



## SAM2Win Period 2 Feedback

### Feedback on Period 2

Congratulations on completing your first six months. You had a lot to learn but you will now be much more familiar with your team, company and the Globalman account.

Note that your IT department has been working hard to give you **better market intelligence**. You can now see:

- who the favourite supplier is for each sales opportunity segment. The colour of the #1 ranked company is displayed in the Performance Map. If you are not #1, you can see your company's specific value proposition ranking by clicking on the sales opportunity and looking at 'Ranking' under the 'Period Opp Growth' KPI. This is not who has the most share-of-wallet, but who has the best value proposition.
- the gap between your performance and the needs of the DMU for each sales opportunity. Just take a look at the Value Proposition diagram now for each sales opportunity segment. You can now see the gap between your performance and the dotted line of the account's needs
- your competitors' key metrics (costs, share-of-wallet, profit and ROS). You can see these in the Opportunity/DMU/Product and Account Totals tabs.

This information will help you to make more informed decisions.

So, who will be enjoying a strong handshake from their Strategic Accounts Director and who will be sent back to their desk to work harder? There are already some very different account strategies emerging.

Consider also the changing nature of the industry. Do we have a very competitive staffing services industry or are we seeing the emergence of a few dominant firms?

**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
<b>Spend</b>	Great results! You should be looking forward to the first review with your boss as you have made more profit from the Globalman account than most of the competition. If your sales grew then your new annual budget may be larger, spend it well. Check that your success is not temporary due to low investment in the last Period. Make sure you are investing in sales opportunities that will continue to be attractive in the future.

<b>Customer Insight</b>	If you have not already done so, make sure you have bought all the research reports.
<b>Strategic Alignment</b>	Check that your mission and strategy is right for this account, for the next two years (see the Account Plan).
<b>Superior Value</b>	<p>Check how many sales opportunities have your color. Is your success due to providing the best value? Also, check your Ranking in each sales opportunity segment.</p> <p>Wherever you have:</p> <ul style="list-style-type: none"> <li>- a Ranking of 1, think about how to protect (defend) your Value Proposition from the rising competition.</li> <li>- a Ranking of 2-3, think about how to improve your Value Proposition to a Ranking of 1-2</li> <li>- a Ranking of 4-5, think about reducing your costs, exiting completely, or investing more effectively (by attacking the competition) to improve the Ranking</li> </ul> <p>You can also check the Value Map to see whether you are providing the best value to the account.</p>
<b>Teamwork</b>	Forming: How can you improve your account team? Have you scheduled regular time to discuss the simulation?
<b>Final Comments</b>	<b>You have made a strong start and risen to the top. However, as they say in sport and music, reaching the top is relatively easy, staying there is tougher. The competition will learn from its early mistakes and will get stronger. You now need to invest your new budget wisely to ensure you can maintain the early momentum.</b>

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

<b>Issue</b>	<b>Tips for Improvement</b>
<b>Spend</b>	Not bad! After the first round of decisions you are in the middle of the pack of five suppliers to Globalman and doing OK. That means there are some areas where you are doing well and some where you are doing poorly. Can you spend more of your budget? You should have spent 95%+ of your Period 2 budget Are you playing safe and is it worth taking more risk? Are you investing in some sales opportunities that are now stagnant and highly competitive?
<b>Customer Insight</b>	If you have not already done so, make sure you have bought all the research reports. These will provide further insight into how and why the customer needs are changing. "Flying blind" is not a strategy!
<b>Strategic Alignment</b>	You now understand the account and competition better. Is your mission and strategy right for this account, for the next two years (see the Account Plan)?
<b>Superior Value</b>	<p>Check how many sales opps have your color. Where can you invest to have superior value?</p> <p>In the Account Totals tab, check your Sales, Share of Wallet and Value Map. Are these also mid-table or are you ranked differently? If they are rising faster than profits then that could be a good sign that profits will follow. If they are rising slower than profits then they may slow the growth of profits in the future. Also, check your Ranking in each sales opportunity segment. Wherever you have:</p> <ul style="list-style-type: none"> <li>- a Ranking of 1, think about how to protect (defend) your Value Proposition from the rising competition.</li> <li>- a Ranking of 2-3, think about how to improve your Value Proposition to a Ranking of 1-2</li> <li>- a Ranking of 4-5, think about reducing your costs, exiting completely, or investing more effectively (by attacking the competition) to improve the Ranking</li> </ul> <p>You can also check the Value Map to see whether you are providing the best value to the account.</p>
<b>Teamwork</b>	Forming: What can you improve in your account team to get you from mediocre to leader? Do you have a leader and is it working well? Have you scheduled regular time

	to discuss the simulation? Also, do some further competitor analysis. It will be one of the other teams that beats you in this game, not Globalman! Which teams are strong and which are weak?
<b>Final Comments</b>	<b>Make sure you do not muddle along in the middle. Think about your risk appetite. Are you playing things too safely? How about taking some risks with some sales opportunities? They may lie outside your core strategy but if the competition are not bothered and they look attractive, why not take a chance with one or two of them?</b>

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

<b>Issue</b>	<b>Tips for Improvement</b>
<b>Spend</b>	Not the best results but fear not - there is still a long way to go. Now is the time to do a proper audit of your situation and fix any issues before they constrain you for too long. Check your budget spend. A low % spend can be easily fixed by spending 95%+ of your new annual budget this year. If you have spent nearly all your budget then do not panic! Your low early profits could be a result of strong early investment and the future may be very good! If your sales declined, you may have a smaller budget this year. Think carefully about where you want to compete. Where are the fast growing, high margin, low competition, sales opportunities of the future? The TOPs Tool (see Tools button) will help you find them.
<b>Customer Insight</b>	If you have not already done so, make sure you have bought all the research reports. These will provide further insight into how and why the customer needs are changing. Read them to the end, agree the key insights with your team and factor these into your decision-making. "Flying blind" is not a strategy!
<b>Strategic Alignment</b>	You now understand the account and competition better. Is your mission and strategy right for this account, for the next two years (see the Account Plan)? Do not stick to a failing old strategy.
<b>Superior Value</b>	look at the colours on the Performance Map grid. How many sales opportunity segment have your colour? If the Map has a lot of your colour on it, then that is good news. It indicates that your profits are currently low because you invested more budget than anyone else, which is already paying off with great Value Propositions, which should lead to more sales and profits later. Check what percent of your budget you spent in Period 2. You should have spent over 90% of it. This year (Periods 3 and 4) make sure you spend 100% of your budget over the two Periods. You need to invest in the Globalman relationship. Check your Ranking in each sales opportunity segment. Wherever you have: <ul style="list-style-type: none"> <li>- a Ranking of 1, think about how to protect (defend) your Value Proposition from the rising competition.</li> <li>- a Ranking of 2, you are already making good progress in these and you should aim to turn them your colour (Ranking #1) in the next one to two decision rounds.</li> <li>- A Ranking of 3, think about how you can improve this to a Ranking of 1-2 in the next one to two decision rounds.</li> <li>- a Ranking of 4-5, think about reducing your costs or exiting completely. This will give you more funding for other sales opportunities.</li> </ul> You can also check the Value Map to see whether you are providing the best value to the account.
<b>Teamwork</b>	Forming: What aspects of your account team are causing problems? How can they be fixed in this Period? Do you have a leader and is it working well? Do you know each other? Have you set expectations and working patterns? Are you sharing the load across the team? How can these be exploited and addressed? Have you scheduled regular time to discuss the simulation? Also, do some further competitor analysis. It will be one of the other teams that beats you in this game, not Globalman! Which teams are strong and which are weak? What are your team strengths and weaknesses

	compared to the other teams in the game? Should you tactically try to win the sales of the weak teams, even if that is not currently in the plan?
<b>Final Comments</b>	<b>You still have plenty of time to win this simulation and many teams have done that from bad results at the start. The key is to dig deep, understand the situation, be future focused, work as a team, fix the problems, do more of the good things and have a clear workable account strategy. That means not getting stuck in failing mission statements and account strategies of the past. Change these if they are not fit for the future.</b>

At this stage, like athletes in a close race, very small differences in performance can make all the difference in the Ranking position.

You may see differences between the ranking of the value propositions and the ranking in terms of profits. This is an important difference. A supplier can be the account's favourite company but not the first in profits. Why? Firstly, there is the cost issue. It may have cost the supplier a lot of sales budget to get to that favourite position. Secondly, there is the timing issue. The company may have been #2 or #3 in profits in that sales opportunity and it will take time for the good new value proposition to work its way through to profits. Thirdly, there is the hidden danger issue. Across multiple sales opportunities, a supplier may be the account's second favourite store supplier and therefore not show up on the Performance Map. Customers will defect from a supplier that provides lower value and take their spend to a company that provides higher value. So a #2 company can still steal share-of-wallet from a #4 and a #5 company. The important difference therefore is that profits (and sales and share-of-wallet) is a feedback indicator. It tells you what has happened with your past profits. However, the ranking of your value proposition is a feed-forward indicator of your likely future profits (and likewise for your competitors' future profits). In sales and marketing, of course, we are more interested in the future than the past!

However, as a general point, we need to be careful because what we see here are the 'realized account strategies.' That is, the outcomes of multiple battles between competing suppliers. What you cannot see are the intended account strategies. Did all the competitors intend to have the account footprint they now have or is that simply the result of won and lost battles? As the game progresses, emerging strategies will also evolve. This issue of intended vs. emerging vs. realized strategies is a vital one to understand. Your ability to develop a good strategy in your team and to diagnose effectively your competitor strategies will make a big difference to your success.

### **A key lesson from Period 2: Account Segmentation**

In Period 2, we introduced you to the concept of account segmentation. For the Globalman account the segmentation is done for you and you can see it in the Performance Map (see below):

<b>Account Level 1 Sectors</b> (e.g. Region/Division/BU)	<b>Recruitment</b>	<b>Outsourcing</b>	<b>Training</b>	<b>Consulting</b>
North America DMU				
Latin America DMU				
EMEA DMU				
Asia Pacific DMU				

Segmenting your strategic account is a very important exercise and is the cornerstone to developing an effective account strategy. Most companies do not do this at all or do a bad job of it. Just like market segmentation is the key to a marketing strategy, so is this the key to an account strategy. The

basic idea is simple, that not all buyers within the account are created equal and that we need to divide the account, not based around products/services that we sell, nor even into their standard organization structure but into different pieces based around their *buying needs*. This provides us the basis for needs-based segments or (as we shall refer to them) sales opportunities. We can also therefore call this the *Account Segmentation Map* (which shows our performance in the sales opportunities).

In the simulation, we start with 16 sales opportunities. Each of these is a combination of a product/service being provided to a DMU (decision-making unit). Each sales opportunity has different needs, growth rates, competitive issues, value positions, sales, wallet share and profits.

It is important to note that it makes sense to divide Globalman into four geographic areas as this is how their decision-making is done internally.

However, in real life, accounts can be divided into many different DMUs. Some will be divided into global product groups, others into strategic business units (covering a unique mix of products and markets) and others divided into functions, market or process teams. Some will have local decision-making on smaller purchases but C-Suite decision-making on larger strategic purchases. Indeed, it is not unusual to find that for a large account where you are selling many products/services that you have an initial Map of over 100 different sales opportunities. Then, when you add to your current products/services, those that you are planning to introduce in the next few years and those that your competitors provide that you do not, then the Map gets even larger. Finally, if you add further new DMUs to the account (e.g. likely acquisitions or new markets that they are entering into) then you have one big Map! However, this is useful as it provides the full definition of all current and potential products/services that could be sold to the account.

The Map can be used in many different ways. Already in the simulation, you can see how we are using it to capture the key metrics at a sales opportunity level but also to see who is providing the best value in each segment. This gives us an insight into different account coverage strategies by our competitors. We will discuss this further later in the game.

### **Input for Period 3: A New Year Begins**

You are now at the start of Period 3, a new financial year. The bad news is that the honeymoon is over. Your Strategic Accounts Director will now expect you to be much more effective in your role and deliver better profits.

The good news is that you now have full strategic freedom. You are no longer expected to just carry on implementing your predecessor's account strategy.

Think about what you can learn from these first set of moves. What is the intended account coverage strategy of your competitors and where are their strategies winning and failing?

If you have not already done so, you should also look at the Opportunity BCG (next to the Account Totals tab) to see how that helps you with your account coverage strategy.

Now is also the time to take a look at the Target Opportunities Portfolio (TOP) tool and to start thinking about the best sales opportunities in which to invest. The TOP tool is more sophisticated and forward looking than the Opportunity BCG. There is a good 20 minute overview of it on YouTube at <https://youtu.be/qX4ueyQY30E> and in The Malcolm McDonald Academy (go to [www.malcolmmcdonald.academy](http://www.malcolmmcdonald.academy), find the course called *SAM2Win: The simulation that teaches strategic account management* and you will see it near the end of the Curriculum).

See if that helps you shape your overall market coverage strategy (i.e. where to compete). We will do more work with the TOP in Period 4 when we have better market intelligence.

As growth slows down and, if you are already losing market share, you will find your account budget get very tight. You may find that you cannot continue the high spending days of old. You should see this as an opportunity to really focus your account strategy.

Good strategic focus is one of the most important aspects of an effective account strategy. This is true when selecting markets, selecting strategic accounts and selecting the best sales opportunities within those accounts.

For example, at a market level, when Steve Jobs came back to Apple in 1997 he held a product line review which showed they were developing dozens of versions of the same Mac product without much thought for the consumer. "After a few weeks Jobs finally had enough. "Stop!" he shouted at one big product strategy session. "This is crazy." He grabbed a magic marker, padded to a whiteboard, and drew a horizontal and vertical line to make a four-squared chart. "Here's what we need," he continued. Atop the two columns he wrote 'Consumer' and 'Pro'; he labelled the two rows 'Desktop' and 'Portable.' Their job, he said, was to make four great products, one for each quadrant. (Source: Steve Jobs by Walter Isaacson, p337). You may recognize a simple segmentation map here.

At an account programme level, Dr Francis Rome, who ran the DHL Global Account Management programme has said that they carefully selected their top accounts in each of their chosen industries. They wanted to be sure they developed close relationships with top businesses that will help them develop world-class products and services for the rest of the industry. They could not achieve their Mission by partnering with the wrong accounts i.e. those that were not leaders in their own industry.

Within a strategic account, as we are seeing in the simulation, focusing on the best sales opportunities is also key. For example, the UK Government is a strategic account for the outsourcing firm, Capita. As reported by the BBC in January 2018, it was a strategic supplier to the UK Government and won 154 government contracts in one year alone. However, within two months of its new CEO taking position, it had decided to be much more focused in its account strategy. The CEO said it had become "too complex" and "driven by a short-term focus" and needed to change its approach. According to the BBC, it was competing in too many markets and services, meaning it was difficult to "maintain a competitive advantage" in every business. By taking tough medicine early, it may have avoided the tragic fate of another big firm Carillion, which went bankrupt just weeks before. For more information, see <https://www.bbc.co.uk/news/business-42885211>

Now that you are making good progress in the simulation, it is time to go a bit deeper into what is driving the growth rates of the sales opportunities. A review of the Opportunity BCG will show that the growth rates for many of the opportunities have changed since Period 2. You can also see the specific period (half year) growth rates for each opportunity by going to the Performance screen, choosing an opportunity and looking at the 'Period Opp. Growth' percentage figure.

The question is, have you chosen to compete in opportunities of the future or opportunities of the past? To answer this, we need to understand what is driving these growth rates. In addition to the external market pressures on Globalman, there are two main internal drivers of growth:

The first is at a product level. Something is driving each of the product categories to grow (or shrink) at different rates. The answer to this is our old friend, procurement. As procurement at Globalman rises in importance and gets its teeth into staffing services, it has developed its own strategy for how it will treat each product category. That strategy is a result of using a commonly used tool, called The Kraljic Portfolio Matrix and it is well worth you understanding it. To do this, go to



<https://youtu.be/bTBbNv1IGSk> on YouTube or in the Malcolm McDonald Academy ([www.malcolmmcdonald.academy](http://www.malcolmmcdonald.academy)), look for the course entitled **Understanding Procurement: The Kraljic Portfolio Matrix** and use this coupon code at the checkout for free access to the video: **20FALL-DAFREE**. Your instructor is David Atkinson, who helps procurement functions develop their own best practices and teaches procurement to strategic account managers worldwide and MBA students at the University of Birmingham. After watching the video, you should step into the shoes of being a procurement professional for a few minutes and see how you would map the 4 different staffing product categories to the matrix. In which order would you attack them for spend reduction? This should help you understand why spend is being squeezed more in some opportunities than others.

The second driver is at a human DMU level. Something is driving different growth rates across the 4 buying teams inside Globalman. To understand this, go to <https://youtu.be/6Fs-gFAI7e4> on YouTube. In The Malcolm McDonald Academy, go to the course titled **SAM2Win: The simulation that teaches Strategic Account Management** (it may be the last course in the list) and watch the final 9 minute lecture on **The Procurement Types Matrix**. Then, see how you would map the 4 DMUs across these quadrants. See if that will help you understand how the Globalman global procurement function in London needs to adjust its spend reduction targets globally to deal with internal execution issues. Go back to the research reports if needed.

The more you can understand the buying strategy of your account and how it is being executed, the better you can understand current and future growth areas, customer needs and how to align your selling strategy to the account. Only one box in the Kraljic Matrix has “Strategic” yet how many account plans have “Strategic Partnership” as the goal.

Also, because you are at the start of a new financial year, you can decide to go over budget in this period if you wish (with a plan of using this to boost your account position in the next period). But if you do (and there is no right or wrong) make sure your money is spent wisely, otherwise you will be in a severe financial crunch of your own making next period!

Finally, budgets may be getting tight. Therefore, in order to release more budget for the good sales opportunities you need to first reduce your investment in the bad sales opportunities. Of course, you will need to decide which are good and which are bad – and how quickly to reduce your spend in them.

So, as always, the key to success is to assess:

1. what your current situation is and what is happening with the account
2. what you need to change about your account strategy
3. where to update your account plan
4. how to implement the new plan effectively

Good luck!

The Market2Win Team.