



Global Account Management

Basics for a successful introduction of a Global Account Management strategy in B2B medium-sized businesses.

Global Account Management in B2B Medium-sized Businesses (Part 1)

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Especially in the B2B SME sector, it is the customers who drive the activities of the companies. Because often the medium-sized businesses follow their clients out into the world. However, this creates a new situation for the suppliers with many challenges: Price differences in the countries have to be negotiated, worldwide support is required, an adjustment to the global procurement strategy of the customers is necessary and best of all, they should make the greatest possible profit from this very promising situation. In short: At some point, national key account management is no longer sufficient. It is time for a global or even international account management on the part of the suppliers.

Global Account Managers develop customer relationships and track revenue opportunities with Global Accounts worldwide.

Large corporations also have a much more centralized organization. In addition, communication and collaboration technologies enable them to work much more networked with their own locations. For suppliers, this naturally means increased (performance) transparency, but also reveals potential.

Thus, practice shows that many medium-sized companies are facing a change in this respect and are confronted with strategic decisions. When does the introduction of a Global Account Management (GAM) pay off? Which accounts (clients) are GAM candidates? And how is GAM integrated into a company? Most medium-sized B2B companies in Germany simply try to satisfy their international clients reactively and do not have a clear global strategy.

For this reason, in this article we discuss the most important basics for the introduction of a GAM.

Tasks of a GAM

Successful Global Account Management (GAM) promotes and intensifies the relationship with your customers and can provide a decisive competitive advantage. However, at the beginning it is important to understand that building a GAM is not a small project but requires a new organizational structure. A GAM (with its employees) is layered over the existing national sales organizations (see figure) and is therefore also associated with special competencies.



Structure of a GAM organization

Source: KOMOR INTERIM MANAGEMENT

One of the most important tasks of a successful GAM is to

- Build and maintain excellent relationships with global customers and internal stakeholders
- Analysis of all customer requirements
- Development of solutions for complex problems
- Support for a variety of services and products
- Ensure global sales and profitability targets together with the countries to achieve goals
- Development of global sales strategies to drive growth
- Development, design, and implementation of the roadmaps agreed with the regions or countries
- Co-developing sales strategies and decision-making processes
- Work with local teams in the region to identify opportunities for improvement and drive sales plans
- Cooperation with marketing and regional management to ensure the quality and quantity of sales
- Development of various global sales projects to continuously improve market performance
- Close cooperation with national companies on projects and customer issues

Does the introduction of GAM make sense for your company?

As you can see, setting up a GAM is first of all an investment and therefore expensive. For this reason, an introduction should be well planned. You can use these four criteria to determine whether a GAM program is suitable for your company:

1. Your products or services require global coordination and are profitable enough to justify it
2. Your multinational clients demand a GAM
3. Your multinational customers are important to your business
4. You can gain a competitive advantage through GAM

The nature of one's own offer - not a customer's desire for volume discounts or global contracts - is the first factor a supplier should consider. The main candidates include the more complex products and services. Offers should have a high margin to cover the additional GAM costs. This means that (potential) global key customers for low-margin products and services should buy in higher volumes or order services to compensate. It is also advantageous if the products/services are globally consistent or compatible.

So, if the first criterium applies to your company, it is worth taking a closer look at your customers. If some of your international clients are already demanding a GAM, it is far from certain whether they are suitable candidates at all.

Which Global Accounts are GAM candidates?

Not every global client who buys GAM-enabled offerings and is important to your business should be a Global Account. When it comes to Global Accounts, more is not always better - and there is no ideal number. For example, Unilever has only five Global Accounts, while IBM has more than 100. Instead of aiming for a specific number, managers should focus on identifying suitable customers.

Based on six criteria, you can check which of your accounts are suitable as GAM candidates.

1) Size and earnings potential

Of course, the valuation classic "sales per customer" is very tempting. But here, too, "if it's too easy, it's wrong" applies. After all, the biggest mistake a company can make is to select Global Accounts solely based on current sales to these customers. Some large customers often only want a global discount, a central bonus, and no global relationship.

For this reason, the Marriott hotel chain once cancelled the Global Account status of its largest customer (worth \$100 million in sales).

In general, new additional sales opportunities are more important in the selection of Global Accounts than current sales. A close global relationship results in jointly developed programs that lead to large revenue growth in the longer term.

2) Geographical distribution

A promising GAM candidate should, of course, also be highly internationally active. The international nature of a company can vary: For example, if a business is mainly concentrated in one market (and only

a few small businesses outside the home country), it is better to serve this client with some form of extended national account management.

3) Integration capabilities

A customer should only be offered the status of a Global Account if they have a corresponding structure for managing global purchases. Without such an organization, a global contract does not mean much: the supplier continues to sell country by country, always renegotiating quantity, price, and other conditions. And despite this additional effort, the customer still expects a global volume discount. This means that such customers are very difficult to integrate into a GAM and rarely profitable.

This way you can identify customers who are difficult to integrate:

- The strategies (business model, products, brands, value chain) are mostly developed at country level.
- Each national unit prepares its own financial statements (balance sheet, profit and loss statement).
- The managing director of the national company is responsible for almost all activities in the country.
- Most processes represent national variations of the corporate approach.
- Critical information (turnover, profit and market share by business unit, product line and customer) is only collected at national level.
- Global teams manage only one or two main activities and there is no common corporate culture.

GAM candidates should therefore have a high integration capacity. This means that the above-mentioned points are integrated globally - and not just nationally.

4) Strategic importance

Global Accounts should in any case also have a strategic importance for the supplier. Here are three examples of strategically important customers:

The major customers: A supplier cannot afford to lose a customer who buys 10% of its total production or 60% of the production of an important product line.

The contribution of a customer to the fulfilment of his own strategic goals. A manufacturer of copiers, for example, cares less about customers who simply buy copiers. It has a clear focus on customers who buy complex office solutions (machines plus consulting services) or document management services (production, storage, and transmission).

A high level of awareness of the customer. A very well-known customer can also induce other (new) customers to buy from the supplier.

5) Strategic, cultural, and geographical consistency

It helps when the strategies of the customer match those of the supplier. For example, the two companies Royal Dutch Shell and Wärtasilä had similar strategies for expanding sales in India. This fact has led them to enter into joint marketing agreements. Oils and lubricants from Shell and Wärtasilä were sold as a package and products from the other were advertised to customers.

A global customer relationship requires a high degree of interaction between the parties involved. For this reason, cultural similarity or at least cultural empathy is also important. It is not so easy to build a

trustful working relationship with a customer who strongly represents performance-oriented values if your company focus more on ecological goals.

Finally, a supplier should be able to serve global customers in most of their key locations. Either through service operations in these countries or by finding reliable local partners to provide the services.

6) A close and trusting relationship

When a supplier and a customer really trust and appreciate each other, the relationship can take off. For example, the French company Schneider Electric invested in a special plant to develop a product line for a preferred global customer. The customer rewarded this move by making Schneider Electric the sole supplier of these products.

Three of these criteria - size and sales potential, geography, and integration capacity - are quantifiable to a certain extent. The last three criteria are softer, and their evaluation depends to a certain extent on gut feeling. The "Scorecard for Selecting Global Accounts" can help suppliers select the **right candidates for Global Account Management**.

CUSTOMER CHARACTERISTICS	SCORING GUIDELINES	SCORE (1-10)
Current Account Size (Min. \$5M. Revenue)	10 = your largest Account 05 = half that size 01 = one tenth that size	
Revenue Potential	10 = can grow 100% or more in the next 3 years 05 = can grow 50% 00 = no growth potential	
Profitability (Min. \$1M. in gross margins)	10 = highest margins among all your customers 05 = half of that 00 = no profits	
Geography	10 = operates in countries that account for 100% of your market 05 = operates in countries that account for 50% 01 = operates in countries that account for 10%	
Integration Capabilities	10 = all the capabilities required for global integration and coordination 05 = moderate capabilities 00 = no capabilities	
Strategic Importance	10 = absolutely vital to your business 05 = moderately important 00 = of no strategic importance	
Strategic Fit	10 = many joint strategies 05 = some joint strategies 00 = no joint strategies	
Cultural Fit	10 = complete fit (might happen if customer is from the same industry, country, similar size & age) 05 = partial fit 00 = no fit	
Geographic Fit	10 = you operate in all the countries in which the customer operates 05 = you operate in half of them 00 = you operate in none of them	
Relationship	10 = a very close and trusting relationship, in which vital information is shared 05 = moderate sharing 00 = no sharing	
TOTAL SCORE		

Source: "Managing Global Accounts", George S. Yip and Audrey J.M. Bink, Harvard Business Review, September 2007

TOTAL SCORE	THE CUSTOMER IS
0-25	Not a good prospect for GAM – Integrate it in a sales automation
26-50	Worth considering – Evaluate it with Predictive Modelling
51-75	A very promising prospect – Evaluate it with Predictive Modelling
76-100	Should be one of your key global accounts and constantly monitored

Note: the criteria can be individually adapted to suit your own GAM concept. The figures are to be seen as an example.



Global Account Management (Part one) // Conclusion

The introduction of a GAM should be well considered. Not every company with international clients is suitable for Global Account Management. For this reason, you should carry out a detailed analysis of your products and services. Do you have a sufficient margin?

But that is not the end of the analysis. You should gain a comprehensive understanding of your customers. You can use the six criteria to determine whether they are "GAM-ready".

Have you come to the conclusion that your company is ready? Then look forward to the next part of our Global Account series. Here you will learn everything about the detailed implementation and what you should pay particular attention to.

Global Account Management in B2B Medium-sized Businesses (Part 2)

Basics for a successful implementation of a Global Account Management strategy in B2B medium-sized businesses.

What has happened so far: The [first part of our Global Account Management Strategy](#) dealt with the specific tasks and goals of successful Global Account Management. Based on four criteria, you can see whether an introduction is worthwhile for your own company. You also learned which of your accounts are suitable GAM candidates.

As a short reminder:

GAM promotes and intensifies the relationship with your global clients.

The second part is fully dedicated to the implementation of a GAM strategy and what needs to be considered.

Requirements for a successful GAM

As mentioned in part one, the implementation of a GAM program is initially an investment that is quite costly. This fact can be seen in the requirements alone that are necessary for the implementation of GAM. For this purpose, it is advisable to conduct a go-to-market analysis. This will help you determine what is required to serve these new industries or customers.

Here are some examples:

- What products or spare parts are needed?
- Which technology do you need?
- Is a specifying design necessary?
- Defining the quality of the products
- What price level should be applied?
- What sales support measures of any kind (website, white papers, proof-of-concept studies, field reports) do you need?
- Multi-channel marketing
- Which service partners do you need?
- Prepare a regional or global competitor analysis
- Do not forget the logistics ... and much more

But that is not all, because a Global Account Manager and the corresponding sales staff should have particularly good sales skills and experience. You can create a specific profile with requirements to find suitable candidates.

However, there is one more thing you should bear in mind: The expectations of a Global Account Manager are far from the old stereotypical definition of a salesperson. In other words, the "lone wolf" or the "rock star" who sells projects all by himself with willpower and eloquence.

Today's successful salespeople in global customer service are highly talented managers of a team of colleagues. Together they follow an agile process that requires insight and wisdom. They focus on the customer, his needs, not on themselves.

Approach and structuring

Meeting the above requirements is already a big step in the right direction. However, to be particularly successful with Global Accounts, four elements are important. How to ensure a structured approach:

Knowledge

Get to know your Global Accounts, use your knowledge to serve customers and build a knowledge base.

Structure

Organize your team(s) according to the requirements of the Global Account.

Process

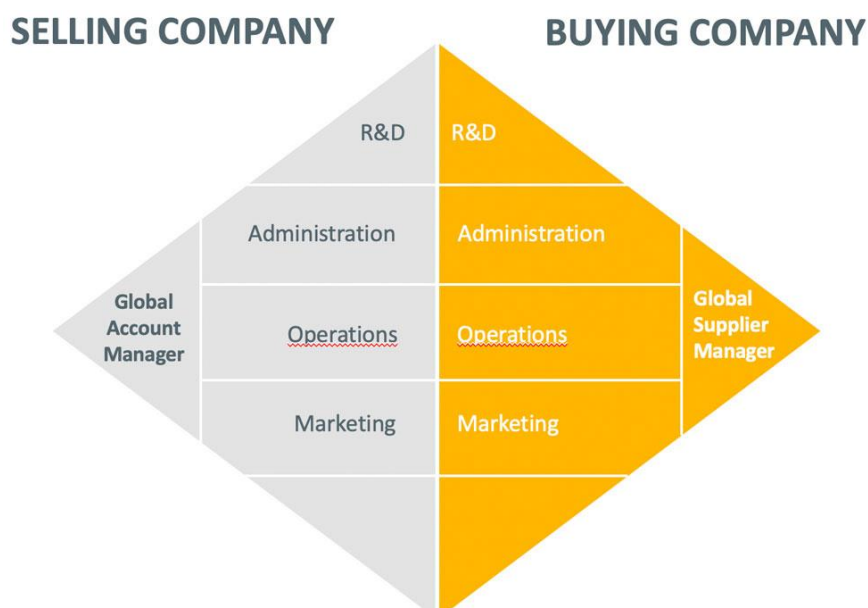
Develop a step-by-step process to arrive at a realistic Global Account plan for your sales opportunities.

Vision

Outline a vision for your Global Accounts and keep it alive as long as possible. Strictly follow the implementation of this vision.

Form a strong „Diamond Team“

The development of a BAM requires teamwork on both the supplier and the customer side. The goal of a global customer relationship should be the successful formation of a Diamond Team. Such a team consists of a close cooperation of different functional areas of the supplier and the customer, as shown in the figure. This constellation can lead to a decisive competitive advantage.



„The Diamond Team“ oder „Partnership Relationship“
 Quelle: Eigene Darstellung nach McDonald et. al. (1996)

As the name suggests, a diamond relationship with a customer is very firm and steady. It is almost impossible to pull them apart in one go. So, this structure ensures a long-term client relationship with important Global Accounts. However, this is not the only advantage that such a relationship brings:

- You learn more about the real needs of the customer and improve your ability to influence their decisions.
- You become part of the customer's business and take on tasks that make you irreplaceable.
- You increase your chances of being recognized as a strategically important global supplier.
- This creates a competitive atmosphere of mutual ambition.
- Information is shared and access to people is facilitated. As a result, the price level is stable, and profitability improves.

Of course, there are also some dangers and challenges lurking in the formation of a Diamond Team, which suppliers should be aware of. It is essential that such "partnership teams" are built step by step over time and with caution. If vendors explosively "jump on the customer", the customer is likely to react with a defensive attitude and the customer relationship will be severely damaged.

The way a Diamond Team is managed should also be well defined. A badly formed Diamond Team can cause some disasters. You should make sure that all members of the team know exactly what is expected of them and how to deal with the customer. For example, if a supplier puts uncoordinated eager specialists in front of the customer, unnecessary work will quickly be done. Projects emerge that solve unprecedented problems and it quickly becomes very expensive.

Another factor that is crucial to the success of a Diamond Team is the support of the respective country organizations. A Global Account Manager should, if necessary, be able to delegate certain tasks to a national key account. Especially when it is not always worthwhile to travel directly to the country. Because everybody knows that traveling means a lot of effort with visa, travel costs, time, and expenses. A relationship based on trust between national and global key accounts is worth its weight in gold.

Many organizations are struggling with a certain "rethinking": The separation of territorial claims of individual internal divisions can be difficult. Increased transparency of previous services and a customer-centric approach to work also mean a major change and requires a high degree of agility and flexibility. Therefore, a team-oriented skill set "We are all in sales and pulling together" is essential for such a project.

Last, but not least: A clear, internal guideline that regulates ambiguities should not be forgotten. It sounds very simple and for many people it may sound obvious. But without a written guideline documenting the Diamond Team approach, there can be chaos. It should be clearly defined who talks to whom in the customer organization, at what level, about what and how often. In addition, regular coordination, either weekly or monthly, is very useful and avoids ambiguity.

Lifhack: Creating verticals as a functional competence

Medium-sized companies that have several international GAM candidates from the same sector or industry should consider forming so-called "verticals". This means that several GAM clients are combined into a vertical (or industry cluster). For example, international hotel chains (Hilton, Marriott, Accor, ...) could be combined into a vertical "hotels", companies like Nestlé and Danone could be summarized under "Food and Beverages".

The advantage of such an approach is quite simple: companies can achieve an additional bundling of resources and represent an even higher level of expertise to these customers. The supplier speaks the specific language, the terminology of the industry (better).

In addition, an even higher level of integration of activities will be achieved. Teams of professionals can be set up who have a profound knowledge of the specifics in the industry and react accordingly. For example, inside sales, estimating and the service department can be tailored to the specific industry. A successful formation of verticals can lead to more efficiency and higher customer satisfaction.



Checklist: How to implement your Global Account plan

- Determine whether your company, your products and your customers are suitable for a GAM approach
- Create a Go-To-Market analysis
- Establish goals, strategies, and action plans for each Global Account (global, regional and, if necessary, for every site)
- Ensure that the Global Account Team has a common understanding and a unified approach
- Win support from senior management
- Win support from local operations and teams
- Win support from functions or other business units like service
- Set standards, routines, and time frames
- Turn the strategy consistently and without hesitation into action
- Define a mechanism for performance review (possibly related to reward)
- Focus internal functions and resources on to market and customer needs
- Demonstrate your commitment to the customer and share these ideas with the customer stage of maturity

Source: Peter Cheverton: Global Account Management, A Complete Action Kit, London 2008, p. 206.



Global Account Management (Part 2) // Conclusion

The introduction and implementation of a GAM can pay off in many ways: You strengthen client relationships with large and important clients, you gain more influence, you expand your network, you have access to hard-to-reach executives and, last but not least, a successful GAM promotes growth.

Building a significant position within a client requires patience and consistency. A well-functioning Diamond Team should be the goal of a global customer relationship. It strengthens the trust and cooperation on both sides, so that such a relationship can hardly be separated. However, you should make sure that clear guidelines are defined, national support is available and regular reviews take place.

In recent years, large multinational corporations have been placing more emphasis on long-term and sustainable supplier relationships - and this also globally. This means that the supplier has the chance to be seen not only as a product supplier/service provider. Through an optimal GAM he becomes an integral part of his customer's value chain and adapts to his customer's constantly changing requirements.

Always remember, successful global customer management requires a high level of commitment, resources, and time. It is not an event, but a process. So, give it some time, it takes about 24 to 36 months. But we are sure: It is worth it!

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