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A Framework for Global Account Management

AKAM, 8 February 2018

Professor George Yip (g.yip@imperial.ac.uk)

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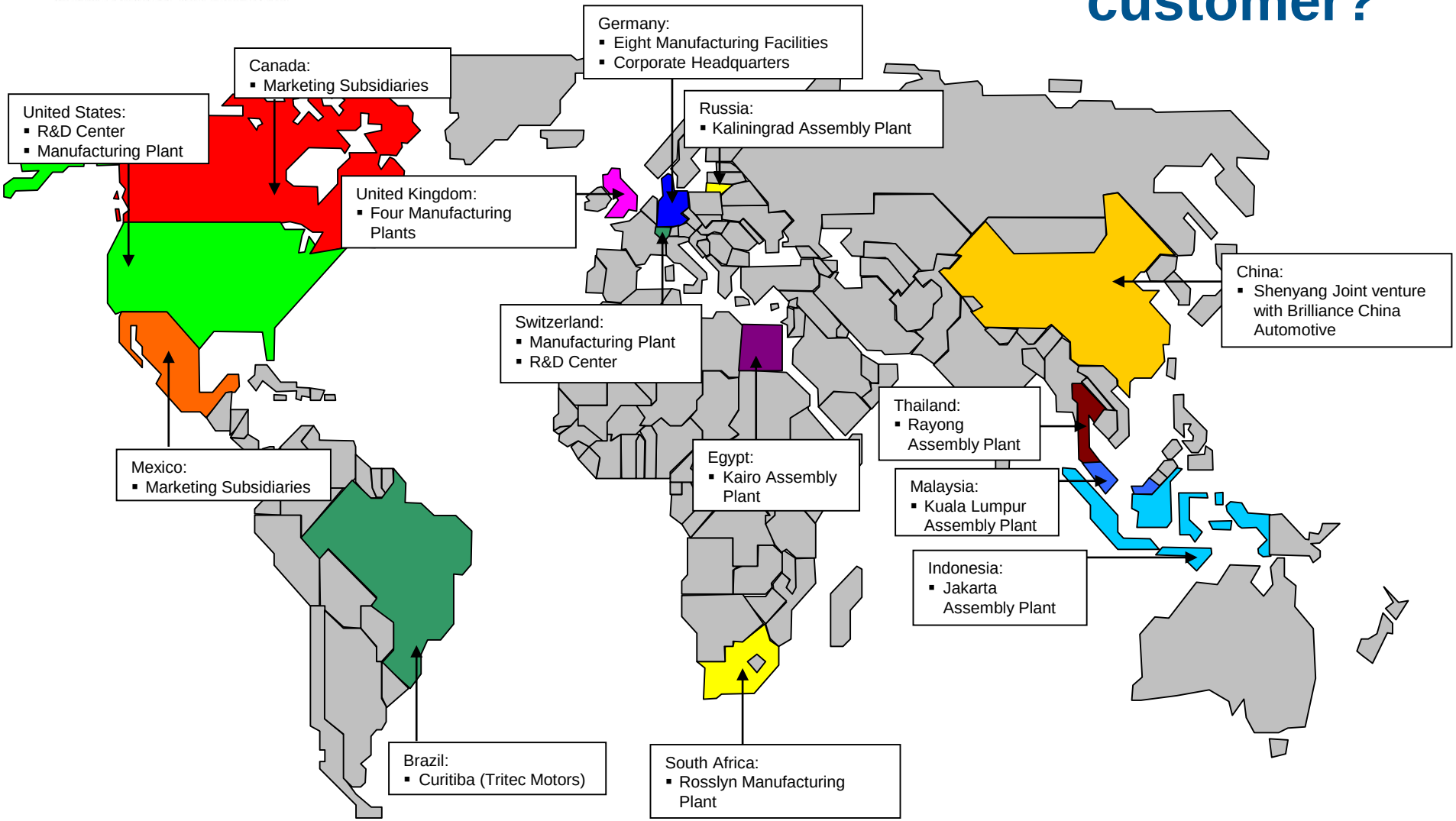
How do you serve a globally dispersed customer?



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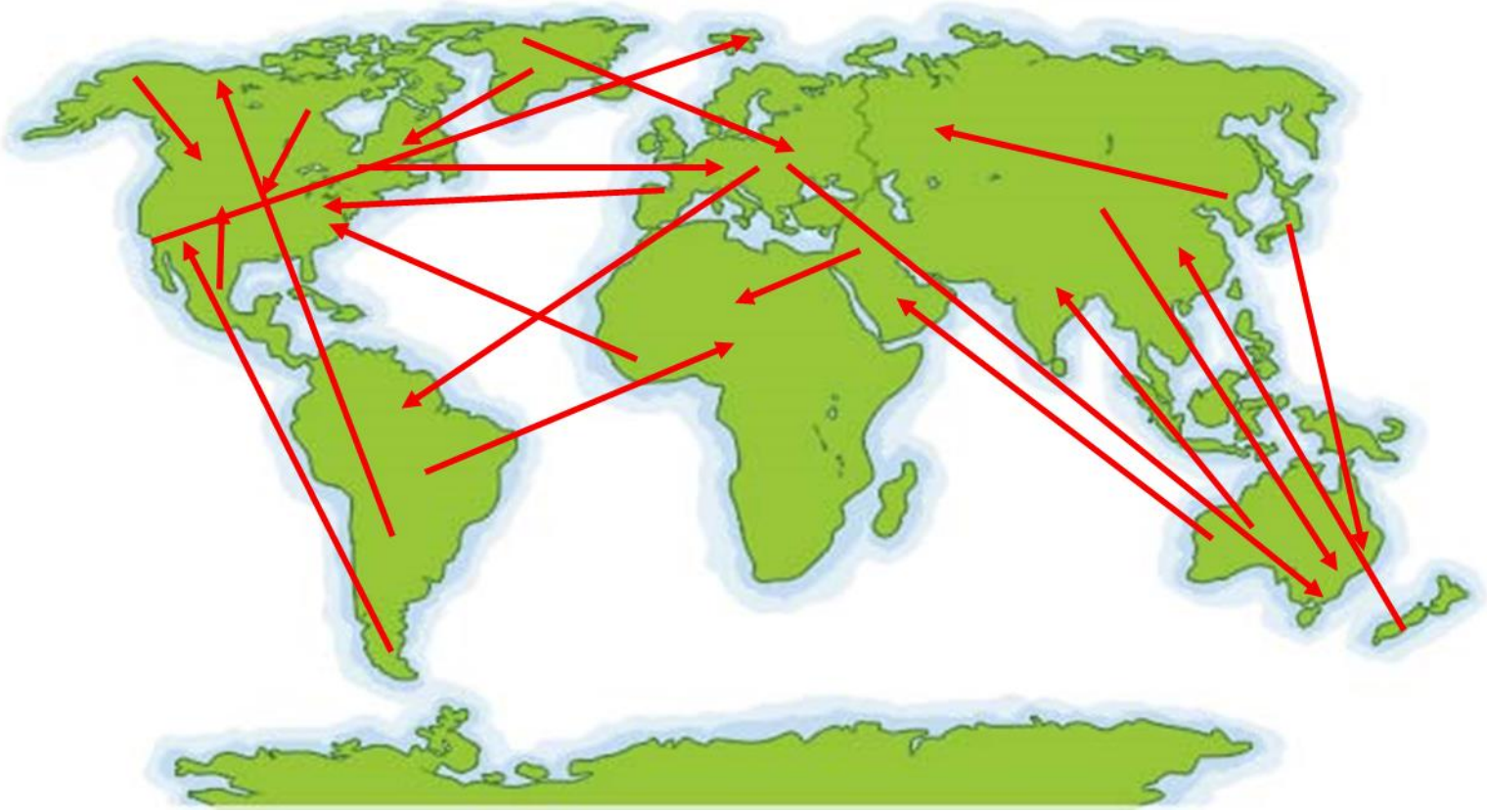
who demands seamless global delivery and service



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Global Account Management: Threat or Opportunity?

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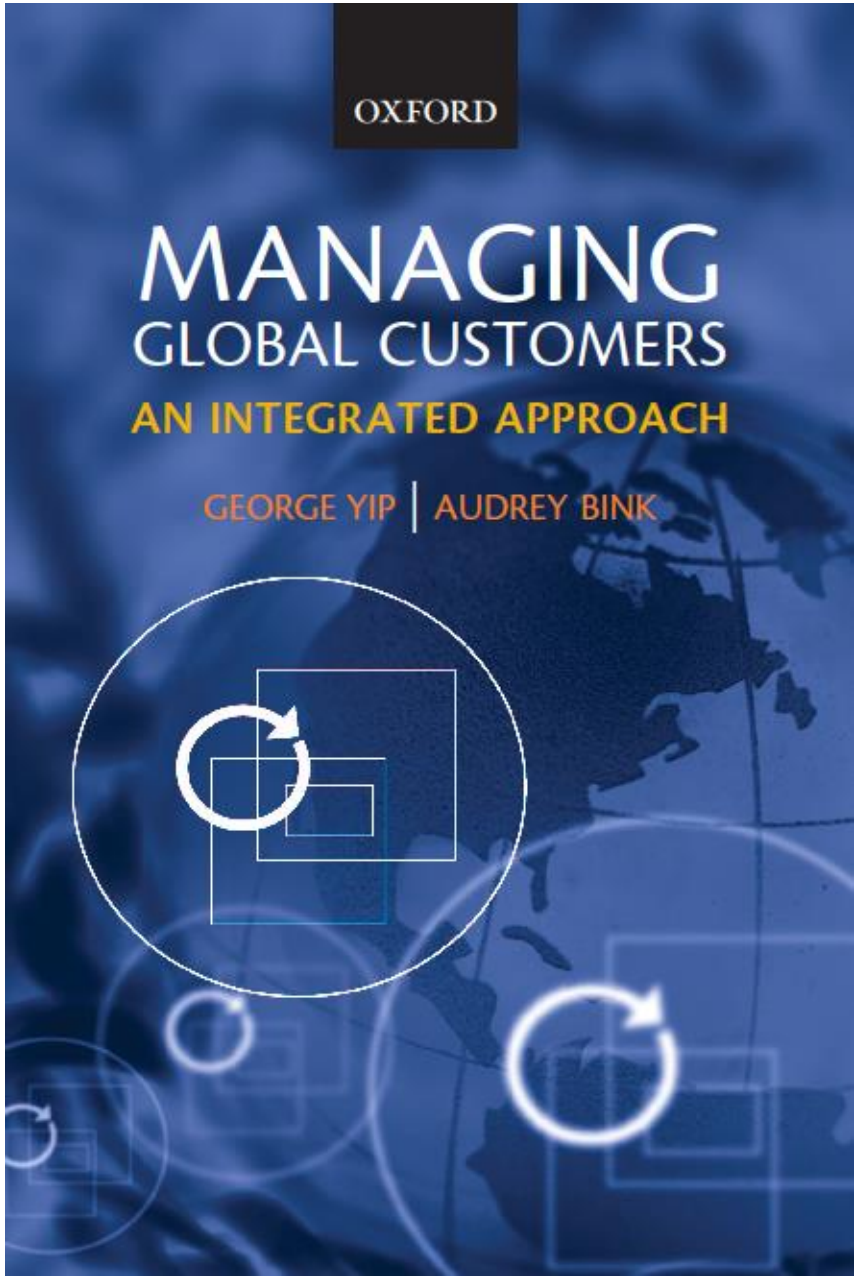
OXFORD
MANAGING
GLOBAL CUSTOMERS
AN INTEGRATED APPROACH
GEORGE YIP | AUDREY BINK

Harvard Business Review
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Designing programs to serve global accounts has been a painful and often unprofitable art. You can turn it into a science that benefits both you and your customer.

Managing Global Accounts

by George S. Yip and Audrey J.M. Bink

Reprint 6070X

Customer-Centric Leadership:

How to Manage Strategic Customers as Assets in B2B Markets

Christoph Senn
Axel Thoma
George S. Yip

In this age of tough, global competition, companies in business-to-business markets need to rethink the way they manage their customer portfolio and interact with their customers. Customer managers with mainly sales- or relationship-oriented roles cannot leverage their business relationships with customers who seek co-creation. For such co-creation relationships, companies need to install network-oriented managers who systematically create value and reduce risk together with the customer. This article distinguishes three customer asset management perspectives (i.e., sales, relationship, and network) that may be employed by customer managers at the supplier-customer interface. Following an explication of the evolving network perspective, it describes how firms can nurture the network perspective and the corresponding customer manager role in terms of mindset, context, and competence. (Keywords: Business-To-Business, Supplier-Customer Relationships, Customer Asset Management, Co-Creation)

Across industries, supplier firms face a tough business-to-business market reality. Their customers are steadily gaining procurement power, sourcing globally and strategically, and concentrating their supplier base.[1] For example, Airbus reduced its supplier portfolio by 80%, from 3000 to 500. Wal-Mart now accounts for 15% of Procter & Gamble's consolidated total of $82.6 billion sales in 2011, which makes that retailer more important for the supplier than most countries outside the United States. The effects of these massive single-company customers are becoming increasingly pertinent; for P&G's German competitor Henkel, its top ten sales entities consist of four customers and six markets. Similarly, Tetra Pak, the Swedish-Swiss processing and packaging solutions company, earns roughly half of its revenues from a portfolio of 50 key customers.

Such concentration means that customers cannot be just priority service accounts; they represent critical financial assets for suppliers, because of the risk they pose in relation to current revenues and value, as well as future revenue streams.[2] Furthermore, these customers expect their suppliers to deliver more than consistent

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Case Studies Written

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2004

2011

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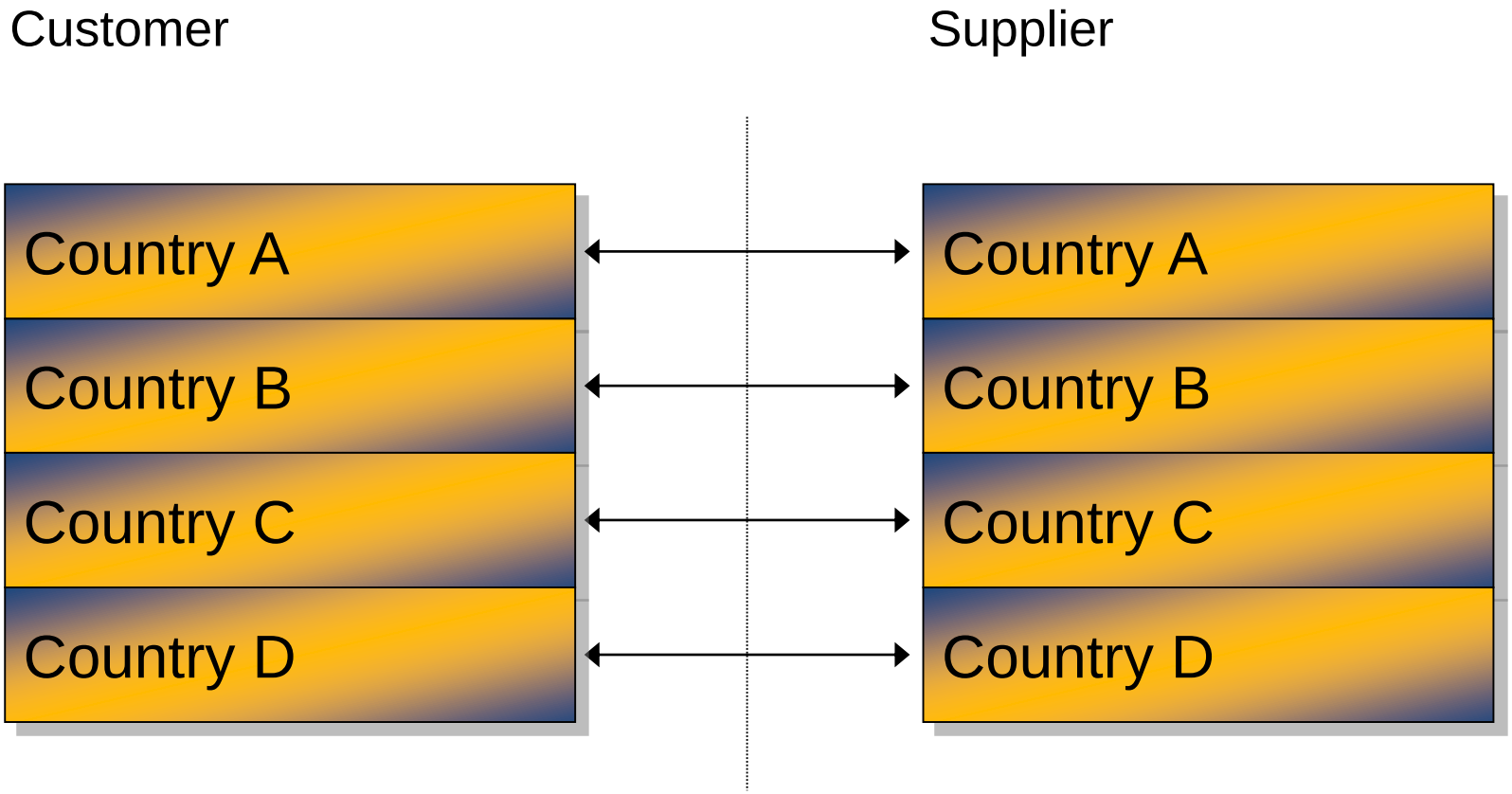
Multilocal Buying



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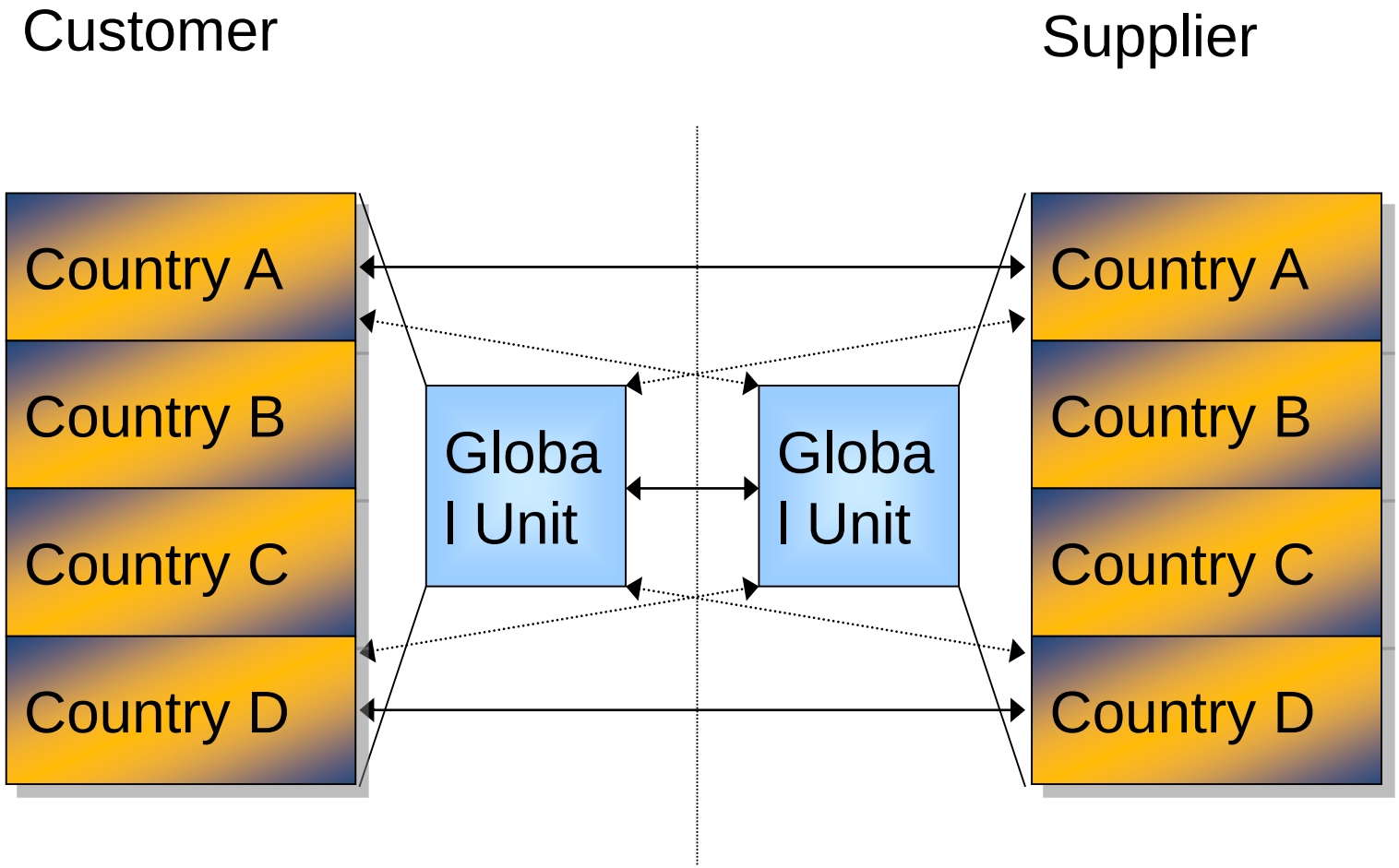
Global Customer–Supplier Relationship



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Contrasting Views of GAM

"We don't want to implement a global account management program because that will just allow our multinational customers to get a bigger price discount from us. It's a lot of effort for little or even negative return."

"Our global account management program is essential for the retention of our most important multinational customers and it contributes in a major way to growth in both revenues and profits."

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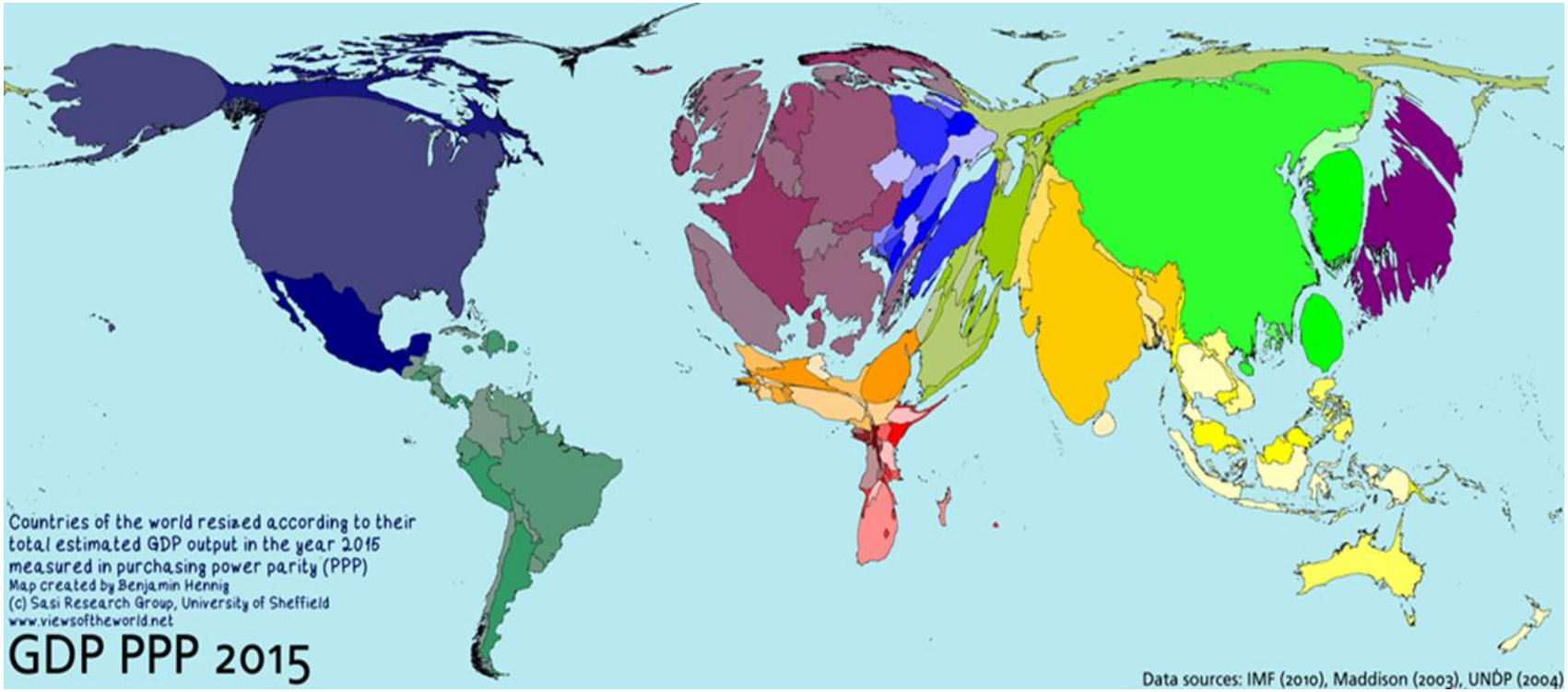
What is Your Customer's Global Strategy?



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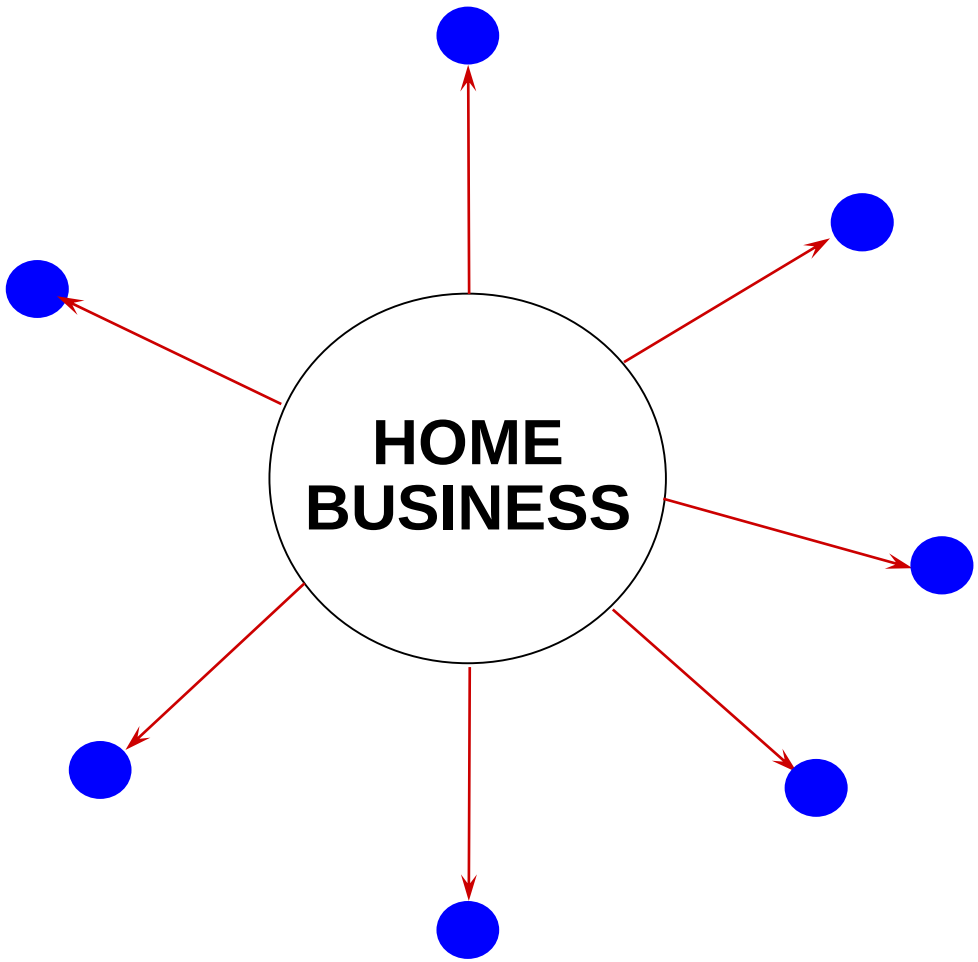
The Internationalist



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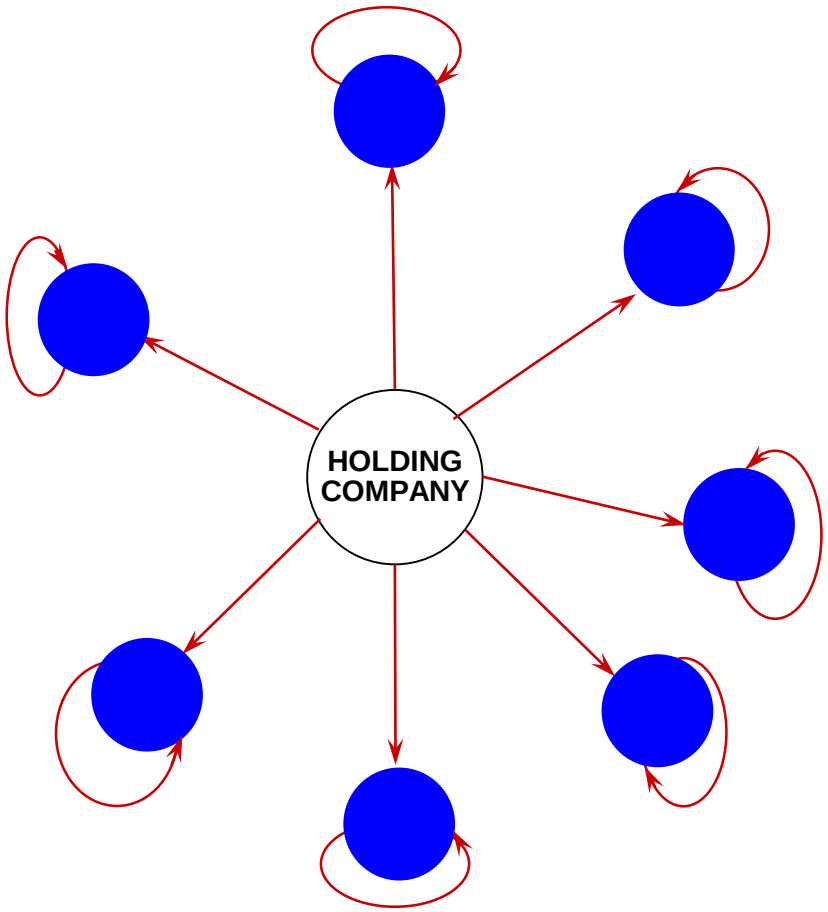
The Federalist



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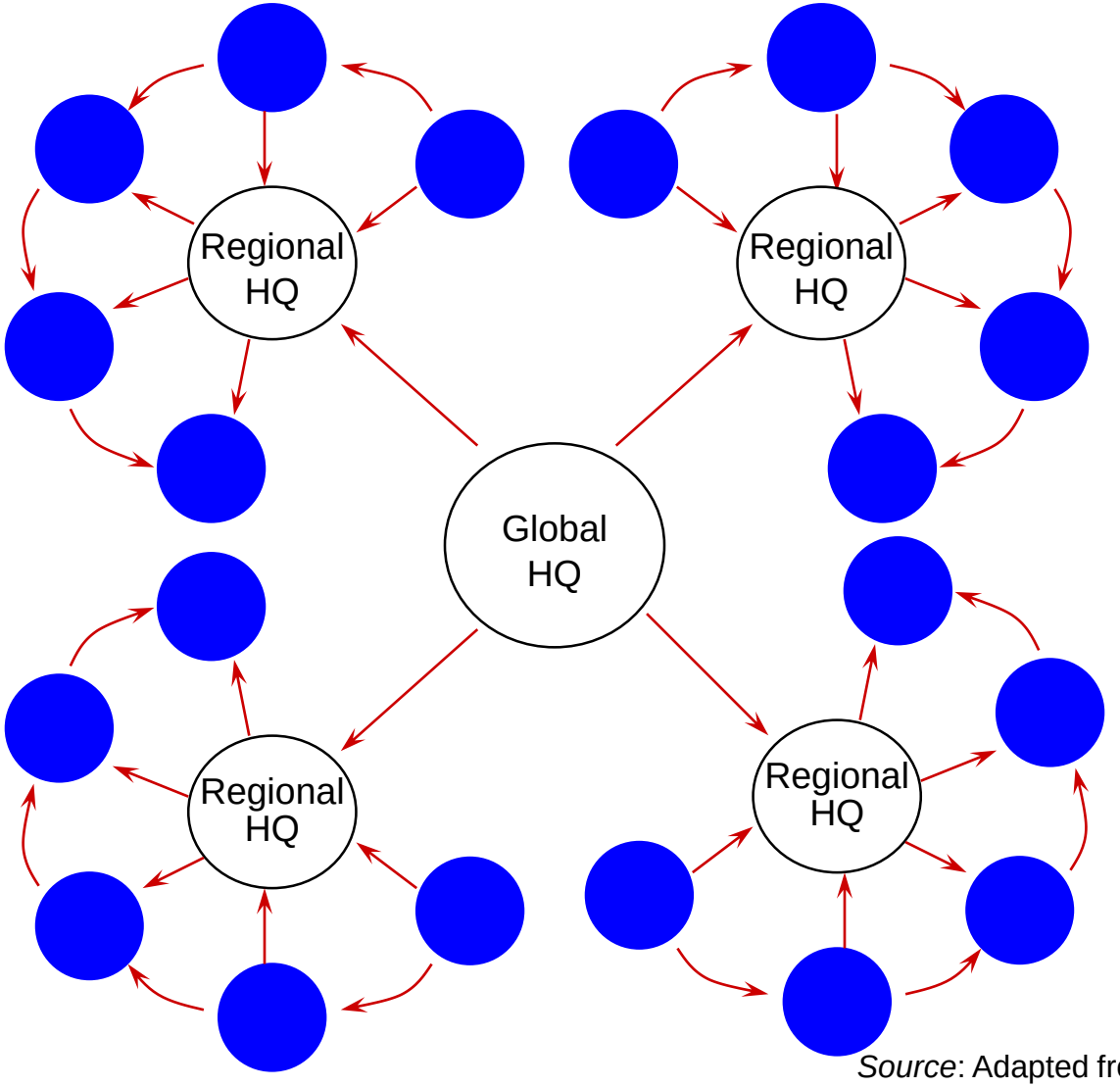
The Regional Optimizer



Source: Adapted from José de la Torre, UCLA

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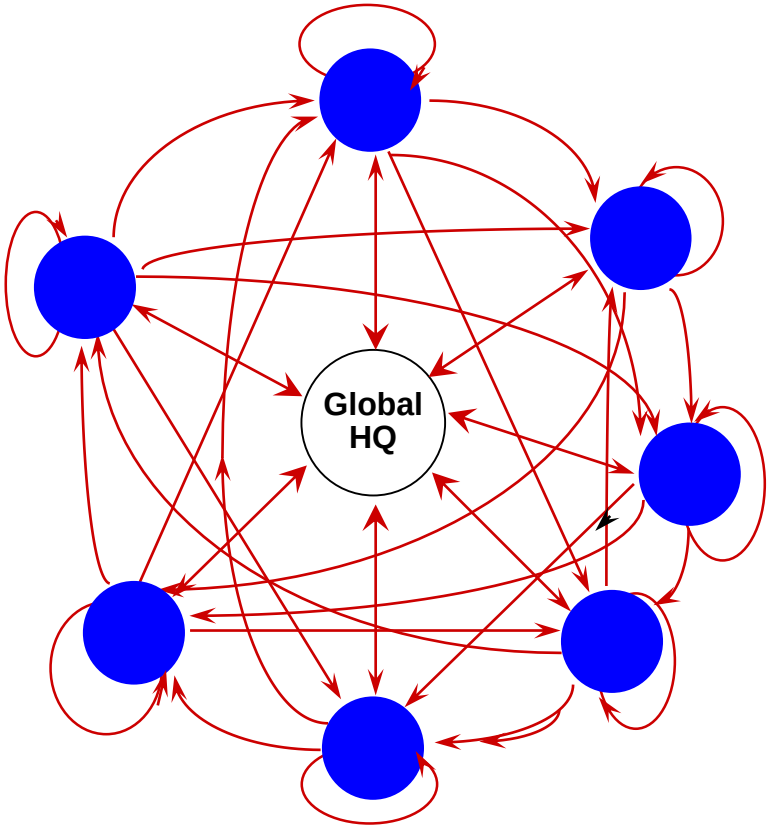
The Global Network Maximizer



Source: José de la Torre, UCLA

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Hewlett-Packard's Corporate Accounts (GAM) History

- Global Programs started over 20 years ago
- Covered originally sub segments of the HP business
- Expanded as needs of customers became more sophisticated

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Hewlett-Packard's Situation in 1990

1. Three regional field operations (Americas, Asia-Pacific and Europe)

2. Barriers to national sales co-ordination

3. Performance based on quotas per region

4. No incentives to pursue business outside region

5. A national subsidiary unintentionally set a new worldwide low price

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Evolution of HP's GAM Program

- 26 global accounts in 1993
- 250 global accounts in 1996
- Reduced to 95 in 1997
- Top 100 accounts broken out in 2000
- Merged back after back-end/front-end reorganization
- 200 global accounts
- After EDS merger, from 2009, Global 1,000

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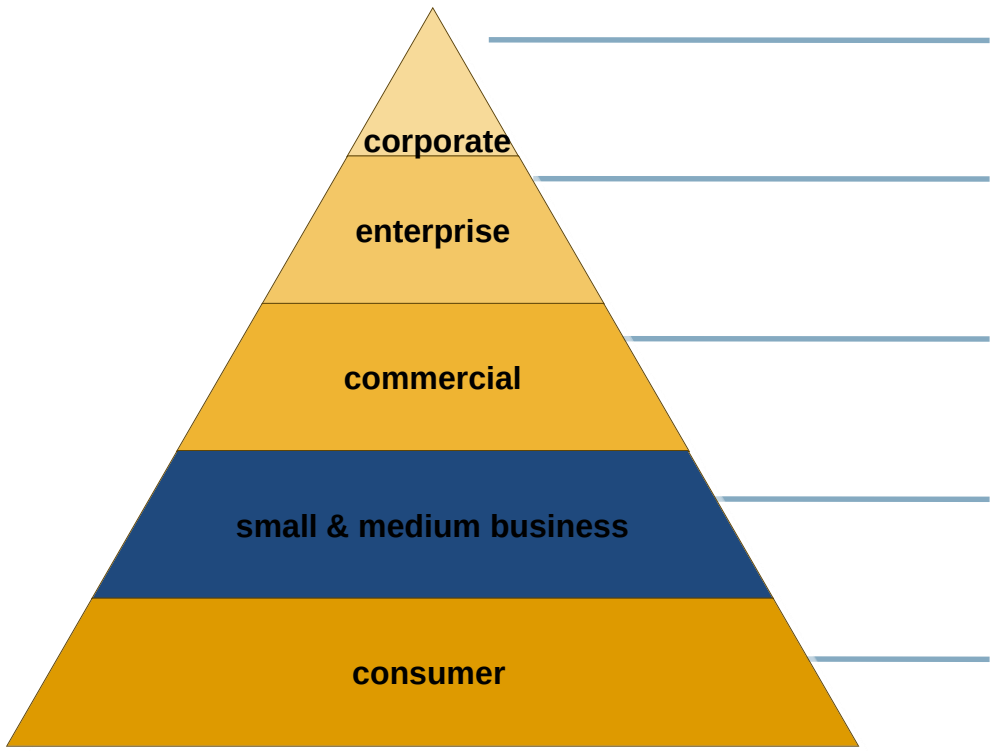
H-P's Customer Structure



top 200 global accounts

4,000 accounts

15,000 accounts and growing

100s of thousands of accounts

millions of individuals

In 2009 started Global 1,000 program post EDS merger

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Profile of H-P Corporate Account

- Large multi-division, multi-national company
- Among the leaders in its markets
- Good fit with H-P market focus
- Good cultural fit
- Complex multi-national decision-making
- Significant existing business with H-P or fast growing potential

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HP's Account Organization Model

Global Client Business Manager
Assigned Executive
Global Business Team
Local Account Managers

High Level Account Management

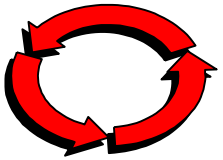
One Interface to Account

Local Product and Solution Specialists

Products and Services

"Experts", local closeness

World-wide Infrastructure, commercial terms, policies, etc...



Processes

One Company "Look & Feel" world-wide

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Siemens One: A Competitive Advantage

"Particularly against the backdrop of the economic crisis, the Siemens One approach is a unique competitive advantage for us. And today, more than ever before, it's an advantage we must exploit."

Peter Löscher, CEO Siemens AG

Siemens acts as ONE company

Effective Key Account Management

Efficient structures and processes as enabler

Source: CD Siemens One

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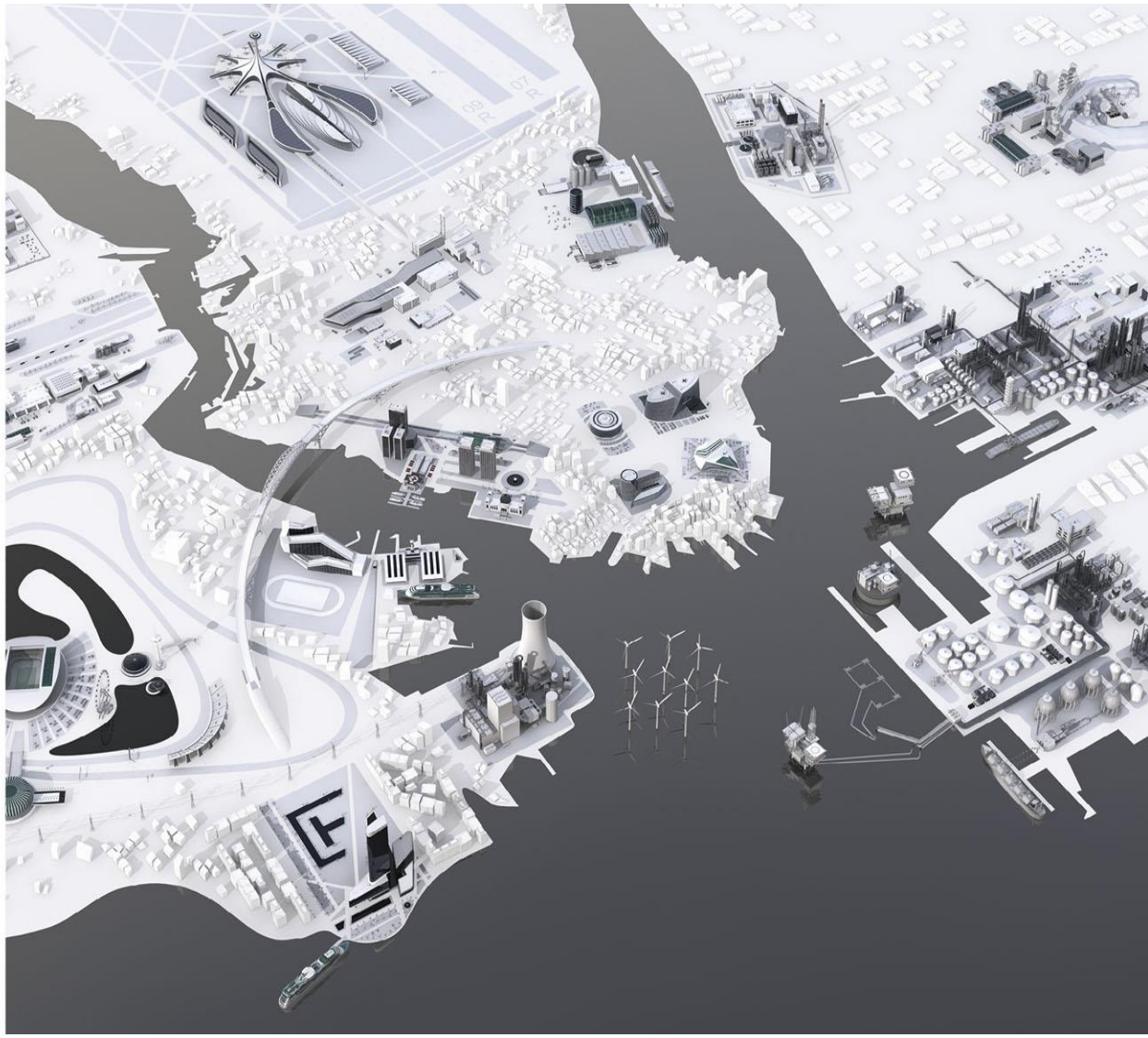
Siemens One – Our Key Differentiating Factor

SIEMENS

- Siemens One is an integral part of our Integrated Technology Company
- It stands for Customer Centricity and Key Account Management
- A powerful platform of collaboration between Sectors, Divisions, Clusters and Regions
- With global and regional account teams and market-specific organizations



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The Siemens Key Account Management connects the customer organization with the whole of Siemens

The Account Manager stands for:

- Exploitation of Siemens Industry Know-how for the customer
- Support of cross division and global projects
- Value based long term strategic partnership
- Identification of innovative business solutions with positive business impact

1) Integration of Sales Community as well as Products & Services

Source: CD Siemens One

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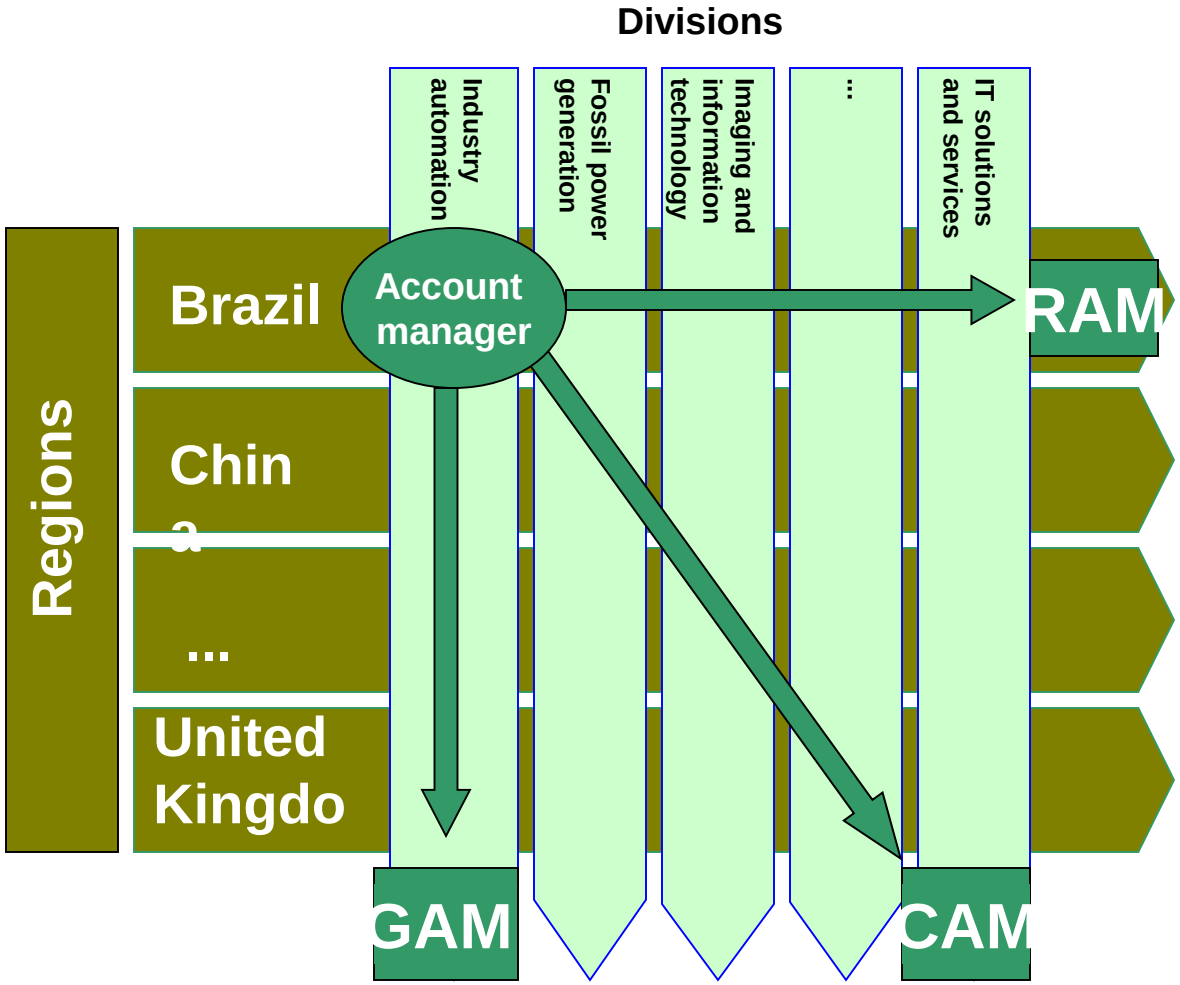
Three types of account managers at Siemens



Source: Hajo Rapp, “Siemens: account management at an integrated technology company”, Velocity

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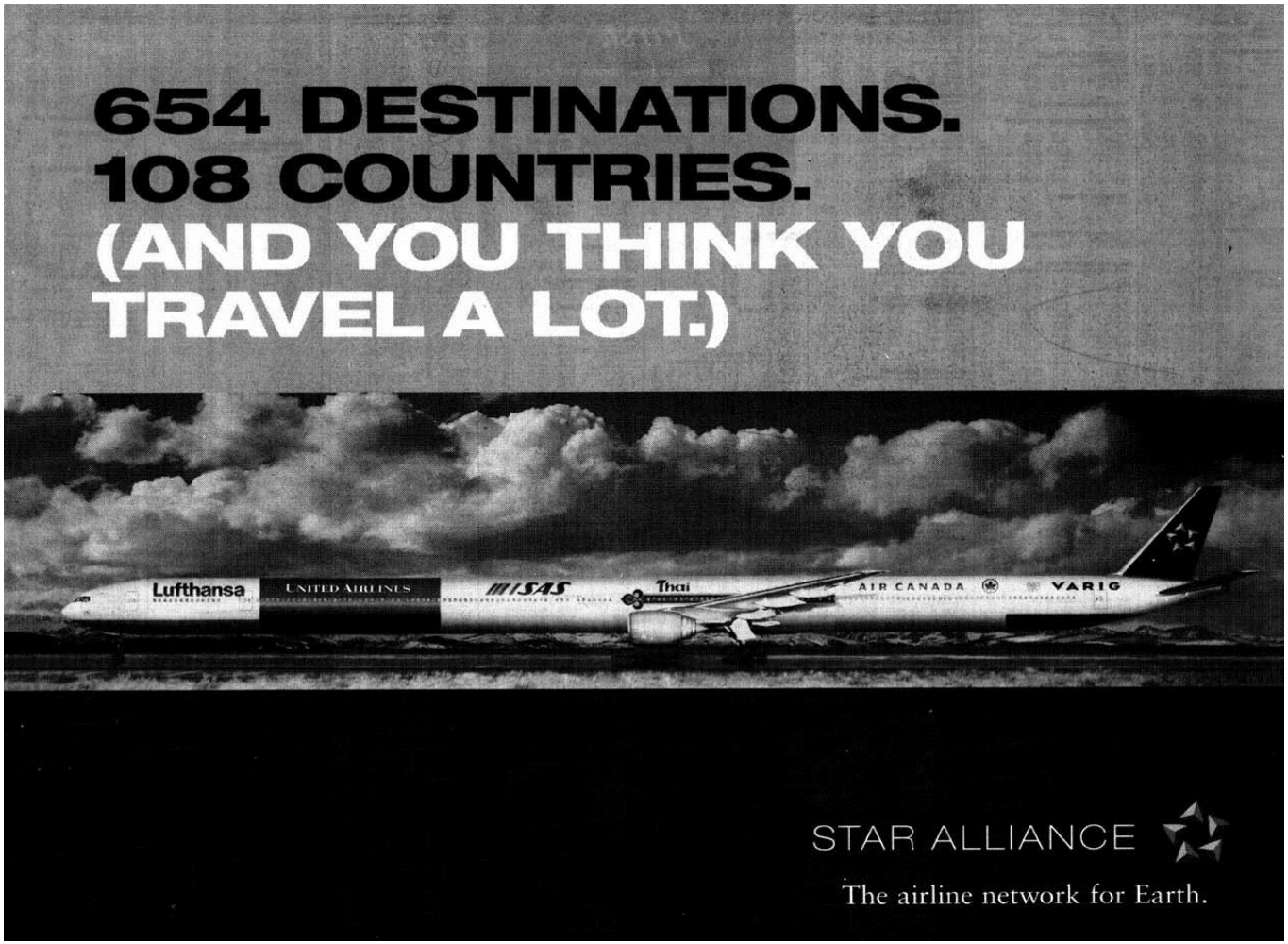
GAM works even for a virtual global customer



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The Star Alliance: Some Client Service Challenges

- 14 clients, perhaps 30 people, all with an equal vote
- Conflicting cultures affecting every decision e.g. choosing black as the Alliance color
- No physical or organisational HQ
- Duplicated and conflicting measures,
- e.g. brand tracking

Source: Star Alliance (A) and (B) case studies (London Business School)

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The Star Alliance: Y&R Solutions

- Assigned global account director, based in NYC
- Drew on Y&R's 539 offices in 80 countries, plus the wider parent WPP network
- Created a Y&R Global Creative Council, a virtual team
- Coordinated and led many MCC meetings
- Created new billing arrangement

Source: Star Alliance (A) and (B) case studies (London Business School)

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Should Your Company Adopt GAM?

SUPPLIER'S PRODUCTS AND SERVICES.

- Prime candidates:
- must be globally consistent or compatible, need to meet complex specifications across border, have to be supplied to an integrated transnational operation in a carefully coordinated fashion.

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Should Your Company Adopt GAM?

IMPORTANCE OF MULTINATIONAL CUSTOMERS

- One global customer accounts for 5% or more of business.
- More than 10% of your revenues come from multinational customers who globally or regionally coordinate their purchasing.
- More than 25% of your revenues come from multinational customers, regardless of how they do their purchasing.
- Large, multinational customers are your most profitable accounts.

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What Global Customers Want

- Single point of contact
- Coordination of resources for serving customers
- Uniform prices
- Uniform terms of trade
- Standardization of products and services
- Consistency in service quality and performance
- Service in markets in which the supplier has no customer operations

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Key Types of GAM Programs

Power balance between countries and customers

COUNTRIES

CUSTOMERS

Coordination GAM

Control GAM

Separate GAM

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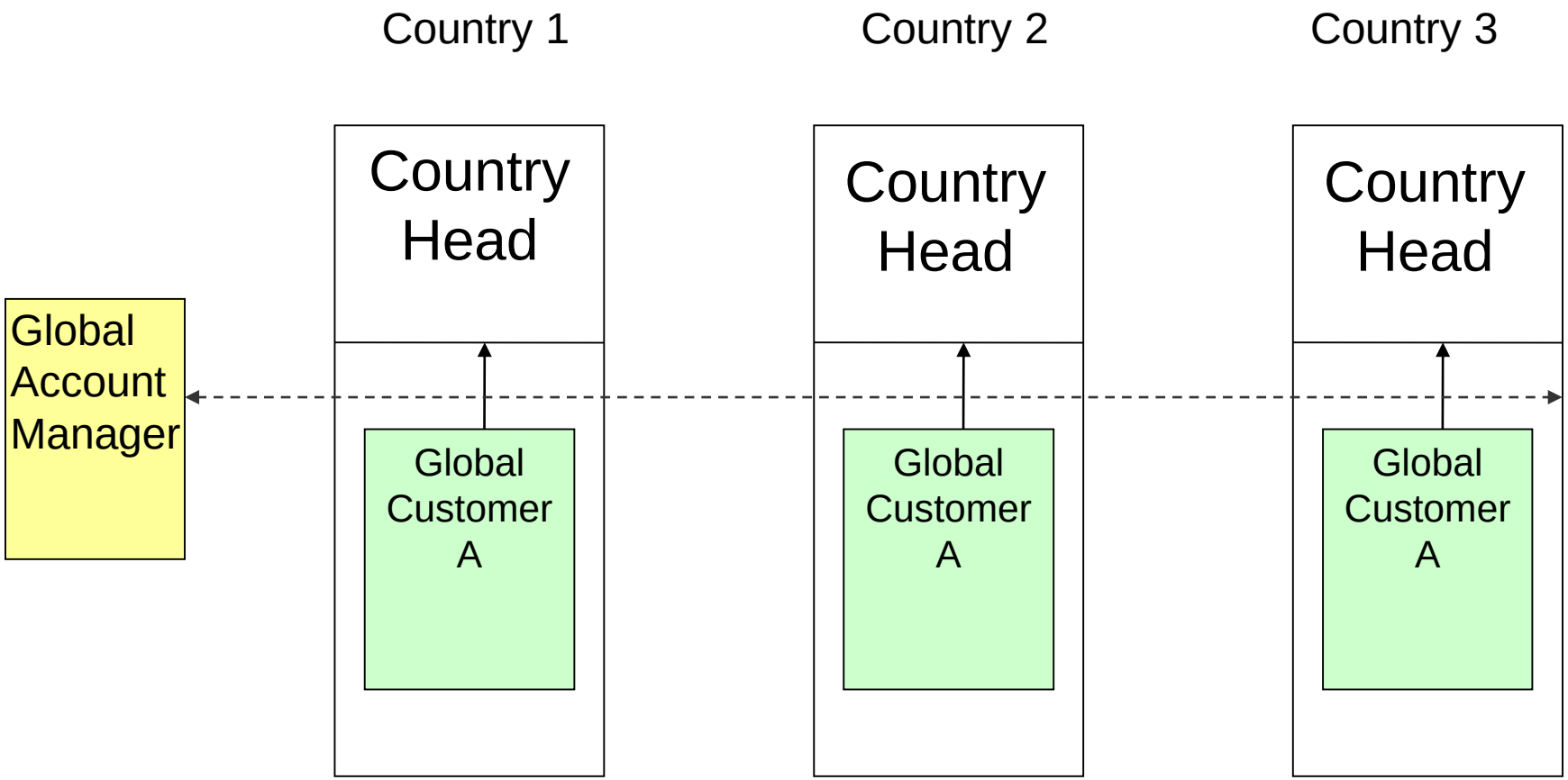
Coordination GAM



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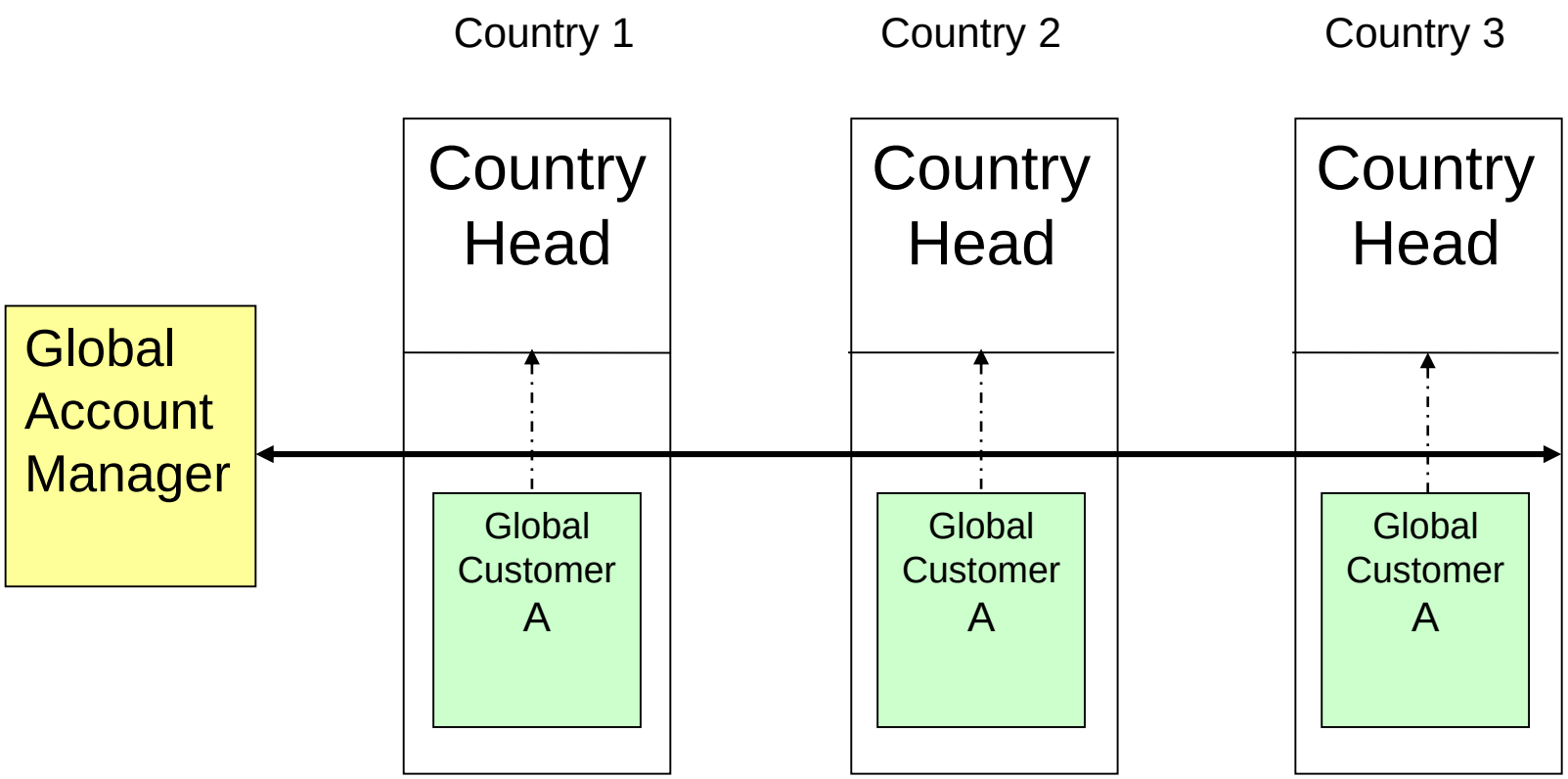
Control GAM



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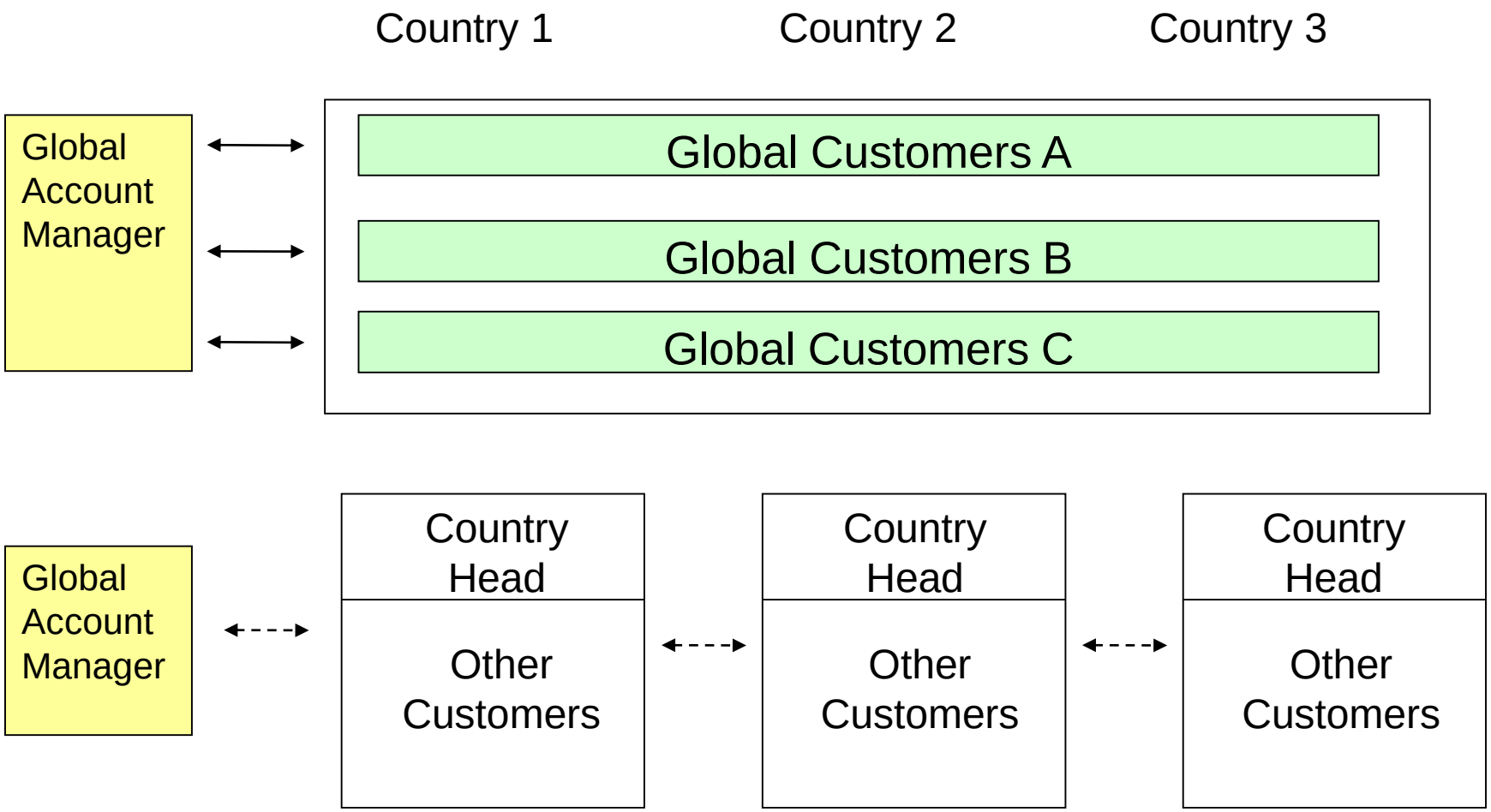
Separate GAM



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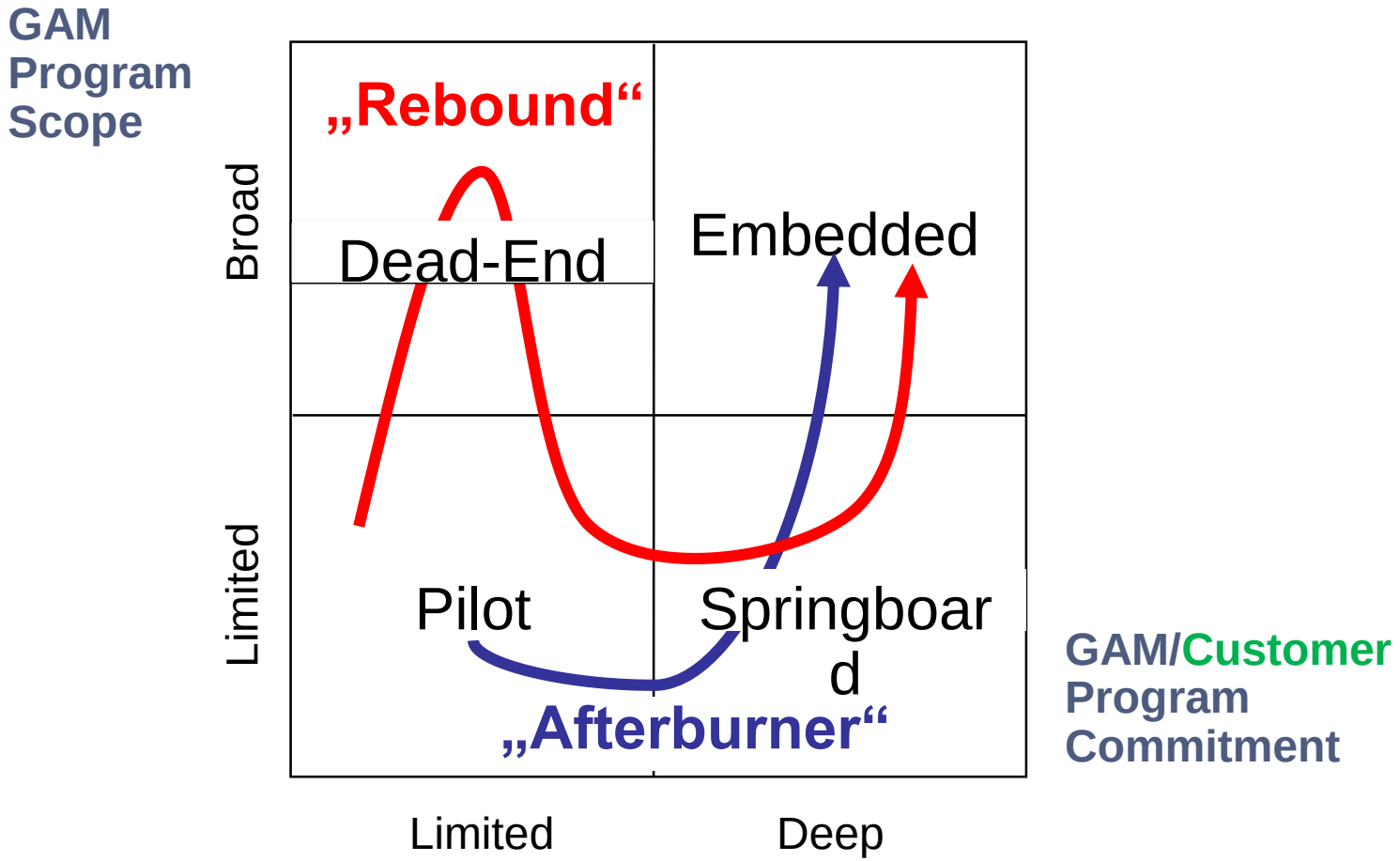
Implement with a 10-15 year Planning Horizon



Source: Capon and Senn (2010)

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Timing and Evolution

GAM is a long-term strategy. It takes time to design and implement.

Both IBM and Xerox took over ten years to fully develop their GAM programs.

Adopters need to evolve through different phases towards achieving the full benefits of GAM.

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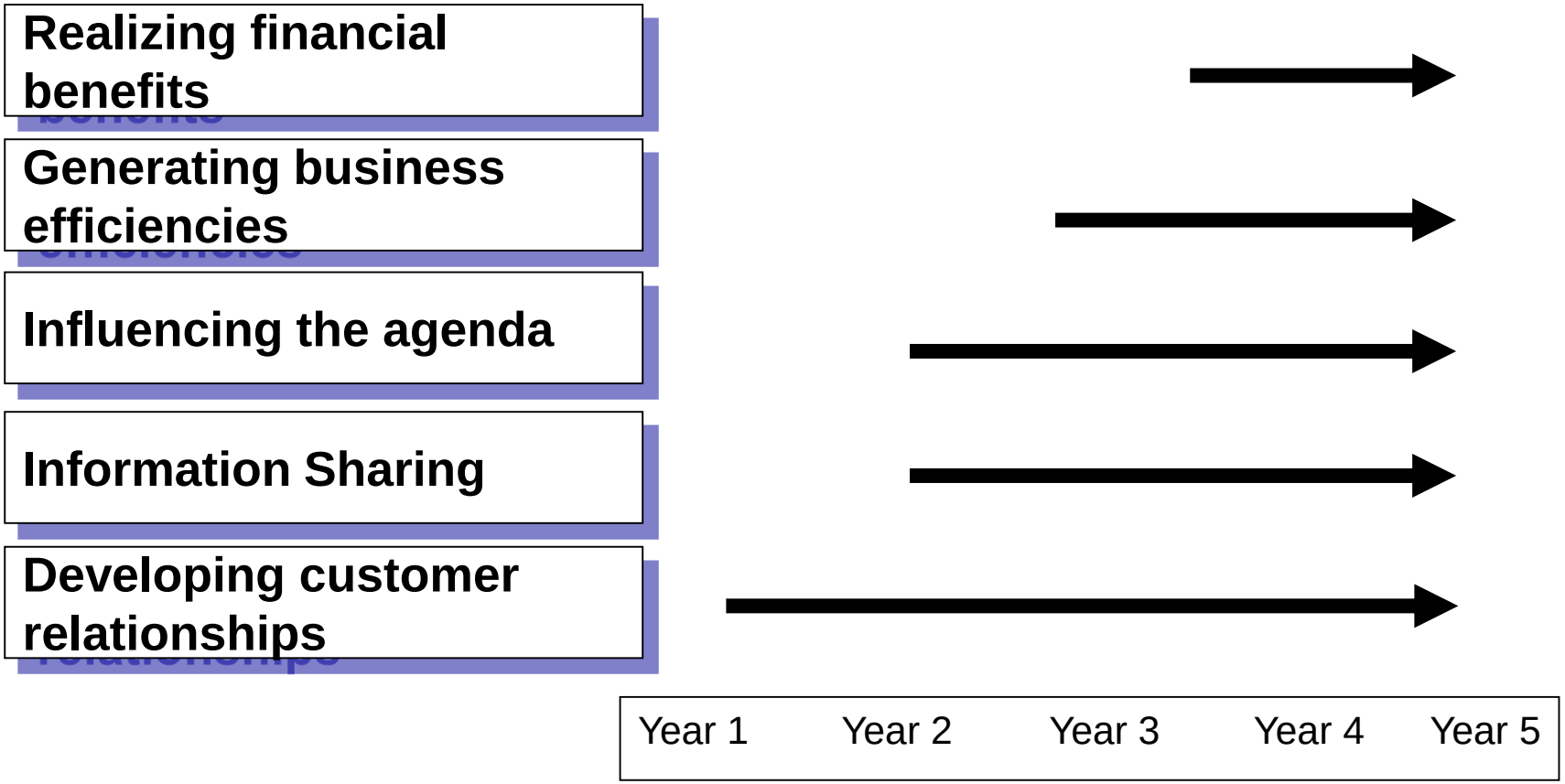
Benefits of Global Customer Management Over Time



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Organizational Commitment for an Embedded GAM Program

Strategic Capabilities

- Concise, tailor-made strategies for each global customer
- Senior management actively involved in global relationship building
- Able to generate new business for global customer

Functional Capabilities

- Consistent solutions, across units and regions
- Processes synchronized with global customers
- Transparent total value of global customer relationships

Organizational Capabilities

- Actively managed GAM talent pool
- Local organizations aligned with global strategy to deliver global promise
- Open-book information sharing with global customers

Source: Noel Capon and Christoph Senn, "Global Customer Management Programs," *California Management Review*, Winter 2010.

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Working with the Customer

- Create a relationship that goes beyond sales activities
- Create a multi channel relationship
- Build a partnership with the customer
- Focus on added value activities
- Actively look for and act on opportunities
- Leverage the competitive advantage

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Measures of GAM Customer Satisfaction

ATTITUDES

- Satisfaction measures
- Net promoter

ACTIONS

- Greater partnership with customers
- Increased share of wallet
- Increased revenues
- Increased profits

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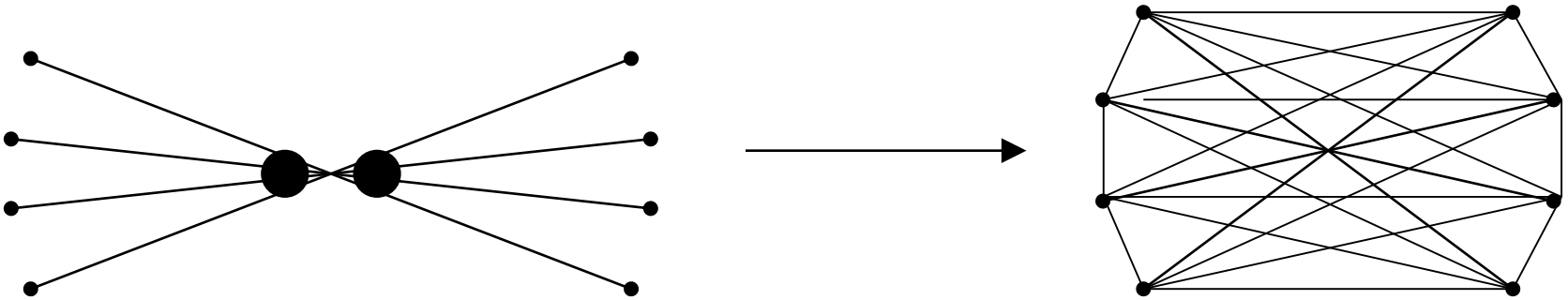
From Bowtie to Diamond Relationships



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Typical Global Account Managers

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What Customers Want From Account Managers

- Be personally accountable for our desired results
- Understand our business
- Be on our side
- Design the right applications
- Be easily accessible
- Solve our problems
- Be creative in responding to our needs

Source: N. Lane and N. Piercy, Strategic Customer Management. Oxford University Press. 2009

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What Schneider Electric Expects of its GAMs

- Clear vision and mission statements
- Empowerment:
    - Executive global nomination
    - Reporting structure
    - Internal awareness, and
    - Cooperation for local implementation
- Effective communication network with identified regional managers at several levels and a formalized matrix structure.
- “Solution selling” competence
- Cultural adaptability.

Source: “Schneider Electric Global Account Management,” IMD-3-0940, 2000, European Case Clearing House, Cranfield, UK.

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How GAMs Can Motivate Country and Other Non-Reporting Managers

- Selective allocation of revenues to a few countries
- Win-win SLAs
- Don’t ask them to do things they cannot
- Treat downstream managers as customers and not suppliers
- Deliver on your commitments (e.g., briefings)
- Bring them information

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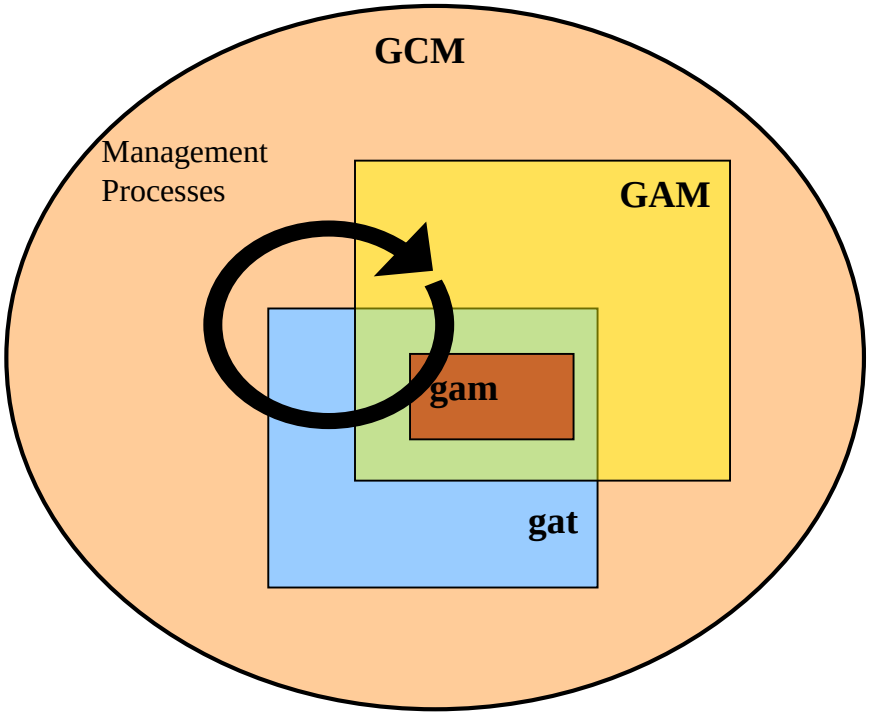
GAM needs to be embedded in GCM



Key:

GCM = global customer management
GAM = global account management program
gam = global account manager
gat = global account team

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