



SAM2Win Period 3 Feedback

Feedback on Period 3

Another six months has passed already and you have now been in your job for a year. You should now be much more familiar with your company, your competitors and the Globalman account.

Your IT department has been working overtime to give you even **more market intelligence**? You can now see your competitors' value propositions. Now there is no excuse for making bad decisions!

Let us take a look at who will be looking forward to their half-year review with the Sales & Marketing Director and who will be sporting a brave face in that meeting.

Read the tips below that are relevant to your current overall profit ranking (you can work this out from the Gross Profits in the Account Totals screen).

Feedback for the teams with the *highest or second highest gross profits*

Issue	Tips for Improvement
Spend	This is the last chance to get your account coverage strategy right. Make sure it is future-proof.
Customer Insight	The account is changing. How will customer needs evolve in future Periods and what will you do to stay ahead of the competition?
Strategic Alignment	By now, you should have developed a strong understanding of the account, built a core strategy and have a clear vision of where your future growth will come from. Make sure your Account Plan is up-to-date and will keep your team co-ordinated.
Superior Value	Look deeper into the rankings for each opportunity. Are there opportunities where you are ranked #2 or #3 where you can easily secure the #1 ranking and be a value leader?
Teamwork	Storming: You are doing well in the game but have you ensured that all the team's views are heard? The competition will be getting better and you need to make sure you understand the full picture. In these early stages, people need to work out their roles and the chemistry with the rest of the team. It is normal to see some conflicts and the key to ensuring everything runs smoothly is openness and radical candour.
Final Comments	You are doing well in terms of results and your leadership team will be delighted. However, the competition is improving and storms lie ahead with this account. Make sure you are well positioned for them.

Feedback for the teams with the *third highest gross profits*

Issue	Tips for Improvement
Spend	This is the last chance to get your account coverage strategy right. Next year, you may not have time for changes to have their full effect. You cannot afford to have a great 5

	year strategy starting in the final year!
Customer Insight	It is important to understand what is happening in the account now and in the longer term. The Research Reports give you key insights into the direction which the account is heading. Make sure you use these insights when developing your account strategy. Look also for new fast growing account opportunities that will help you grow faster.
Strategic Alignment	To win the top spot, you need to make sure your account strategy is aligned with its buying strategy. If you were their Buyer of Staffing Services, which spend areas will you go after for savings first and which last? Therefore, as a supplier, which areas offer the better long-term hunting grounds?
Superior Value	If you are still struggling to win a significant number of sales opportunities, try and find those where you are well positioned to challenge for the value leadership. You may be ranked #2 or #3 in several. What can you do to take the lead here? Do you need to move spend from your worst opportunities to these future opportunities? Use the Value Map to help.
Teamwork	Storming: How can your team be strengthened? How well do you understand the situation and get to an answer? If you have not done so already, decide specific roles in the team. For example, have product managers and a team leader. However, ensure everyone is coordinated especially around budgets.
Final Comments	Things are not going badly but you can do better. Now is the time to get your account strategy and positioning right that will put you on a winning trajectory.

Feedback for the teams with the *lowest gross profits* (i.e. fourth or more)

Issue	Tips for Improvement
Spend	This is the last chance to get your account coverage strategy right. Next year, you may not have time for changes to have their full effect. You cannot afford to have a great 5 year strategy starting in the final year! Make sure you are investing hard now in the best opportunities of the future.
Customer Insight	Have you spent time understanding the account, its changing situation and needs? If you have not, buy and read all the Research Reports to understand the situation better. It is vital that you do this and use the insight to set the foundation for your decisions. Use the Reports to find new fast growing account opportunities that will help you grow faster.
Strategic Alignment	How aligned are you with this account's buying strategy? Put yourself in their Buyer's shoes for a moment. Which product lines have big spends and which are easiest to switch to low-cost suppliers? Are you therefore heading for trouble? Do not stick with a failing account mission and strategy of the past. Read up or watch our video on the Kraljic Matrix and try to complete it as a Buyer would. That should help you switch to the best opportunities in this account for the future.
Superior Value	There will likely be a number of opportunities where you are well placed to drive value improvement and longer term growth. Look for opportunities where you are ranked #2 or #3 and try to understand what you need to do to improve your value ranking in these. Also, review carefully each opportunity where you are ranked #4 or worse. Should spend be moved from these to the better ranked opportunities? Use the Value Map to help. Check also for any zero scores on any points of value. These may automatically rank you as the worst supplier, even if you are wonderful on the other points of value. If it is an important opportunity, fix these by investing in them to lift them off the floor. A small targeted investment here will get you back in the game!
Teamwork	Storming: How can you improve your teamwork? Do you trust each other, value different opinions and does the whole team (not just the loud ones!) have an input? How well do you understand the situation, deal with challenges, conflicts and get to a good answer? If you have not done so already, decide specific roles in the team. For example, have product managers (or DMU managers) and a team leader. However, ensure everyone is coordinated especially around budgets. Also, consider having each team member mark a competitor and be responsible for beating them. The good news

	is that you may not be seen as a threat by the other suppliers. How can you capitalize on that? Dig deep and find out the real issues. Many teams have won the game from a bad position here.
Final Comments	Try to get a good improvement in sales in this Period. This will give you more budget for the whole of next year, which will come in very handy when fighting bigger competitors. Make sure that your value positioning is good in every key opportunity.

Input for Period 4: Position for Value in Your Chosen Opportunities

Choose the opportunities of the future

For everyone, things are getting tougher out there. The Opportunity BCG now looks quite different and there is a cold wind blowing across this account. If you get a chance, now is *the best time* to take a look at **the Target Opps Portfolio** to help choose the best opportunities for the future. The TOP tool is more forward looking than the BCG. Now that you can see your competitors' value propositions and have more experience about their behaviour, you can do a more accurate TOP analysis. Also, since you still have 18 months to go in the simulation, you have time for your strategies to get implemented. After this Period, you will have to be less strategic and more tactical. Look again at the Period 2 feedback if you need help getting started with this tool.

Position for value in your chosen opportunities

You should also use this Period as an opportunity to get your Value Propositions right, especially in your key opportunities arising from the TOP analysis. There are a few key areas to think about within each opportunity:

- a) Unmet needs: Look for areas where no one is providing the levels of service that the customer is looking for. These are unmet needs and are a goldmine for companies. For example, Parker Hannifin Inc is a global supplier of motion and control products. From discussions with their key accounts they found that with rising obesity levels in the US, firefighters and medical staff were finding it difficult to lift patients and move them. Indeed, lives were being put at risk in burning buildings and there was concern about spinal injuries to workers. All the stretchers and other patient handling products were simply not up to the task. So they developed a new pneumatic stretcher that can perform the task without risking injuries to the firefighters and medics. This turned out to be a multi-million dollar market. Another example is at DHL where, from discussions with a cell phone key account they discovered that the account was struggling to get replacement phones out to their customers around the world fast enough. They therefore invested in a 24-hour phone global replacement service. This was hugely profitable to DHL when the solution was rolled out across all the cell phone operators. Finding unmet needs is not easy but worth the effort. These are often unstated (implicit) needs that need to be teased out through discussions (e.g. 'deep discovery interviews') or observations. In the above two examples, the unmet needs are high performance requirements around "moving patients effectively" and "rapid global phone replacement." In some cases, the supplier will have one of their staff on site at the account to observe how their product is used. For example, in aerospace, there are often supplier representatives embedded permanently on key account sites (e.g. Boeing, Airbus and the key airlines). These technicians are an excellent source of understanding unmet needs. In the simulation, look in the value propositions for areas where no one is providing the performance levels that Globalman needs (i.e. all suppliers are below the dotted line).

- b) Over-engineering: Look for areas where you are providing significant value above what is needed and what the competition are providing. We all know examples where a product or service is engineered to perform much better than we actually need. From software where we use only 20% of its features to ultra-thin cell phones that are too difficult to hold, we have all had some experience of this. We have worked with many large and small organizations where they invest significant resources into products, services or features that mean little to their customers. These may be the result of salespeople agreeing to customer wishes too easily, the customer over-specifying their needs or simply *assuming* that something the organization provides is of significant value to its customers. This is an opportunity to reduce your investment and make more profits, without losing your competitor Ranking. For example, a global facilities management company emailed out monthly health and safety reports to its key accounts. These were very comprehensive reports detailing all health & safety incidents worldwide each month for the account, with detailed trends over time etc. However, from discussions with the accounts it was discovered that these were often left unopened in the key contact's inbox. The problem was that they were pdf attachments and the contact did not have the time to read them. The supplier was told that if the data could be interrogated and analysed that would be much more useful. So, the supplier stopped sending these out, saving lots of effort and setup a new system where the data was automatically uploaded to an online reporting system where all of its key accounts could access their data through a secure portal, analyse it and download it for further interrogation. In another example, a logistics manufacturer discovered that it was rated "excellent" on customization of its products. Indeed, it was proud that it offered more customization of its products than all of its competitors. The problem was that this was causing problems in manufacturing with increased costs and assembly lead-times. On further investigation it was discovered that the salesforce was too easily saying 'Yes' to a wish list of requirements from its key accounts. Not all the customization work was necessary and the customer was actually happier to keep the costs down and receive the product faster. So, the salesforce was retrained to negotiate better and to not agree unnecessary customization work. Indeed, over-specifying by customers is a key cause of over-engineering and can be a major driver of waste. According to a recent report by the UK National Audit Office, over-specifying has cost the UK Government over a billion pounds in waste just on one of its military programmes (see www.nao.org.uk 'Managing infrastructure projects on nuclear-regulated sites', 20th Dec 2019). The interesting point about over-engineering is that if you are way ahead of the competition, you may still have an opportunity to reduce your costs, even if there are still unmet needs. The customer will still choose you even if you are the best of a bad bunch. Of course, in reality, you will need to be careful about such moves but they are certainly worthy of consideration. In the simulation, look for value proposition areas where your performance is way above the competition and see if you can reduce investment there to improve profits.
- c) Superior differentiation: Look for areas which matter the most to the customer but where your performance is inferior to the competition. Investing here to close the competitive gap may help your overall value greatly. Indeed, you may find areas where you are close to being #1 and the investment required is not that great to give you that overall superior differentiation. Here, it is helpful to do a complete and thorough analysis of the account. For example, some accounts may be driven by innovation (e.g. technology firms or 3M-like accounts), some by operation effectiveness (e.g. logistics businesses or McDonalds-type accounts) and some by cost-efficiency (e.g. low-cost airlines or Wal-Mart-type accounts). Understanding their fundamental business model and strategic issues will help you understand which Key Buying Factors are most important to them. These issues can change over time of course. During the 2007-8 economic downturn, our logistics firm above also discovered that what their key accounts needed was not fixed assets but services that they could buy on a flexible basis. A new Key Buying Factor was

added that was “Cost Flexibility” and this paved the way for them to be the first company to provide flexible leasing options based on miles driven so costs would automatically reduce an economic downturn. Also, today, many firms are using artificial intelligence to provide superior service levels. Google is a key account for one supplier who has used AI to reduce Google’s bottlenecks and significantly improve its operational effectiveness. The Google account grew three times faster than the average over just two years. Professor Malcolm McDonald’s recent book provides a deep investigation into value and Chapter 8 provides a methodology for doing this (see Malcolm McDonald on Value Propositions: How to Develop Them, How to Quantify Them available on Amazon.). Moreover, different buying teams within the account will have different needs and these different DMUs often behave like separate mini-accounts within the account. In the simulation, we have four different DMUs who have different needs and require different performance levels across the Key Buying Factors. Creating a better shadow value proposition than your competitors against these needs is key to success in the simulation.

- d) Future-proof: Remember that we live in a dynamic world where customer needs and competitor performances are constantly changing. Therefore, think about how the value proposition might change in the future and ensure you keep ahead of your competitors. So, for example, do not cut back your investment too far if you think a key competitor might increase theirs. The goal is to achieve sustainable competitive advantage. Developing this future insight is a key skill of a strategic account manager. Marco Retel, Director of the SAM International Clients program at Compass Group plc puts it simply when he says, “Skate to where the puck is going, not where it has been.” Compass Group combine market research on global trends relating to the end consumer with in-depth key account research so that they can help their key accounts anticipate the future and get ready for it. A key trend in their business is the rising interest in health & wellness at work. This would not even have been recorded as a need by many of their strategic accounts at the start of the Millennium but is now a key need for most. Compass plays a major role in helping its clients understand how good nutritious food at work plays a major part in delivering happier, more productive employees and that the canteen is actually a hub for broader interaction rather than just a place to grab lunch. In the simulation, make sure you use all the Research Reports to anticipate the future better including new opportunities, past opportunities (that have had their day) and future growth rates. Look for trends in how the value propositions are changing over time and try to understand (from the Research Reports) what is driving these changes. Use all the available information to understand how the competitors are behaving. Then, most importantly, anticipate what the future will look like and try to find your place within it. The SWOT Summary and Value & Strategy pages of the account plan are useful here. Use this Period to try to get ahead of the game, rather than constantly chasing the game.
- e) Reallocating spend: Once you know how to change your Value Proposition, look for opportunities to reallocate spend both *within* opportunities and *across* opportunities to maximize your ROI. In the over-engineering logistics example above, within each opportunity money was shifted away from customization (lower manufacturing and stockholding costs) to supporting other needs. In another example, a global bank was looking at its leasing products and discovered that there was an opportunity to provide a leasing solution for cloud services to its key accounts. It therefore shifted its spend away from traditional leasing opportunities across to this new fast growing opportunity. In the simulation, look for opportunities to reallocate spend both within and across opportunities to deliver a better ROI in the future.

For more information on how to use value propositions in the simulation, login to www.malcolmmcdonald.academy , scroll down to the course entitled ‘SAM2Win: The simulation that

teaches strategic account management’ and watch the 7 minute ‘Value Propositions - how to use them’ lecture.

As spend slows down, and if you are also losing share-of-wallet, you will find your sales **budgets** get very tight. You may find that you cannot continue the high spending days of old. If you have negative budgets being projected for this period, first cut back your expenditure to recover the budget overspend. This will bring your forecasted budget overspend to zero or better positive numbers. You can then decide where to focus any surplus budget you have created. You should see this as an opportunity to really focus your strategy both across opportunities and within them.

Your contracts are up in 18 months so there really is no time to be lost with bad account strategies and tactics.

Good luck!

The Market2Win Team.