

Critical change capabilities for sustaining high-performance SAM programs: results from a global survey

By Axel Thoma

research associate
University of St. Gallen
and engagement manager
Account Management
Center in Zurich

Successfully retaining strategic customers and accelerating growth sits atop the agenda of many chief executive officers and their chief marketing and sales officers. Companies competing in mature markets have an urgent need for action due to the rising pressures of strategic purchasing and growing threats from competitors' customer initiatives. Not surprisingly, a steadily increasing number of companies have launched strategic account management programs as magic bullets to fix deteriorating sales.

Although SAM programs are initiated with the best of intentions, approximately two-thirds run into severe difficulties ranging from (sometimes multiple) program relaunches to termination. Such detours and failures impose heavy burdens on firms, absorbing scarce resources and thus hampering future options, as well as creating disbelief in the promise of the programs and widespread employee burnout.

Implementing SAM is not an ad-hoc sales improvement project. On the contrary, SAM is a continuous learning process and transition that may take 10 to 15 years.¹ Why? Because implementing and then *sustaining* SAM requires organization-wide, often radical changes in a company's go-to-market and collaboration strategies, structures, systems, processes and values.

When companies concentrate on operational SAM capabilities, they largely neglect change capabilities critical for embedding and sustaining a high-performance SAM program. To explore these change capabilities, we conducted an international study that revealed that companies with a distinct set of eight change capabilities achieve a higher degree of SAM program institutionalization and program performance.² (See Figure 1.)

We thus present our survey findings and emphasize which change capabilities should be developed and deployed by SAM professionals who want to embed their programs successfully and thereby leverage their performance.

Change capabilities versus operational capabilities

For their efficient and effective functioning, companies require distinct competencies or

Figure 1 — The global SAM survey

The survey was developed and conducted by the Research Institute for International Management at the University of St. Gallen in 2006. More than 300 SAM executives were identified and addressed from a random sample of 800 multinationals. The final sample represents 154 organizations headquartered predominantly in the United States and Europe with the following characteristics:

Position of the SAM program	
At the corporate level	69.8%
At a subunit level	30.2%
Total sales revenues	
Less than \$250 million	5.2%
\$250 million to less than \$500 million	8.4%
\$500 million to less than \$1 billion	12.3%
\$1 billion to less than \$5 billion	35.1%
\$5 billion to less than \$10 billion	9.1%
\$10 billion or more	29.9%
Sector	
Business-to-business goods manufacturing	45.3%
Consumer goods manufacturing	9.3%
Services	38.7%
Other	6.7%

Source: Research Institute for International Management, University of St. Gallen

capabilities—the complex bundles of skills, knowledge and routines that set organizations apart from competitors. These capabilities cannot be bought but rather must be developed over time.

Operational SAM capabilities, such as account planning or personnel training, have received significant attention, but our survey instead explored the change capabilities that help sustain SAM program performance because they induce lasting cognitive, behavioral and procedural changes. Mastering the transition to SAM is not a short-term project run by a few specialists in a clearly delineated organizational unit; it is a complex, long-term, organization-wide endeavor that requires deliberate change management and the development of distinct change capabilities.

Performance effects of change capabilities

The results from our survey provide strong evidence that SAM program performance depends on program institutionalization—in other words, on embedding SAM-specific cognitive, behavioral and procedural changes into an organization's very fabric.³ Furthermore, the degree of program institutionalization depends on eight distinct change capabilities. (See Figure 2.) These capabilities are not independent but rather must be deployed simultaneously to drive program institutionalization and performance.

We further divided the sample into high-, middle- and low-performing groups on the basis of their SAM program performance and found that high-performing programs score high on all eight change capabilities and exhibit a high degree of program institutionalization. Low-performing programs lack such change capabilities and show low levels of institutionalization. When we controlled for firm size, country of origin, industry and program age, we

found similar results—that is, they are generally applicable across a variety of firms and industries.

The eight critical change capabilities

In this study we identified eight distinct SAM change capabilities. In the following sections we specify these change capabilities and point out their unique managerial implications.

Strategic alignment

Strategic alignment refers to the ability to align a SAM program with its firm's overall strategy, as well as the customers it targets. High-performance programs regularly verify that their program strategy remains well aligned with the firm's go-to-market strategy and existing strategic accounts, plus they ensure that any new strategic accounts fit the current program strategy. Strategies generally do not change overnight, but they can change and, for example, create the real risk that a strategic account suddenly finds itself in a commodity market

in which price strategies supplant collaborative business approaches.

Top management engagement

The ability to engage c-level management goes well beyond passive involvement in, say, reporting operational activities. High-performance SAM programs proactively integrate top management into their internal program activities, including customer strategy meetings and business plan forums, as well as external activities such as preparing for high-level customer meetings or introducing newly appointed strategic account managers to customers' top management. Keeping SAM on top management's agenda is no simple task—almost every other firm initiative wants the same attention. Top management therefore must be convinced that its involvement in SAM is not obligatory but necessary to drive new business and value creation with strategic customers on a “top-to-top” basis. At the same time, management engagement should heighten awareness for program challenges and increase

Figure 2 — Is your SAM program sustainable?

The survey results show that eight distinct change capabilities drive the institutionalization and performance of SAM programs.

Change capabilities	
Strategic alignment	Is the SAM program consistent with other things going on in the organization?
Top management engagement	Is top management actively engaged in SAM program activities?
Sense-giving	Do people know what is at risk should the SAM program fail?
Rewards alignment	Are people rewarded for supporting the SAM program no matter which department they are in?
Value demonstration	Are people aware of the value the SAM program delivers?
Role explication	Are job descriptions for SAM-related tasks readily available in the organization?
Conflict resolution	Are SAM program conflicts addressed quickly?
Resource securing	Are the resources allocated to SAM program development sufficient?

Source: Research Institute for International Management, University of St. Gallen

personal identification with and commitment to the program.

Sense-giving

We call the ability to make internal and external stakeholders understand the reason for SAM “sense-giving.” In general people hesitate to change, prefer the status quo and perceive SAM as a potential threat to their individual interests. High-performance SAM programs present a compelling rationale for SAM by including customers’ voices, proactively addressing stakeholder concerns with the right language and media, and integrating opinion leaders and role models into the program at an early stage. Unfortunately the most basic questions people ask when confronted with a change process – “What’s in it for me?” and “What changes will it cause for me?” – are rarely addressed during SAM implementation. In addition sense-giving cannot be a one-time proclamation; employee fluctuations and the emergence of new corporate initiatives necessitate regular sense-giving efforts.

Rewards alignment

When rewards are aligned across the firm, goal congruence ensues. High-performance SAM programs: clearly understand the behavior expected of SAM personnel and adapt formal job profiles accordingly; introduce objective, measurable and reliable SAM metrics for SAM personnel and remove contradicting metrics from former go-to-market models; and reward intended SAM behavior while penalizing counterproductive activities. Reward systems commonly are the last element adapted, often because of measurement issues, a lack of awareness and involvement among human resources departments or a general “do not touch” mindset. The concern is that changing the reward system will change the organization

and its way of doing business—but this is what the transition to SAM is about in the first place! Rewards alignment is an absolute necessity because public praise and supernumerary bonus payments cannot sustain motivation in the long run. Still, many companies have yet to realize they are hoping for action A while incentivizing action B, somewhat like training a dog not to bark by feeding it a cookie whenever it barks.

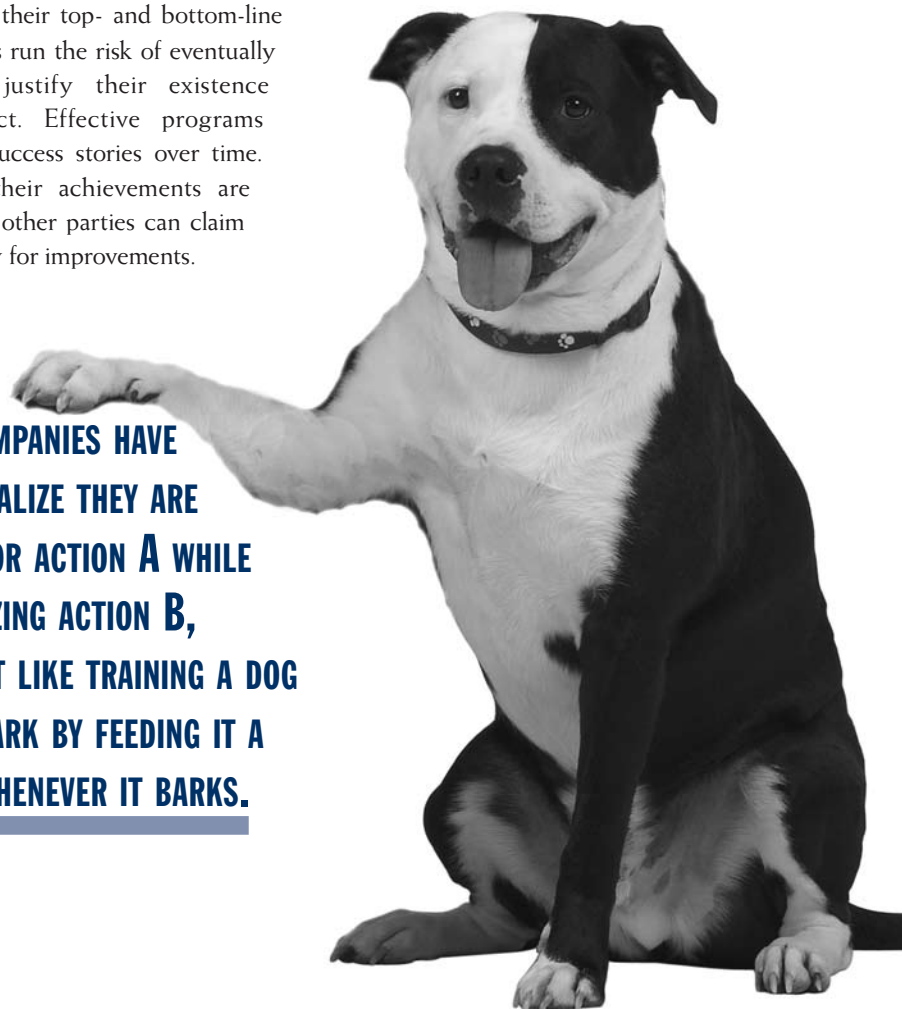
Value demonstration

Value demonstration reflects the ability to demonstrate the value of a SAM program to internal and external stakeholders. High-performance programs know the sources of monetary and non-monetary value for both the firm and its strategic customers, and these programs systematically measure, document and communicate that value to everyone involved. Programs that do not regularly demonstrate their top- and bottom-line contributions run the risk of eventually having to justify their existence in retrospect. Effective programs build their success stories over time. Otherwise their achievements are forgotten or other parties can claim responsibility for improvements.

Role explication

We call the ability to define the roles and related responsibilities of people involved in SAM “role explication.” High-performance SAM programs sensitize top management to required role changes, obtain management support to resolve rigidities and frictions, and clarify how the roles of people involved in SAM will change in terms of their tasks, responsibilities and competencies. A transparent explication of SAM roles helps reduce ambiguity and unfounded fears. Groups that perceive an imminent threat to their decision-making power, such as country and business line/unit managers, may engage in hidden turf battles, but putting all the cards on the table presses SAM opponents to engage in an open dialogue, which may weaken their counterproductivity in the face of management.

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Conflict resolution

The ability to efficiently and effectively resolve SAM-related conflicts becomes a part of daily business in high-performance SAM programs. Conflicts per se are not negative, and a formal, mutually accepted conflict resolution mechanism promotes an open conflict culture that brings hidden power struggles to light and ensures that top management can make final decisions if mediation does not lead to timely and productive results. Fighting internal SAM battles is often tougher and more time-consuming than winning customers. A transparent conflict resolution process helps resolve issues before they become entrenched and, should they escalate, ensures that swift top-down management decisions avoid futile skirmishes.

Resource securing

Resource securing refers to the ability to gain access to the resources required in implementing and sustaining a SAM program. High-performance programs acknowledge that they compete with other initiatives for limited resources, possess a clear understanding of the resources (e.g., budget, human resources and management time) required to make SAM work, and proactively prepare SAM investment plans to secure resources for the future. In most companies resources are scarce, and SAM programs depend on the reallocation of resources from other projects or of funding from operational divisions that might not, from a profit-and-loss viewpoint, be eager to support corporate initiatives. Consequently, requests for SAM resources should consist of investment plans based on quantifiable, customer-confirmed growth potential.

Conclusion

To master the journey to SAM and achieve superior performance, SAM professionals should follow three principles:

1. **Adopt a long-term view of SAM implementation.** Performance is important but to be sustainable in the long run requires the institutionalization of the SAM program. Cognitive, behavioral and procedural changes should be truly embedded and become the "new way of doing business."
2. **Focus on operational and change capabilities.** Operational capabilities are undoubtedly valuable but represent only one side of the coin.

Change capabilities, such as rewards alignment and value demonstration, play central roles in mastering the transition to SAM.

3. **Systematically develop and deploy change capabilities.** Change capabilities cannot be bought when required; they must be deliberately developed over time. All eight change capabilities need to be deployed simultaneously because the whole is more than the sum of its parts. 

¹ Christoph Senn and Axel Thoma, "Worldly wise: Attracting and managing customers isn't the same when business goes global—Companies must be ready to adjust," *The Wall Street Journal*, March 3, 2007, east ed., R5+, www.wsj.com.

² Axel Thoma, "Successfully Implementing and Sustaining SAM," April 2007. The report can be obtained by e-mailing Axel Thoma at axel.thoma@amc.com.

³ We measured SAM program performance with two variables: program effectiveness and efficiency. Effectiveness refers to the extent to which a SAM program attains market-related goals. Efficiency refers to the extent to which a SAM program attains its goals within established time, budget and planning constraints.

Axel Thoma is a research associate at the Research Institute for International Management at the University of St. Gallen in Switzerland (www.fim.unisg.ch) and an engagement manager at the Account Management Center consultancy in Zurich, Switzerland (www.amc.com). He can be reached at axel.thoma@amc.com or +41-43-499-19-65.

Additional resources

For more information on this subject in SAMA's library, the editors recommend: Chris Dehio and Manfred Nerlich, "Lufthansa Systems case study: a systemic approach to implementing KAM in a multi-company enterprise," 2007 Pan-European Conference, Feb. 26, 2007, www.strategicaccounts.org; and Mike Elder, Peter Rosholm and Tom Schmidt, "Managing change as you reorganize your account management structure," 42nd Annual Conference, May 8, 2006, www.strategicaccounts.org.