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Total Account Management **Rebalancing the power in Key Accounts**

Tomorrow is here!

Traditional Account Management practices, on their own, will fall short in today's challenging trading environment. As the world spins faster thanks to technological advances, global players and ever-increasing sophistication, both sides of the trading relationship need to evolve the way they do business to create more shared performance.

In many retail industries we are seeing a shift in power from the traditional manufacturer/supplier to the retailer. The willingness of retailers to partner in this context is often just given lip service, as they tempt suppliers with invitations to captain a category or contribute to "strategic share sessions". All the while they retain a dogged determination to harvest supplier funds and push their private label barrows.

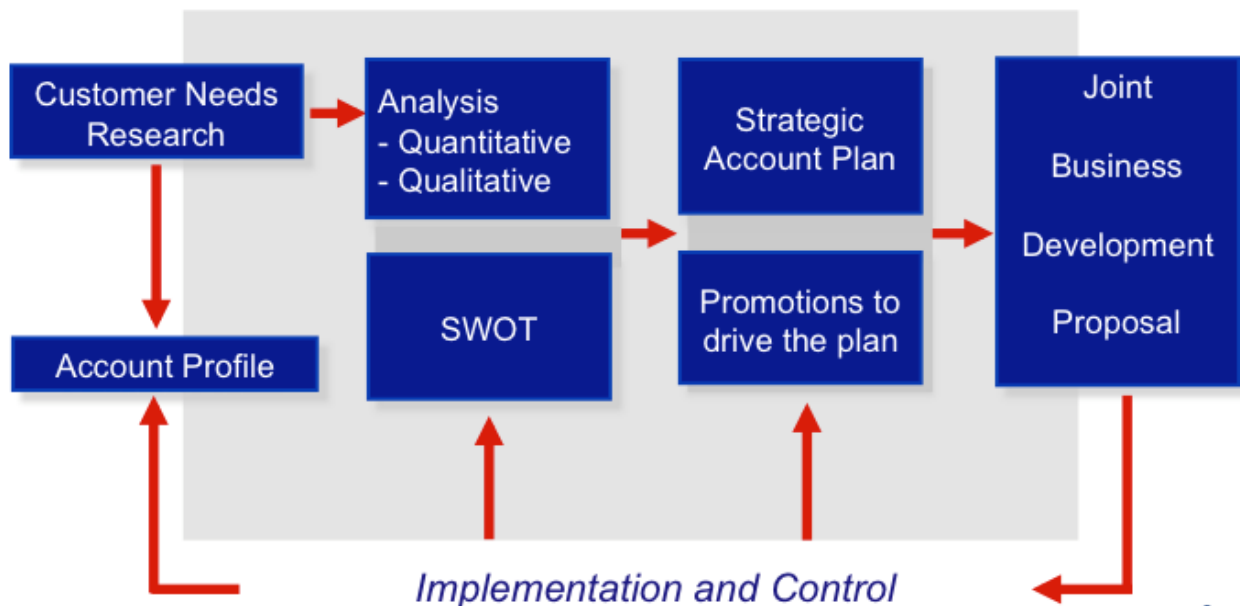
In this fluid and fast moving environment, old practices simply won't generate enough value. We need to change the game and make it compelling to the retailer to engage in some new thinking and joint activity. It won't always be on our terms but like the skilled judo artist, we can use their power to still achieve our aims.

Traditional Account Management

Traditionally we would anoint a proven sales person to step up to managing a key account and with further success take the responsibility of managing our major accounts. The Account Manager would then "service" the account with the product portfolio, dangle some trade funds and send in a field force to ensure compliance at store level. Little wonder that results varied as the potential for performance leakage existed at multiple levels on both sides of the trading relationship. Typically most suppliers were offering the same service and calibre of offer.

The Account Management Process

A roadmap to success in major customer development



The business would then relentlessly expect budget achievement within trade spend parameters and if that didn't produce results the senior Sales Manager would open the bottom drawer to fund some end of period pump priming. The cost of this volume achievement was absorbed in the gross margin and paid for further by mortgaging next month's number. The trade became educated to this practice and would hold off re-ordering knowing that end of period deals were almost a given.

Senior Executives would from time to time venture in to the account and do deals not always in alignment with the Account Manager's plan or even worse without their very knowledge.

And where does the consumer fit into this scenario with so many vested interests that are not always aligned? Invariably they are left frustrated that the way they wish to shop is not being reflected in the offer and is probably residing in the shadow of a shameless attempt to increase the share of private label for the retailer.

The opportunity therefore emerges for the supplier/manufacturer to change the game and reset the playing field. To do so will take delicate communication of the reason for change and the promised payoffs for all sides. There will need to be an uplift in the capability and toolkit of the suppliers to actively engage the account in meaningful value creation. This new approach we call **Total Account Management**.

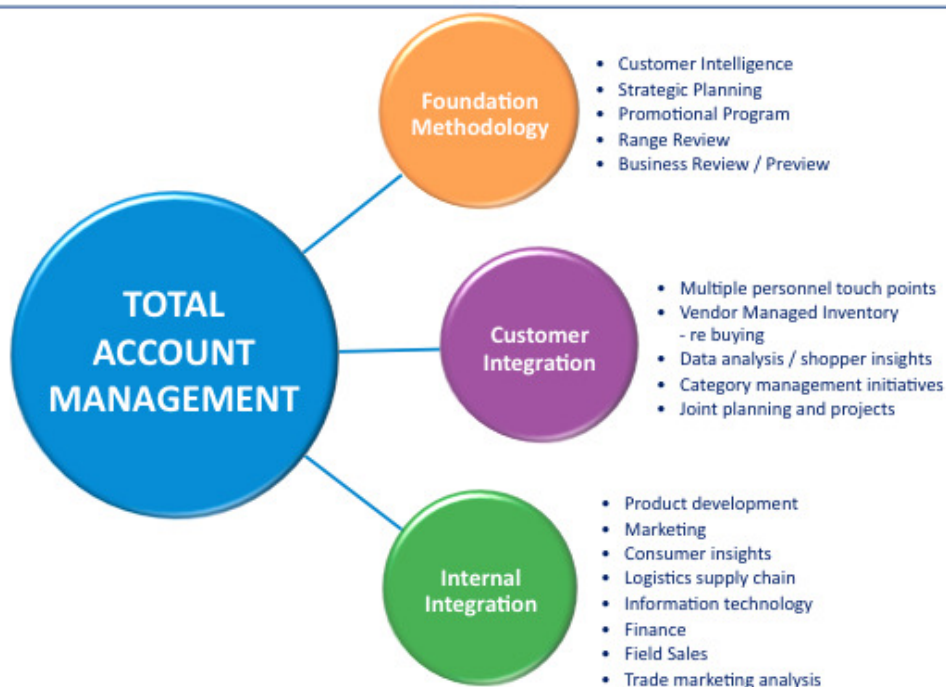
Total Account Management

Total Account Management is a more complete approach to delivering products down important channels. It changes the focus from that of a slavish primary focus on the trading partner to a clearer joint embrace of serving the consumer. A more expanded arsenal of supplier support is brought to bear with a genuine desire to step change in relationship, outcomes and consumer brand franchise.

The first distinction is between the methodology (the WHAT) and the engagement (the HOW).

The foundation practices of Account Management are still required but approached with a broader lens.

Total Account Management



Total Account Management - Planning

The expanded Total Account Management approach includes the following linkages for the Account Manager:

Product Development

The Total Account Manager would be party to new product development, sourcing, marketing and manufacturing innovation. In some cases they would be contributing with their buyer in attendance. At the very least they would be jointly interested in the vision for NPD from the perspective of what it means for the consumer and then how they can convert that demand at store level.

Logistics and Supply Chain

How can we best deliver our product from manufacture to the point of sale in the most efficient and innovative fashion? The Total Account Manager would again contribute to this solutions focused endeavor, in concert with the vagaries and desires of the account. Reverse logistics, RFID and cross docking are just some examples of past evolution. Where are the next evolutionary steps in reducing costs and improving productivity so the right stock, makes it to the right places, in the right quantities, at the right time.

Information Technology

Where can technology be leveraged to better share data, fast track ordering, plan and execute promotions and track sales drivers? The Total Account Manager doesn't need a degree in computer science but they must be savvy enough to interact and communicate with IT professionals who can supply and automate the solutions.

Data Analysis

What trading insights can be extracted and acted upon reflecting the strategic initiatives of the account, the supplier and the shopper? Who supplies and pays for the data, then crunches the numbers is an opportunity for the Total Account Manager. Where does this resource sit – supplier side, account side or third party specialist? This will no doubt form part of the negotiated framework for engagement.

Finance

Again the mindset should be to find financial solutions to how we trade, how we pay each other, how we track trading terms and budget performance. The Total Account Manager again is positioned as a facilitator to uncover the opportunities or problems, then coordinate resources to find the solution.

Consumer Insights

A key distinction in this dimension is to differentiate what insights we get for the consumer versus insights for the shopper. Marketers will generally dominate this function and wish to own the agenda. The challenge is to find the right balance between the vested interests of proprietary brands vs. house brands, and what the consumer is really seeking.

Marketing

How are we going to stimulate demand bringing new and existing shoppers into the store, via a coordinated campaign, leveraging new forms of marketing such as social media? A key focus will be to align supplier/manufacture needs such as brand awareness and sell through with the multitude of retailer needs at all levels of the account: head office, store, department and the last three metres.

Measurement and Review – Is this necessary?

Other than key financial metrics to review, the Total Account Manager will add different gauges to the dashboard. For example including new customer acquisition in our post campaign analysis, a powerful metric for a retailer in terms of increasing their overall business but an outcome that is not often tracked. It's time to look beyond just the historical financial metrics and use a measurement dashboard that reflects the true value that we add as a supplier.

Total Account Management - Execution

Developing a Total Account Management Plan is just the start; the proof is in the execution.

With a more total approach to account management comes complexity and stakeholder management. There are far more people to co-ordinate and projects to be managed. The skill set of the Total Account Manager is therefore a more multi skilled individual than the norm.

The following competencies would be highly valued:

Influencing skills

The ability to sell a vision and engage multiple stakeholders in what that vision entails from planning, strategising to execution. The influence is required both externally in the account at multiple levels as well as internally.

Commercial Acumen

The ultimate is to run the account as a separate Profit Centre with responsibility beyond the margin contribution level right down to share of overhead and direct costs to deliver an EBITDA number.

Project Management

With multiple stakeholders and initiatives it is important that the Total Account Manager not attempt to do all the heavy lifting. This should be shared and managed. If anything the Total Account Manager is the ultimate ringmaster, coordinating the show.

Strategising

The ability to imagine the future and get there first will set the Total Account Manager apart. The process of coming up with this game plan then becomes a shared think tank of ideas that need to be moulded into a coherent approach.

Communication

The need for clear, concise and consistent communication will be tested every day in the life of the Total Account Manager. Without that ability to inform, advise, report and update all stakeholders on a timely basis then there is a risk that all the good work in planning could be let down in execution.

Senior Executives Role

Another critical success factor is the presence of consistent Senior Management Endorsement to the mission of Total Account Management. The senior leadership team needs to not only buy in to the philosophy of Total Account Management; they need to support it with resources, budget and time. They need to integrate the initiatives into their strategic objectives and remove roadblocks to progress wherever possible. It is also likely that they will play a role in the customer wiring and contact matrix that underpins the knitting of these initiatives.

Conclusion

So in conclusion, Total Account Management is a significant upgrade to the thinking and practice of how key accounts are serviced. It is full of value creating and business improvement ideas that change the game for suppliers who are increasingly being marginalised. It will take some serious commitment from all parties to champion the shift but the payoffs to all sides are just too compelling to ignore.

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