

Negotiating with key accounts: The Power Grid



Developing or negotiating with a key account?

Use the Power Grid to sharpen your focus

Leaders and managers of key accounts have challenging roles. They are required to wear two ‘hats’. One which ensures important details aren’t missed, otherwise costly mistakes are made, and the other which requires them to stand back and ensure the right strategy and overall approach is being used. Both are vital.

The Power Grid is a simple and effective way of maintaining focus on the second of these ‘hats’ when developing or negotiating with key accounts.

The Power grid is a 2 by 2 grid with 4 ‘boxes’ that calls for completion and updating. It requires leaders and managers to step back, assess and ensure key actions are directed in the most appropriate way.

A key requirement is to limit the number of points to three or four in each ‘box’. This forces a focus on what counts. Perhaps counter-intuitively it’s sometimes easier to list seven or eight points in a box than half this number; the danger here is falling back into the detail. Three or four forces ‘clarity’ on the most important aspects.

The Grid



KEY ACCOUNT DEVELOPMENT POWER GRID

| WHAT WE MUST EMPHASISE | WHAT WE MUST OVERCOME |
|---|--|
| <p>Where does our power lie?</p> <ul style="list-style-type: none"> • • • | <p>Where the key accounts power lies?</p> <ul style="list-style-type: none"> • • • |
| <p>Where does the balance of power lie?</p> <ul style="list-style-type: none"> • • • | <p>What <u>must</u> we do to improve our position?</p> <ul style="list-style-type: none"> • • • |
| REALISTIC ASSESSMENT | THE FOCUS OF OUR ACTIVITIES |



Power is a reflection of ‘clout’, dominance, abilities, strengths, force, potential, authorization; it drives activities and produces results – good and not so good. If your customer has all the power, you lack influence and results suffer.

Maintaining or winning more power is generally a good thing. Used wisely it will help suppliers gain build healthy relationships with key accounts, with stronger collaboration and mutual trust enabling the development of higher value ‘win-win’ outcomes.

Of course, too much power wielded by a supplier results in customer revolt – and a drive to replace you with one of your competitors, an internal solution or negation of the need for your products or services altogether.

Healthy balance is required.

An example

A made-up example – but based on experience.

A customer is encouraging your team to develop a customised product for a major market opportunity. They have invited you to support this development from early concept: you have presented several ideas and they are very encouraging. They have said your ‘core’ approach is excellent but have requested 15 ‘tweaks’. You could dive into these, but taking a step back will put your organisation in a healthier position.



KEY ACCOUNT DEVELOPMENT POWER GRID

| WHAT WE MUST EMPHASISE | WHAT WE MUST OVERCOME |
|--|---|
| <p>Where does our power lie?</p> <ul style="list-style-type: none"> • Our reputation for delivery with their key decision makers = lowest risk for the key account • Top expertise and know-how in the area of development • We have opportunities to take such expertise to other customers | <p>Where the key accounts power lies?</p> <ul style="list-style-type: none"> • Range of relationships with your competitors • Ability to deliver a sub-optimal solution through their internal resource • Ability to leverage their scale across other existing and potential business you have with them |
| <p>Where does the balance of power lie?</p> <ul style="list-style-type: none"> • WITH THEM: Until the project is fully committed they can stop/ reallocate funds. Currently they aren't paying for this • WITH US: Once the project is fully committed and funded we are the very best placed to deliver | <p>What <u>must</u> we do to improve our position?</p> <ul style="list-style-type: none"> • Emphasise the importance to them of this project to gain firm budgeted commitment • Agree project funding (or part) from the customer of the development • Deliver required and agreed changes to agreed timings and costs |
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Simple tools are not always as straightforward as they look. Quality thinking is required. This approach does, however, provide a solid framework and good visual aid to guide richer outcomes.

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