

A President's Role in Account Management Practices

A RevenueStorm White Paper

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Many companies have initiated Strategic Account Management programs thinking that such programs will optimize revenues from high potential accounts. Many of these same companies have been disappointed in the results of those initiatives and are beginning to question the return on their investment. This article is a case study for those senior executives who are questioning their investment in a major account program specifically, or in the sales organization generally, and would like to understand their options for achieving revenue acceleration through either.

A president, or CEO, cannot afford to overlook the foundational investment allocations into markets and their sub-markets (accounts). In fact, their primary responsibility is to optimize resources for the benefit of stakeholders. Since market segments represent the origin of all revenue streams, it is unwise to take a “hands off” approach and blindly delegate these core investment decisions. Too much is at stake for any president or CEO to abdicate their leadership responsibility in this single most strategic area affecting the revenue growth of the company.

The chance for error in this area is a triple threat. There are three “market investment” ways a company can get it wrong and seriously jeopardize their organization’s ability to generate profitable revenues:

- Under-investing in the right markets (accounts), thereby impairing the sales organization’s ability to effectively compete, and hurting the company’s ability to either gain and/or protect market share (or wallet share) from the competition
- Over-investing in the wrong markets (accounts), thereby mistakenly running up the cost of sales and hurting the company’s bottom line profitability
- Missing key markets (accounts), thereby needlessly leaving revenues on the market’s table and hurting the company’s top line revenue performance

Acknowledging the business impact of these missteps, the haunting question is, “How does a president, or any senior executive, lead in these decision-making areas?” Right decisions elsewhere cannot compensate for the revenue shortfall that a wrong decision in any one of these three areas will cause.

So, where do you start to solve this rather daunting and high-stakes decision-making task? Before investment decisions about market segments can be sorted out, all confusion around the company’s Go To Market Strategy must be removed on a per revenue stream basis.

The job is not done when the business plan is completed. Bankruptcy files are filled with defunct companies that had great business plans missing the Go To Market Strategy instructions for execution. Any business plan, regardless of its brilliance, that is disconnected with its customer market(s) will be rendered ineffective. The Go To Market Strategy is often overlooked and a misunderstood bridge connecting the company’s business plan to its targeted markets. This, and this alone, contains the “DNA” for acquiring customers, outperforming the competition and winning market share.

However, before a Go To Market decision can be selected and solidified, one must first have a firm grasp on the emerging trends affecting your industry. You must be able to read the Market quickly and accurately. You have to have the leadership skills to guide your organization through a successful transformation effort in order to capitalize on Market trends, and you have to be able to do it with a speed and clarity unmatched by others. Such a leader will have positioned your company to win valuable market-share at the direct expense of slower and more poorly-led competitors.

To delineate this decision-making process from the beginning (the company's markets) to the end (an Account Manager's approach to a market of one), the initial focus must be on external trends. To paraphrase a statement of Jack Welch, "If the rate of change externally is greater than the rate of change internally, then the end is in sight." That is to say, a changing market necessitates a different market investment model. This plays out all the way down to its natural conclusion of what the specific role of an Account manager needs to be and what the Account Manager needs to do in order to advance the company's renovated Go To Market Strategy.

We interviewed Larry Letteney, president of Creo Americas, for this article to discuss his experiences in successfully transforming his organization in response to the changing trends in the graphic arts printing industry. We asked Larry this question, "What trends did you observe in your industry that caused you to consider altering your Go To Market Strategy?" Here's his response:

"One of the first things we saw was that our 'market' was in fact several distinct market-places. Creo had taken some tentative steps to organize around a customer segment, however they lacked a fully-integrated and aligned approach that we uncovered and confirmed with our Revenue Storm Project. Once confirmed, we organized Marketing, Account Managers and other Supporting functions wherever possible to serve specific markets.

The trend would appear in the form of a customer that was getting 'top-level' service, however, was still somehow unhappy. In some cases we had customers distressed with our lack of specific knowledge about their world and their daily challenges. In some cases it appeared as a market-segmented competitor that continued to perform just a few percentage points better for a sustained period. Once we segmented and achieved focus, we began experiencing superior results.

As we considered our core market, called Enterprise for mid- and large-sized printers, we saw that our customers' world had changed. They faced extreme margin pressure, overcapacity, difficult technological choices and increasing expectations from their clients ... these are the Fortune 1000 companies, large ad agencies, publishers

and designers who were trying to pare down their list of vendors and spend less obtaining print and communications materials. As a whole, our industry needs to remove cost and grow sales via sustainable differentiation.

While the industry faced these challenges, the vendors to the industry — facing similar challenges — chose to aggressively seek share, thus prompting pricing erosion and margin pressure.

Now, after a careful analysis of our Market, we projected that the highest value activities Creo could fund would involve the following three offerings that were translated into business impact terms for our customers:

- Help printers integrate and automate their digital systems (Networked Graphic Production).
- Help them print differently and better (Value in Print).
- Help them standardize their color processes (Certified Color).

These initiatives were quite different from our historical charter of technical selling of workflow and imaging systems. Now, in many cases the business value is being unlocked through consultation, software integration, change agency support and training. Similarly, for the majority of companies, this was an unknown need and so required a new demand-creation sales process being driven by a new Go To Market Strategy. Revenue Storm was contracted to install a Demand Creation Sales process from Suspect to Sale, and train our Account Managers in its implementation."

To assist you in considering your organization's Go To Market Strategy, Revenue Storm has consolidated all the common and uncommon options into four classifications. They are:

- **Level One:** Transaction-Centric — Where an educated customer with a preexisting need wants to buy prepackaged "fix" at the cheapest price in the most convenient manner.
- **Lever Two:** Solution-Centric — Where a customer has an idea, but needs some education and wants to buy a more complete or integrated solution with one-stop shopping.

- **Level Three:** Business-Centric — Where an Account Manager takes the lead in creating demand for a business improvement value proposition in order to take advantage of a business opportunity.
- **Level Four:** Partner-Centric — Where the Account Manager sells and installs a symbiotic alliance relationship around a risk/reward sharing opportunity that will advance a customer in his/her market space.

The key to accelerated revenue is to choose a Go To Market Strategy that provides you the most competitive advantage for each revenue stream. Once that choice is made, the company will need to build an aligned infrastructure to support and advance the Go To Market Strategy. For instance, depending on which of the above four strategies is selected, the type of sales and account management people to hire differs greatly, along with their compensation plans.

The sales process and sales training for each of these four options is very different. The marketing it takes to support each of the four is also very different. Wherever there is internal infrastructure misalignment, the resulting organizational drag will impede the generation of revenue and profits.

Once a company makes the defining decision concerning a revenue stream's Go To Market Strategy, the entire organization should be aligned to it, which in most cases will necessitate an internal transformation effort. Revenue Storm asked president Larry Letteney what a senior executive needs to know and do when leading a transformation of an organization like his when they decide to change Go To Market Strategies from a product/service selling approach (Level 1 & 2) to a business improvement value proposition approach (level 3). Here is his insightful reply:

“Perhaps one of the easiest traps is to consider the change to a business solution-based selling a ‘sales-only’ event. In fact, most companies in the fiber of their brand are associated with a product, system or solution. For Creo, this was Computer to Plate — we were the company that drove the mainstream adoption of a wonderful enabling technology. However, today we are an Enterprise solutions company offering products, services, consulting and digital media. In short, know where you are today and how that is different from where you want to go.

As you begin the process of defining a new Go to Market Strategy, it is vitally important to include the entire management team of the organization. Marketing alignment is critical as the Brand and functions required to succeed in a consultative solutions approach are very different from product or system expertise. Human Resources, Research and Development investment, Customer Support, Operations, Professional Services, Finance and Legal all play a role of alignment and support of a Go To Market Strategy. Even the Board of Directors can play a positive role in advising the company on the breadth of activities to be under-taken as part of a new Go To Market Strategy.

Be prepared for the organizational consequences of implementing a new Go To Market Strategy. In many cases people in key roles, especially sales and marketing, will struggle to evolve. Many will cross the gap with coaching, tools and training. Some will not. With help from LaVon's team we tested the entire sales team and leaders in order to understand their competencies, tendencies and attributes. This exercise served to provide guidance in the coaching process. As we look several years down the road, each person on our team will be touched by our Go To Market Strategy choice and will require the appropriate training, coaching and leadership to ensure Creo's success.

From my experience at Creo, I've determined these Critical Success Factors to realize a successful outcome and achieve sustainable revenue gains:

Leadership — Successful Go To Market Strategy implementation requires not only buy in, but enthusiastic support from leaders in the organization.

Funnel Management and Telemarketing — In the process of segmentation and Go To Market Strategy alignment, people begin to do different things differently. Marketing plays a key role in market identification, profiling and qualified lead generation. (For example, we attempted to ramp a telemarketing group internally only to find the time and hiring constraints did not meet our project timeline. We shifted rapidly to an outsourced approach.)

Communications — It is important for all employees to embrace the shift in strategy. Perhaps the most powerful communication deals with thought leaders who experience early wins and validation of your Go To Market Strategy and new Demand Creation sales process.

Advocates — In each sales region and team, it is important to find successful informal leaders who embrace the new Go To Market Strategy and prove success.

Gold Standards — Find a few customers where you set expectations and deliver on your new Go To Market Strategy. Hold them high to the organization as beacons of promise for the industry you serve, your customers and your employees.

Measure and align — We now measure such things as executive meetings scheduled, value propositions delivered, disengagements of ill-fitting prospects, losses and wins. We adjusted our compensation plan to include elements of mix, margin and strategic initiative adoption.”

Organizational Adjustments advised — Of critical importance is the alignment of marketing, the image, market and opportunity development functions to your GTM [Go To Market Strategy]. It is also very helpful to align professional services resources and the customer support team. Our customer support team is implementing a concept called ‘site ownership.’ This involves establishing an operations-level link between our hundreds of field support folks and a couple thousand customers.

We are broadening our pre-sales engineers focus to be more of project coordination in line with our GTM as opposed to their past duties of more system design. Certain GTM choices will lead to more complex implementation issues and so a company’s processes must keep pace.

We chose as well to align order management and some operational elements in cases where we had scale and specific knowledge requirements.

Marketing’s Role Changes — Marketing in many product and system companies focuses primarily on stuff (collateral, mail-

ings, etc.) and tactical opportunity development. Our early decisions to segment focused primarily on sales resource allocation. Imagine ... sending such a precious resource into a hostile environment without the support of image development, market development and sound qualified lead generation. Since engaging in our Revenue Acceleration Project with Revenue Storm, our view on marketing has expanded a great deal.

It was a minor revolution to put the elements of lead generation and qualification on the shoulders of the marketing team, however, the logic in this move is so simple. The act of identifying, prefertilizing and qualifying a group of potential customers is just not optimally executed in the sales division. A wonderful thing happens when Marketing is unleashed to provide its best-suited value: Metrics. I remember an embarrassing moment when Gary, from Revenue Storm, asked us, ‘What value do you get from trade shows?’ Silence. Today we track leads, conversions to qualified leads, executive meetings and market segment sales. Just the right information to course correct and ensure we maximize our contribution to the company.

Segmentation of Markets — Segmentation is at the heart of our Go To Market strategy execution. We found that our core ‘graphics’ business lived in five distinct segments, some having bands within the segment. Our ability to deliver profitable business and relationships required detailed understanding of each customer segment, who they do business with, what their critical success factors were, and so many things specific to their unique value chain. It is particularly important to drive segmentation across product development groups. In a world where segments are emphasized, the discussions lead to innovative offerings and significant prioritization steps. One can truly estimate the value created for a revenue stream and the associated competitive and strategic issues through discussions on the market axis. Be prepared for the challenges and confusion of integrating a market axis across your organization. True market segmentation can affect large portions of your team and any change requires leadership and communication.

If this sounds like an enormous undertaking, it is. But the real question is, will it produce enough favorable results that will delight the stockholders and thrill your customers? The resounding answer is “yes.” When we asked president Larry Letteney, “What benefits have you observed from this transformation effort?” he stated:

For over two years, Creo had introduced several thought-leading products and services into the market, however adoption was very low. Once we implemented a proper and aligned Go To Market Strategy and linked these goods and services to the business Critical Success Factors of our customers and the industry through a new sales process, we began and continue to see a steady increase in the breadth of mix we deliver.

Within the Enterprise market we see an incredible phenomenon. We are visiting customers who invested with us a few years ago. Our Account Managers consult and listen to the owner and uncover his or her critical success factors. We craft a value proposition using our new enterprise offerings and in many cases are closing large projects with virtually no discount and strong margins. One year ago we would look at that customer and say ‘we have nothing left to sell them.’

If you are looking for accelerated and profitable revenues, you must consider the type of transformation described in this article. But for all transformations to be successful, they must involve the strategy, internal cross-functional business processes, and finally, they must culminate in changed behaviors of Account Managers and sales people as they interact with customers.

To attempt this kind of business transformation without aligning these areas, will result in sub-optimized and disappointing results.

If your SAM program or sales organization is not producing the results you had originally intended, then some of this article’s recommended adjustments may enable your organization’s performance to be raised to the next level through similar modifications. In truth, very few transformations are really successful. Creo Americas was able to successfully transform their organization. And if you apply some of the steps outlined in this article to your own organization, you are sure to make a significant difference in your future revenues, as well.

About Revenue Storm

Today’s analysts and shareholders have made it clear to businesses of all sizes — ever increasing profits is the goal. That leaves companies with two major choices: reduce expenses or grow profitable revenues. Executives have made a career of reducing expenses. While expenses can still be improved today, due to a decade of cost-cutting efforts, the greatest potential impact is **GROWING PROFITABLE REVENUES**. Companies tend to take two approaches to the Revenue Equation: 1) Dole out larger revenue goals and assume the compensation plans will drive the desired results, or 2) Push out more products and services to the market hoping more revenue options will yield more revenue dollars. Neither is a good strategy.

An aligned organization, executing against a well-defined and communicated Go-to-Market Strategy is essential to reap replicable revenue growth year after year. It demands more careful thought, focus, and planning than ever before. Revenue Storm was created to bring together an integrated set of consulting and training methodologies to bring clarity and focus to organizations navigating in today’s tumultuous business climate.

We emphasize Clarity, Speed and Revenue. We work with each level of the organization, using business drivers that are important to those teams to gain consensus and focus. We help companies identify their strengths, leverage what is working through the installation of process and tools, and help uncover vulnerabilities where improvements are needed. We look for both small, but fast impacting changes to build team excitement and motivation as well as going to work on the bigger, more global issues that when resolved will yield a well-aligned, fast churning Revenue Engine.

Let’s start a Revenue Storm within your organization that will thunder in the marketplace and rattle your competitors.

For more information visit our website at www.revenuestorm.com.

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