



Sprouting a SAM program: How to build a strategic account management program from the ground up

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Following the SAMA annual conference in Orlando two years ago, I mentioned to Lisa Napolitano, president and CEO of SAMA, that a workshop on how to start a strategic account management program might be beneficial for those just beginning the process. One should be careful for what one wishes. A few months later, Lisa called and successfully recruited me to present a beginner's course at SAMA's annual conference in 2005. I delivered a similar presentation at the 2006 conference.

This article recaps that presentation and outlines the approach 3M Electronics took in planning and implementing a SAM program. While most readers may be involved in a business a lot different from the one I work in, the following plan provides examples of tools and strategies that can be used to sow a strategic account program no matter what your industry or business model.

3M Electronics, where I work, is part of the company's Electro and Communications Business, which is based in Austin, Texas. We sell highly customized products to the electronics industry. Our thousands of products include bonding films that hold a cell phone together, flexible circuits that allow a printer and print cartridge to communicate, and copper connectors and assemblies that bring a computer to life. Our customers include the largest computer hardware, mobile handheld device and chip manufacturers in the world, among others.

The electronics marketplace moves at the speed of light. Change is constant and a given. For instance, the life of a cell phone model is about 18 months. Currently, we have

millions of dollars of product in a popular cell phone. However, when the next generation of phone hits the market, that business is gone. We start the process of developing and specifying products all over again. We must continually create products based on our customers' specific needs.

To succeed in the global electronics game, it is imperative that we remain intimate with our customers and in sync with their ever-changing needs and demands. In mid-2003, my executive vice president asked me what could be done to make our business more customer-centric. It was a good question and one that needed to be addressed if we were to grow further as a global electronics industry supplier. We needed to establish a structure to focus on our most important and industry-influencing customers.

Two weeks later I proposed initiating a SAM program. When I received the green light to move forward with the proposal, I formed a team that included representatives from sales, marketing and each major geographical region in which we do business, as well as myself. Without an existing internal model to follow, I turned to SAMA for external guidance. The people at SAMA have offered me fantastic advice and helped the 3M team build a successful program. Here's what we learned along the way.

Before you begin

Warning: Establishing a global strategic account program within a traditionally structured company is an unnatural act.

By necessity, SAM programs are a drastic departure from business as usual and may meet

**WE'VE LEARNED THAT SHORT,
SHARP ACCOUNT BUSINESS
PLANS THAT "LIVE" ARE BEST.**

resistance along the way. Keeping this in mind as you move forward will help you anticipate obstacles. SAM programs cut across everything familiar: global regions, product-based divisions and sales territories. They require a global team and functional alignment. They demand new metrics, new processes and non-traditional compensation plans. They result in a matrix organization as opposed to a more standard line organization.

Forming a SAM program can involve a struggle against a company's norms, and because of that, the single most important element of a new SAM program is commitment from senior managers. A firm commitment from senior-level management won't ensure a program's success, but the lack of it can seal its failure. Consistency of support is necessary because a SAM program requires a corporate and organizational shift that needs time to germinate. Giving it a chance to work requires a longer-term vision. If you and your top managers aren't fully committed to building a SAM program, then stop reading now. There's no sense continuing.

The 3M Electronics management team allowed three years to plan, launch and execute our program. The team spent most of 2004 laying the foundation and rolling out the program. We called 2005 our year of engagement, when we launched the program internally and externally. This year we are in full execution mode. (See Figure 1.)

Laying the foundation

Our team spent 2004 methodically building a robust base for our SAM program before it was executed. Four fiscal quarters seem like a lifetime on the corporate clock. On the other hand, our top accounts represent many millions of dollars in revenue, and it was

Figure 1. Business model concept for global strategic accounts



essential that we approach change with care. If we couldn't be confident of the program's success, it didn't make sense to move forward.

The team followed six basic steps in laying the foundation of our SAM program: establishing its business case; identifying its winning objectives and strategies; selecting the strategic accounts; defining its value propositions; establishing the organizational structure; and developing account business plans with metrics.

1. Making the business case

As a first step, the team established the rationale for a SAM program. Why do this? What did we want to achieve? In essence, we hoped that by focusing on key accounts, we could ignite growth within our business. We listed specific ways a strategic account program was expected to help us grow:

- Generate new opportunities.
- Grow sales revenue for existing products.
- Develop processes that benefit any key account relationship, not just those we would target.
- Strengthen our position with selected industry leaders.
- Gain technology alignment by working more closely with our customers to identify new opportunities.
- Serve as a portal to 3M technologies and products across the company for key accounts.

2. Identifying winning program objectives and strategies

We had to drive growth within the context of the strategic account structure. Our objectives:

Figure 2. Customer selection (de-selection) criteria

Rating of customer importance	9	5	10	5	10	9	6	
Customers	Business strategic fit	Actual business sales	Potential business sales	Cultural fit	Financial viability	Focus market leader	Global presence	Total points
Company A	4	3	5	2	3	4	4	201
Company B	3	2	1	3	5	2	4	154

Rank 1 - 5 for each criterion and multiply by weighting factor to get total points.

Source: 3M Electronics

- Identify a minimum of \$X million of closeable new opportunities.
- Grow sales revenue by a minimum of X percent.
- Ensure that all accounts have a current and active business plan.
- Improve the business transfer process and incorporate it into our DNA.¹
- Develop and pilot a new global compensation plan that recognizes and rewards transnational business.
- Make sure the team has fun succeeding.

Our winning strategies fell into the following four categories:

- customer engagement
- technology alignment with customers
- effective global processes
- operational excellence

3. Selecting strategic accounts

Naturally, selecting the strategic accounts is a cornerstone of building a SAM program. To begin, our team created a list of selection criteria:

- business strategic fit (Does this account fit into our strategic direction?)
- actual business sales
- potential business sales
- cultural fit (Can we work with this company? Do we have similar corporate cultures?)
- financial viability²
- focus market leader
- global presence

Next we needed a numerical value for our criteria. We took the above factors and weighted them according to their importance. For instance, potential business sales scored a 10 while cultural fit received a five. The accounts themselves were given a score of one to five for each factor, with five being the best. That score was then multiplied by the weighting factor to get a total score. (See Figure 2 on Page 31.) Using this process with your own ranking and weighting

system will help you choose your highest-priority accounts.

We initially selected 20 strategic accounts and have since honed the list to 16. Some companies have launched programs with much larger numbers of strategic accounts. However, in my opinion it is better to keep the program small. The idea is to focus on your most important customers. The larger the number, the more diffused the effort becomes, essentially defeating the purpose of the program.

4. Defining value

Next we identified the strategic account program's value propositions for 3M and our customers. For 3M, the program will:

- Maximize global sales penetration into industry leaders.
- Move the company in the same strategic direction as industry leaders.

A FIRM COMMITMENT FROM SENIOR-LEVEL MANAGEMENT WON'T ENSURE A PROGRAM'S SUCCESS, BUT THE LACK OF IT CAN SEAL ITS FAILURE.

- Align 3M technologies with customer product and technology roadmaps to design-in solutions that are non-incremental, unique and customer-focused.
- Generate new opportunities for value.
- Improve selling processes to increase design wins.
- Enable revenue growth.

For our customers, the program will:

Figure 3. Questions to ask in developing a strategic account plan:

1. How is the account organized?
2. What are its products and sales revenues?
3. What primary markets does it serve?
4. What are its priorities, issues and values?
5. How is it positioned?
6. Where can we capture value?
7. How are we doing?
8. Do we have appropriate local and global coverage?
9. What must we do to grow the business?
10. What do we currently sell to this account?
11. What are the top upcoming opportunities?
12. What do we plan to sell to this account?
13. What are the current obstacles?
14. How will we execute the growth plan?
15. What do we need to be successful?
16. What support is needed to execute the plan on time?

Source: 3M Electronics

- Present one 3M face: a single team as a portal to the company.
- Provide global coordination with local customer support. (We have coverage wherever our customers are located around the world.)
- Offer priority status: executive engagement, dedicated teams and resources, customized supply chain options, shared strategies and business direction, and problem-solving expertise.

For other suggestions on account selection criteria, I suggest reading "The why and how of firing an account" in *Velocity*[®], first quarter, 2005.³

5. Developing account teams

With the strategic accounts in place, we devised the program's organizational structure and selected the people who would represent 3M to our most important

customers. Each of our handpicked accounts needed to be managed by a top-notch account manager to ensure the best possible results. The strategic account manager acts as a sales executive but also has additional responsibilities:

Relationship development: Act as a focused point of contact for executive communications and 3M corporate interactions with the account; develop engagement plan to enhance long-term 3M value at account.

Account business planning: Develop and execute the global account business plan and the 3M value proposition to the account.

Account business development: Develop in-depth understanding of account problems and 3M solutions to be able to identify, create, manage and close opportunities with the 3M divisions' sales teams.

Account sales team leadership: Lead the global selling effort into the account. Identify global team members and create communicator links, matching team configuration with the nature of the sales opportunities of the account.

Scorecard management: Be responsible for the account scorecard, using existing tools to measure and

ESTABLISHING A GLOBAL STRATEGIC ACCOUNT PROGRAM WITHIN A TRADITIONALLY STRUCTURED COMPANY IS AN UNNATURAL ACT.

improve 3M's relationship and supplier position at the account.

Finally, the SAM must ensure global coverage on the account. The executive sponsoring the strategic account also has an important role to play. We defined specific roles for the sponsoring executive:

- Develop and strengthen executive-level relationships with strategic customers.
- Articulate 3M's corporate business strategies.
- Provide leadership and assistance to the strategic account team.
- Coach and mentor the manager(s) of the executive's assigned account(s).

The program has prompted our executives to strengthen their relationships with our customers. Relationships are not forged overnight. (One thing we've learned is that our

key customers are more important to us than we are to them.) It takes time to generate trust and credibility. But there is strength in our customers' executives being able to pick up the phone and call a peer when rocks appear in the road.

The program doesn't just engage execs with other execs. Recently our executive vice president fielded a call from a customer's purchasing agent, who had a problem. If a call comes in from an assigned account, our executives answer the phone. Once again, for the executive sponsor program to work, commitment is important. If an exec lacks commitment or time or is not comfortable with customer engagement, the program is ineffective and can even backfire. Therefore, executive sponsorship is reviewed annually.

Also, executive sponsorship should not replace effective account management. That is the account team's responsibility.

6. Developing account business plans

During the first year of our program, account plans spanned 40 to 50 pages. What drudgery. We've learned that short, sharp account business plans that "live" are best. Today our account plans are 15 to 20 pages and only expand per number of new opportunities.

Figure 4. Global strategic accounts dashboard definitions

Account coverage	New business opportunities	Technology engagements	Executive engagements	Growth (Previous year + 20%)	
				Quarterly	YTD
		Corporate-wide joint alignment and joint technology roadmap for future		20% +	20% +
	Opportunity pipeline quantified, but below target		3M executive meetings with targeted management in single function or business		
No direct coverage at customer sites				< 10%	< 10%
<p>black = hitting targets grey = making progress blue = needs work</p>					

Source: 3M Electronics

