



"AT the top of the mountain, we are all snow leopards."

Hunter S. Thompson
(18 July 1937 - 20 February 2005)

MAJOR ACCOUNTS SELLING-AN INTRODUCTION

During my 25-year career managing sales for technology companies, I've kept a watchful eye out for a book, which would help me build my sales organization into a true differentiator for my company.

I've found books written by academics based on warmed-over consumer behavior theory and books written by Masters of the Obvious organizing platitudes into a "winning system". For anyone focused on building an effective team while under the constant pressure of hitting quarterly numbers, these books just weren't much help.

What I was looking for, and what this book provides, is a practical guide to building a sales management process that excels not just at the act of selling but also cleanly executes other critical business processes including forecasting, strategic account management and the management of corporate change.

The focus will be on Major Accounts where it is critical to go an inch wide and a mile deep rather than serving a broad base of customers.

In markets tailored to a few large players, targeting Major Accounts is a high stakes game where success will routinely make or break your company. Win and you experience high leverage on the upside, driving revenue expansion. Lose and you typically are left with little to no business. The downside risk is made even worse as these large customers are driving to relentlessly reduce their vendor base.

In this environment where the stakes are so high, it becomes an imperative to win and to gain the support of decision makers throughout the Major Account, to understand in detail how decisions are made and to drive all the chips to fall your way, in short to do everything ethically possible to win.

This book will do just that: by walking you through the key aspects of managing Major Account relationships and by including detailed descriptions of effective management processes, to the point of providing sample templates and implementation tools.

These tools will be combined with the wisdom I've gained over these years into a practical approach to selling, helpful to anyone on the front lines of sales management

THE DIFFERENCE BETWEEN SELLING WIDE AND SELLING DEEP



To define our terms, a Major Account must represent a significant portion of a supplier's revenue (> 5% of revenue is a reasonable rule) and whose product requirements drive the supplier's development plans.

Further, both companies remain committed to resource and grow the relationship. There is cost and risk associated with bringing on new suppliers so once you have a meaningful position and then demonstrate a compelling roadmap and service capability, your Major Accounts have a real stake in your continued success.

A plan for customers of this size and importance will obviously effect sales coverage, policy and just about everything else. Within the limits of generating good business, you'll do whatever it takes to hold and grow market share.

A Major Account represents an opportunity large enough to warrant its own strategy. Also, as opposed to strategies based on a faceless set of demographics, a Major Account is better thought of as a group of individuals with their own personalities, skills and agendas, a family of sorts.

These "family members" must be taken into account strategically and in managing day-to-day issues. To this end we will introduce a process in a later chapter, Strategic Selling, which builds strategies for decisions made by collections of individuals.

With respect to sales coverage, the term "penetrating" a Major Account is often used when discussing sales strategy, and for good reason. Suppliers must develop deep relationships with their Major Accounts, both as a defensive measure as well as to ensure opportunities for growth. The number of people on both the customer and supplier sides that must interact make it an increasingly difficult environment to manage as the business grows.

Contrast "penetrating" a Major Account with providing account "coverage", a term often used when discussing strategies to provide basic support to the largest number of Accounts at the lowest cost often resulting in one person covering a number of accounts.

Managing sales people that are "penetrating" vs. "covering" is a very different activity affecting the metrics tracked, the sales skills you hire for, and fundamental distribution questions. When covering accounts you may even decide that outsourcing the sales function to Manufacturers reps provides acceptable coverage at the lowest cost of sales.

However, selling to Major Accounts requires that everyone involved in managing a portion of the "design, make, sell" chain understand the customer, and potentially have a direct relationship with their counterparts inside the customer. This is particularly true for your executive team. Mapping these relationships into the customer is an important strategic activity. You will need these personal relationships to help close high value wins and quickly resolve problems that rise to the corporate level.

Years ago, while running the Western States for a large Semiconductor company we were struggling to close an opportunity worth about \$15M per quarter with one of our largest customers.



Our team was being told day after day that the decision was imminent, but we couldn't get it to close. We knew we were missing the complete picture so I called the General Manager, whom fortunately I had built a relationship with. He told me that we were \$.05 high on a device costing about \$3.00. I agreed to the price on the spot, which won the design. An Executive relationship and timely phone call made the difference.

Policy decisions are also affected. It likely doesn't make sense to take orders of a small size, or to extend the life of a product you had planned to terminate for a smaller customer, but for a Major Account you need to be willing to consider providing this level of flexibility. As we'll note in the next chapter, it will be the role of sales to make sure these end up as Win/Win situations.

Drawing the line in the right place where win/win lives requires careful thought and discussion with the customer, but your Major Accounts will expect you to consider flexibility with anything they view as important.

MANAGEMENT VS. ART WHEN APPROACHING SALES MANAGEMENT

Lets start by exploding the myth that products sell themselves and that the sales team's role is to entertain the customer and be their friend. This is a myth that could only come from those who have never been close to the selling process. When interviewing, it is a huge red flag when a candidate tries to convince me that the primary reason they win business is because of their relationships. It just doesn't work that way.

The role of sales does require a unique set of strengths. The skills required to build effective relationships, seize the moment in negotiations, and generate the courage to overcome the constant stream of "No's" and "that's not good enough's" has to be embedded in the DNA of the salesperson. Management often views these skills as neither measurable nor manageable.

The other end of the spectrum is the view that sales can be measured by process with the same rigor as any other function. A VP of Sales I worked under years ago declared, "he who runs the process, rules the world". This was his way of saying that he could control behavior and results through management systems entirely.

The truth is in the middle. It is true that Sales people do some of their most important work "in the dark", bringing to mind the image of the lone hunter heading into the sunset and returning the next day with their quarry.

On the other hand, Sales does lend itself to management processes, as most of the success metrics i.e. bookings, billings, etc. and management process i.e. goal and incentive systems are indeed very measurable. Indeed, the best sales organizations have both the DNA to sell in difficult environments coupled with solid business process discipline.

To sum up, a winning Major Accounts program has team members with a drive to win, good people skills and effective management processes in place to "track and drive" results.



AVOIDING GARBAGE IN, GARBAGE OUT

Good Salespeople have good business sense and will support management processes provided they see value AND “the pain is worth the gain”. Too often this is not the case.

A common example is a sales team encumbered by a forecast process designed by the Finance department with no user input or testing. These systems often require substantial manual data entry on a frequent basis. The result is a dramatic lowering of the quality of the information generated, as the system becomes viewed as a non-value-added process.

To avoid this problem, sales management must get involved in design early and work hard with other functions to design streamlined processes of high value. It is an executive failure if a process once rolled out must be rejected because of poor interaction between executives or functional areas.

A good friend of mine, who has served as CEO of a public company said that if two of his executives got into this kind of difficulty he would consider it a “hanging offense”. Consider it a word to the wise.

OVERVIEW OF THE JOURNEY AHEAD

We’ll first review the scope of the sales function and how to think through relationships between sales and other functions that touch the customer.

From there, we’ll dive into building a strategy starting with how sales is financially modeled, followed by the development of your list of priorities and how to consolidate them into a strategy.

Next is strategy execution and hitting your targets. We’ll look closely at driving revenue, closing new business and building strategies for key deals. We’ll also discuss preparation for annual/semi-annual volume/price negotiations.

Account Planning generates a strategy and formally communicates the customer’s needs and competitive requirements to management.

The work will be broken into short term (2-4 quarters), the “Account Review” and long term (several years), the “Account Plan”. The latter is strategic, aligning the long terms needs of both the company and the customer.

With these processes in place we move to a discussion of how to “care and feed” your sales team...training and incentive systems!

A FINAL POINT

I’m reminded of John Stockton when inducted into the NBA Hall of Fame by his Coach Jerry Sloan. He first recognized that John was viewed by many as the finest pure point guard to



ever play the game and then said, "John's great secret, the reason he was better than you, was that he worked harder than you did".

And so it is with Major Account Selling. Winning requires not only personal skills and good management processes but an awful lot of work as well.

This book will provide a path to building a management process that will leverage all that hard work to its highest potential.

Working templates and tools for many of the processes we'll discuss will be available at the InSite Partners website www.insitepartners.com to help you visualize exactly what we're suggesting. You're welcome to customize those for your business.