale that goes from Very Strong to Very Weak, with Average as the mid-point. Generally speaking, when we (The Chapman Group) implement this model with a client, we weight each of the 18 competencies based on factors like industry, types of accounts, and location, to name a few. But for these purposes, you can use the model under the assumption that each competency is just as important as the next. We also recommend that you execute this type of competency assessment in a 360° format including peers, leaders and the candidate themselves. So without further delay...here is the Strategic Account Manager competency model elements (i.e., competencies):

- *Bias for Action* - Has a sense of urgency, as it relates to meeting business objectives, challenges, and any issues that may arise. Strong follow-up, tracking, and monitoring.
- *Business Acumen* - Has an intuitive sense of understanding how companies make money which enables him/her to understand the market, profitability and the big picture of goals & challenges.
- *Ability to Interact at Senior Levels* - Has the confidence to interact with the senior level and challenge them, when appropriate, and establish the appropriate credibility. Knows and can relate to the challenges senior executives face and can effectively demonstrate knowledge of their issues.
- *Conflict Resolution* - Is not afraid to deal with issues, and able to diffuse problems in a fair and reasonable manner quickly through cooperation.
- *Creative & Innovative* - Presents new ideas and concepts or expands on existing ideas and concepts. Is willing to take measured risks.
- *Client Centric* - Committed to account's needs and expectations. Will lead a team to proactively focus on the client both short and long term.
- *Manages & Measures Performance* - Sets strategic and tactical direction and realistic business objectives. Knows their performance measurements.
- *Effective Communicator* - Articulates message and effectively interacts with team to ensure that the message delivered is understood. Keeps management and account aware of key issues, challenges, or results, on a regular and timely basis (as appropriate).
- *Leadership* - Guides, encourages, inspires, builds trust, challenges, and gives incentive for action that enables other to succeed.
- *Effective Negotiator* - Collaborates in challenging situations to arrive at mutually beneficial win/win outcomes.
- *Flexible in Various Types of Organizations* - Understands the organizational landscape of varying businesses and can navigate both formally and informally to achieve required outcomes.
- *Perseverance* - Focus on meeting expectations regardless of internal/external roadblocks or challenges. A strong desire to succeed.
- *Planning* - Forward thinking about activities and timelines. Anticipates and accounts for issues and challenges.
- *Priority Oriented* - Focuses on the hi-value activities that result in meeting the necessary goals while minimizing activities that sidetrack performance.
- *Problem Solver* - Asks questions that determine the root causes of an issue. Determines and analyzes alternatives to arrive at the best course of action.
- *Process Oriented* - Uses resources in a sequential and logical manner to meet timelines and accountabilities.
- *Results Driven* - Focused on and motivated by overachievement and develops team to overachieve.

- **Team Builder**- Selects and utilizes appropriate team members to deliver on expected outcomes. Develops team members and relies on their knowledge and skills to achieve results. The team is the number one priority.

Note: Any competency assessment should never be used as the sole criteria for hiring, selecting and/or not hiring and/or selecting any employee into any position.

Best Practice #3 – Avoid “Random Acts of Courage” by Implementing a Standard Operating Guide / Procedures for your SAM Program

At the Chapman Group we like to oversimplify what it takes to create a successful SAM program; the right accounts, the right strategic account managers, and the right activities done the right number of times with the right people (relationships). A set of Standard Operating Procedures ensures that your SAMs and their teams understand what the right activities are to achieve maximum strategic account success.

Standard Operating Procedures (SOP) can be loosely defined as, “detailed, written instructions to achieve uniformity of the performance of a specific function”. In this case we are talking about the detailed, written instructions needed to achieve uniformity of strategic account performance. Developing and formalizing an SOP for your SAM program will provide the following benefits:

1. Serve as a reference guide providing clarity around expectations and objectives for team leaders (SAMs), team members, and executives involved with the SAM program.
2. Help to transition, educate, and train new employees on the SAM program
3. Enable SAM best practices to be shared throughout the organization – regionally and globally
4. Clarify the “RACI” of critical steps in the Account Management Process – i.e., who is **R**esponsible, who is **A**ccountable, who should be **C**onsulted and who should be **I**nformed
5. Formalize the SAM program into a business process making it...SCALABLE, PREDICTABLE, REPEATABLE, MEASUREABLE – and COACHABLE with defined measurements and metrics and a uniform dashboard

In the absence of an SOP, organizations with SAM programs can expect SAMs to do whatever they think is best for the account and their benefit – often more intuitive behaviors based on their own training and/or experiences. At TCG we call these activities, “random acts of courage”. A SAM program that is not formalized and is full of random acts of courage can expect the performance of strategic accounts to be just as random as these acts; some performing above expectations, and others performing well below expectations. The SOP helps to standardize performance and create a formal process inclusive of best practices that elevate the performance of all strategic accounts.

Best Practice #4 – Implement a Metric-based Account Plan to Make Decisions based on Facts and Insights

When it comes to planning, there are a lot of people smarter than me who have eloquently spoken of the importance of planning and the results of failing to do so:

“A goal without a plan is just a wish.”

– Antoine de Saint-Exupéry (French aristocrat, writer, poet, and pioneering aviator)

“By failing to prepare, you are preparing to fail.”

– Benjamin Franklin (Founding father of the United States of America)

“Give me six hours to chop down a tree and I will spend the first four sharpening the axe.”

– Abraham Lincoln (16th President of The United States of America)



The concept and importance of planning is timeless. People have been succeeding when they planned and failing when they did not, long before many of us were born, and will continue to do so long after many of us are gone. In terms of Strategic Account Management, there is one more important quote to add to the list. This one comes from W. Edwards Deming (Management professional and often credited with being the Father of Quality Engineering) who famously stated that, “You can’t manage what you don’t measure”. Being that a key component of Strategic Account Management, is management, then we must logically deduce that just as strong a component (if not stronger) is that of *measurement*.

It is not possible to overstate the impact preparation and planning has on the success of a Strategic Account Management Program. The word strategic itself leads us to a whole new dimension of account management effectiveness. At the core of the planning process is a living, breathing document rich in cross-functional team-driven account intelligence. Organizations have long been creating such data intensive documents about their accounts, often referred to as the Strategic Account Plan. Many of these plans have gone unused, often due to the volume of the qualitative information, the lack of value to the Account Team, and the time consuming nature of the Account Team completing and maintaining the plan in an already packed workday. The key to shifting this paradigm and creating a useful strategic account plan that will impact the success of your SAM program is *metrics – a shift to more measurements, numbers, and a quantitative account analysis approach*.

At The Chapman Group, we believe in implementing a **simple [metric-based account plan](#)** that provides the ultimate value to the Account Team by incorporating the right situational metrics/measurements to eliminate endless hours of research, documentation and discussion. And by doing a quick Google search for strategic account plans, or strategic account plan templates, we can tell that many of you, over 200,000, are looking for more knowledge around best practices for implementing a strategic account plan template to help better plan for and manage strategic accounts. So here is what we can do to help you on your quest, and hopefully minimize your search time and maximize the performance of your Strategic Account Management Program.

If you click on the following link, [The Components of a Metric-based Strategic Account Plan](#), you will be directed to a page where you can download The Chapman Group’s definitive guide to a Metric-based Strategic Account Plan. And while you are in our resource center you will also want to listen to our short podcast on [Executing the Strategic Account Plan](#), in order to bring the metric-based components described in our guide to life.

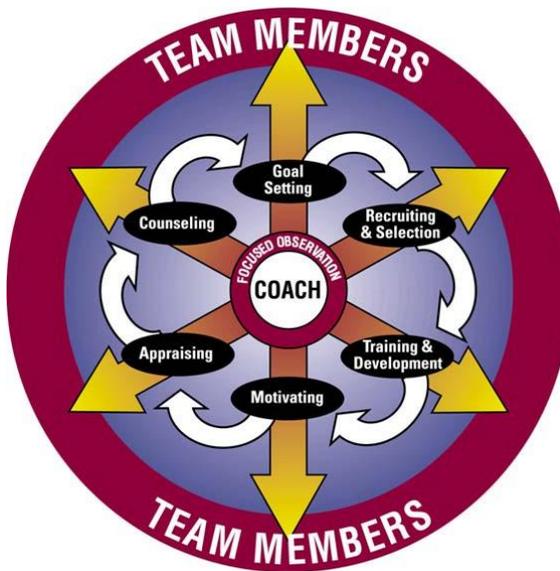
Like the famous Yankee catcher Yogi Berra said, “*If you don’t know where you are going, you will end up someplace else*”. Downloading this resource is a great first step in setting the course for optimal strategic account success.

Best Practice #5 – Coaching the Process

You would be hard pressed to find any great performer, in any career that achieved optimal levels of performance without the aid and guidance of a coach. Michael Jordan didn’t win an NBA championship until Phil Jackson coached him to 6 rings; Baryshnikov only became a great dancer under the tutelage of Alexander Pushkin; Cal Ripken Jr owes his hall of fame career to 2 coaches – his father, Cal Ripken Sr, and fellow hall of famer Earl Weaver; and Oscar winning actor Robert DeNiro looked to acting coach Stella Adler for direction and advice throughout his acting career. So what is the secret of coaching performers to new levels of top performance? The answer is that they all coached to a process supported by tangible and understood measurements and metrics.

Phil Jackson had his triangle offense and zen-like process for leading and gaining buy-in from large egos off the court. Stella Adler followed and directed her pupils in the process of method acting. Even the late Earl Weaver coached to a process that he called “pitching, defense, and the three-run homerun”. This secret, coaching to a process, also applies to Strategic Account Management where, if done correctly and diligently, you will be able to coach Strategic Account Managers (and their teams) to new heights of performance and success.

Below is what The Chapman Group calls the Coaching Continuum, a method for effectively coaching the entire Strategic Account Management process and program.



The Coaching Continuum consists of 6 principles/activities that Strategic Account Management leaders/coaches need to do on a regular basis to optimize success. These activities are:

1. Goal Setting – Ensure that all teams and team members have goals that are understood, agreed to, and are aligned to account needs and expectations. These goals should be developed through collaboration.
2. Recruiting & Selection – Develop the criteria by which team members and team leaders will be identified and selected. It is important to understand that anyone recruited or selected must want to be on a team, and that as situations change - so should team members
3. Training & Development – Recognize the competencies and/or skills that are needed by SAM team members and will ensure that the appropriate development programs are offered and completed
4. Motivating – Provide motivators that are aligned to goals and objectives of the SAM team and program. These motivators help to drive desired behavior and give purpose for all team members to participate and put in extra effort.
5. Appraising – Execute monthly, quarterly, and semi-annual internal and external business reviews to assess key performance indicators against documented expectations
6. Counseling – Take the time to address both positive and not so positive (negative) situations within the SAM team, and take the appropriate actions. Counseling can, and should be a positive development action.

In addition to implementing the coaching continuum as described above, a SAM coach may have additional responsibilities that include collaborative action planning/joint scorecarding, priority management, and keeping up to date metrics and measurements on the performance of the SAM program, SAM teams, and SAM accounts (i.e. on the SAM Dashboard). As you can probably appreciate by now, the role of a SAM coach, and the act of coaching the SAM process could be (and usually is) the most instrumental component of over performing strategic accounts – SAM programs with an effective process coach and a defined coaching process far outperform those programs that do not have a coach or a coaching process. I will leave you with the following thought on an effective coach that was conveyed to me during my many years of playing high-level athletics; “Coach never told me anything; he just helped me realize what I needed to do, why I needed to do it, and what I would gain from doing it. He then helped do it. He was really there when I needed him- it was always all about me”.

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Denny J. Chapman Jr. joined The Chapman Group in 2003 and was named Managing Partner and Director of Business Development in 2012. As part of the Executive Team, Denny is responsible for Corporate Planning and Strategy Development. As the Director of Business Development, Denny works with his team to create business relationships with organizations that could benefit from the offerings of The Chapman Group. Before joining The Chapman Group, Denny spent some time “bussing” around the expansive plains of Montana and the mid-west as a pitcher inside the San Diego Padres minor league baseball system. Following his baseball career, Denny graduated from the Towson University School of Business with a Marketing Degree. Some fun facts about Denny: He spends his free time as the manager of a travel baseball team based out of Annapolis, MD. Also, Denny is an animal lover who has started his own “ark” at his home in Baltimore, MD with pets from all corners of the local pet store including, 2 dogs (a Westie and a Cairn), 2 cockatiels, 2 angel fish and 2 dwarf hamsters.

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About The Chapman Group

The Chapman Group partners with B2B sales and account management organizations to identify and solve sales and account management challenges resulting in stronger relationships, increased revenues, and higher margins for suppliers as well as our customers.

Our LoyaltyProfessional™ Voice of Customer (VoC) solution is designed to support a client’s need to gain and then act on critical field-level customer facts and insights. Our solution includes:

- Measuring feedback of B2B customer relationships
- Capturing important data (customer facts / insights) through a unique electronic survey approach
- Ensuring customer data integrity utilizing our Loyalty Index methodology and expert consulting provided by our LoyaltyProfessional™ team
- Mining of data to highlight trends and key discoveries
- Analytical intelligence (reporting) on next actions for organizational success; The Chapman Group’s Prescription for Success

As part of our end-to-end solutions approach, we also support and drive the final and most important element of “optimizing the customer relationship” – how to connect with and implement field-level action planning to create more loyal and committed customers. Our metric-based Strategic Account Management (SAM) process and best practices integrates the art with the science of managing strategic customers, enabling our clients to grow accounts by becoming more knowledgeable, efficient, effective and collaborative. We offer unique methods and software platforms to document and collaborate with customers on “account planning” and the “economic value” being delivered by the supplier and appreciated by the customer.

Learn more on how we can help your organization champion improved customer relationships, increased revenue and margins in today’s highly competitive, global and economically focused business community by visiting our website at www.ChapmanHQ.com.