THE SAM AS A STRATEGIST: DEFINING THE APPROACH TO TRANSFORM YOUR KEY CUSTOMER'S BUSINESS

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Strategic account managers are expected to operate at their highest level of performance in highly volatile contexts. This results in a role that is becoming more sophisticated and multifaceted. In today's business markets, strategic account managers (SAMs) are developing competencies to face increasingly complex and potentially transformational jobs.

In this article — the first in a series focused on core dimensions of high-performing strategic account managers — I describe the role of the SAM as a 'strategist' and address how SAMs develop their account strategy and align it to the corporate strategy of their firms.

Understanding your customers' "pragmatic" strategy

More than two decades ago, research[1] revealed two key dimensions linked to the performance of SAMs: strategic ability and intrapreneurial ability.

Strategic ability refers to the cognitive skill to analyze the key customers' business context and organization, focusing on their long-term interests, opportunities, and challenges. This requires the requisite variety to identify relevant information and distill it into higher-order themes and non-trivial insights. Strategic ability often emerges from blending functional expertise, codified information, and knowledge with professional judgement, grounded in tacit knowledge.

An integral part of implementing strategic account management is anticipating the needs of the key account before the key account identifies them. Next, you want to develop the appropriate type of innovation your value proposition requires to address those anticipated needs.

One source of insight can be information found in the annual report or a similar strategy document of your customer. Understanding the strategic priorities and their promises to investors (in the case of public and listed companies) is an excellent starting point. But that is unlikely to offer actionable insights you can use to further your relationship with the account.

For example, take this 2021 joint message from Jim Hagemann Snabe and Søren Skou, the Chairman and the CEO, respectively, of A.P. Moller – Maersk. Addressing their strategy, in the context of their evolution from a diversified conglomerate to a focused and integrated global logistics company, they said, "Our strategy is built on [...] building competitive advantage through technology. We are digitizing the interaction with our customers while offering unique digital products and leveraging Maersk.com."

This statement tells you very little about the architectures, applications, and areas of investment in digital technologies that are a priority for one of the world's largest supply chain operators. Thus, this information would not give you much advantage if you worked for a digital solutions company. There are no obvious growth opportunities with the account deriving from that statement.

SAMs cannot only rely on written information or formal company documents to decipher their accounts' strategies. Your customers' strategy will rarely emerge exclusively from formal or structured analytical tools like SWOT, PESTEL, and roadmapping. The strategy that your key customer implements will be the result of the interplay between the "grand" desires (i.e., the strategy communicated to the market and investors) and the "mid-range" wants that are materialized in operational decisions. Thus, the question becomes how to understand what your customers really want.

This very question on the the front page of a Harvard Business Review issue, and it is as relevant today as it was six years ago when it was published. The problem with finding what your customers want — so you can use that information to inform your account strategy — is that they often struggle to articulate their wants and needs.

Traditional research methods such as surveys and focus groups offer limited insights. A technique called "maximum difference scaling" or MaxDiff addresses the shortcomings of conventional methods. This method requires customers to select the most and least important attributes from a subset of product or service features. Customers are invited to make a sequence of explicit trade-offs resulting in a list of ranked attributes by their perceived importance that allows comparisons.[2] I argue that the chances of revealing genuine needs emerge when you give someone equally attractive but mutually exclusive choices.

Another technique to find valuable knowledge about your accounts' strategy is the hidden needs analysis.[3] Pioneered by Keith Goffin, Professor of Innovation at the Stockholm School of Economics and Cranfield School of Management, it employs techniques from psychology and anthropology that can help us understand how people think, as opposed to what they simply tell market researchers, which is rarely a perfect answer.

For instance, he refers to how Bosch's production-line equipment division used a technique called repertory grid, which put them in direct communication with production-line operators of a pharmaceutical company. This allowed them to see how some design features of existing equipment could enable/hinder them from reaching their production targets. With this unique information, they could create new product features and designs to help their customer achieve their strategy.

When senior executives of your strategic account know the "grand" strategy and other people in the account organization have access to the mid-range wants and aspirations, you can articulate what I call a pragmatic strategy. This is a set of actionable, relevant, and meaningful insights from your account that you can deliver against. This knowledge can help you transform your key-customer business, but you must do it one opportunity at a time.

Influencing for alignment across boundaries: picking the right battles

In addition to the competence of subtly identifying meaningful key account opportunities, SAMs need to develop the ability to galvanize the support of executives in their organization to create the products and services that will address the identified account's pragmatic strategy. The challenge, however, is that key account managers are often measured against customer outcomes. They are asked to maximize the time they invest with their customers, not necessarily the time working inside their organizations. A study[4] that explored the internal dimensions of 29 strategic account managers across US and UK companies identified 112 incidents of intraorganizational and interpersonal conflict.

To reduce the conflict and complexity of managing internally, strategic account managers need to ensure tight alignment between their organization's corporate strategy and the business strategy of their strategic accounts. That calls for negotiating trade-offs between short- and long-term goals. For instance, it might mean postponing some revenues after implementing a recently improved product versus achieving next-quarter returns with an existing, less optimal product. As the adage goes, "in business, you don't get what you deserve; you get what you negotiate."

SAMs must negotiate with colleagues about new product development, logistics, supply chain, and operations to secure their support and bring relevant innovation to their key customers. Negotiating internally differs significantly from commercial negotiations with external clients. There needs to be symmetry in the flow of information. In most cases, you must keep harmonious relationships with your colleagues. The significance of this relationship, then, should inform your negotiation strategy — in this case, collaboration or possibly compromising. In situations where you need your organization to make a major investment in winning a substantial opportunity with a key customer, and you have a strong business case, your best approach may be a competitive one, focusing primarily on internal interests and their alignment with those of the key account.

SAMs must identify how and with whom to implement collaboration as part of their strategist role. Interestingly, despite the established assumption that effective collaboration with the customer drives SAMs' performance, a study found that it is the combined effect of internal and external collaboration that has a significant impact on the performance of the account manager.[5] That is why I refer to alignment across boundaries: internally and externally.

Repsol, the energy and chemical company headquartered in Spain, developed a more sustainable polymer called Reciclex. Through chemical recycling, this product is produced using plastic that cannot be recycled in any other way and that would otherwise become landfill waste. To sell this product, key account managers in the chemical division of the company had to negotiate the design and implementation of new processes and practices upstream and downstream to ensure the successful launch of Reciclex and the realization of its benefits by their key customers, such as food and beverage manufacturers.

Overall, SAMs need to align their own organization's priorities with the priorities of the key accounts. In managing this alignment process, SAMs must reflect on the importance of the internal client relationships and the significance of the issues being addressed. In other words, they must pick the right internal battles to achieve better alignment across boundaries.

Balancing planned and emerging strategy

It would be unrealistic to think that your key customers will have an unambiguous, widely supported, and agreed-upon strategy, and that they will turn to you with the question: How can you help us achieve goals X, Y, and Z of our strategy?

Deliberate strategies are approaches that arise from mindful, considerate, and structured decision making by the organization and its executives. They typically emerge from rigorous scrutiny of information, market analysis, and resource-evaluation techniques. But often, organizations pursue unplanned, unintentional, or emergent strategies, as Henry Mintzberg, Cleghorn Professor of Management Studies at McGill University, calls them. An emergent strategy results from spontaneous actions and decisions that are not pre-planned and organized.[6] Emergent strategies occur when new opportunities for business growth are realized, but their executives do not plan to focus on them.

I argue that your strategic customers will likely focus on a strategy that is a blend of planned and emerging strategies. For instance, Cargill, a key supplier to Unilever, defined specific, planned approaches to help Unilever in its new product development cycle. This was a planned strategy. As Unilever further pursued its mission of "making sustainable living commonplace" and increased its commitment to sustainability, Cargill's emergent strategy gradually shifted towards sustainability, in line with some of its strategic accounts' priorities.

One implication for SAMs in embracing both planned and emergent strategies is that they need to sense signals and detect relevant information from their key customers' senior managers and middle managers, but also from operators and others for a more comprehensive picture of the customers' strategic priorities. Also, SAMs need to be comfortable incorporating both focused initiatives that address the account's planned and emergent strategies into their own account plans.

Overall, the essential dimension of SAMs' performance is strategic ability. Unlike other functions where the strategy is fundamentally inward-looking, SAMs need to conceive rounded strategies that connect their firm's corporate strategy with that of their strategic accounts in mutually reinforcing ways. ■

[1] Sengupta, S., Krapfel, R. K. E., Pusateri, M. A. E. (2000) "An empirical investigation of key account salesperson effectiveness," Journal of Personal Selling & Sales Management 20(4), pp. 253–261.

[2] https://hbr.org/2009/04/what-do-customers-really-want

[3] Goffin, K., Lemke, F., Koners, U. (2010) *Identifying Hidden Needs: Creating Breakthrough Products*. Palgrave Macmillan

[4] Speakman, J. I. F., Ryals, L. (2012) "Key account management: The inside selling job," Journal of Business & Industrial Marketing 27(5), pp. 360–369.

[5] Murphy, L. E., Coughlan, J. P. (2018) "Does it pay to be proactive? Testing proactiveness and the joint effect of internal and external collaboration on key account manager performance," Journal of Personal Selling and Sales Management 38(2), pp. 205–219.

[6] https://online.hbs.edu/blog/post/emergent-vs-deliberate-strategy

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