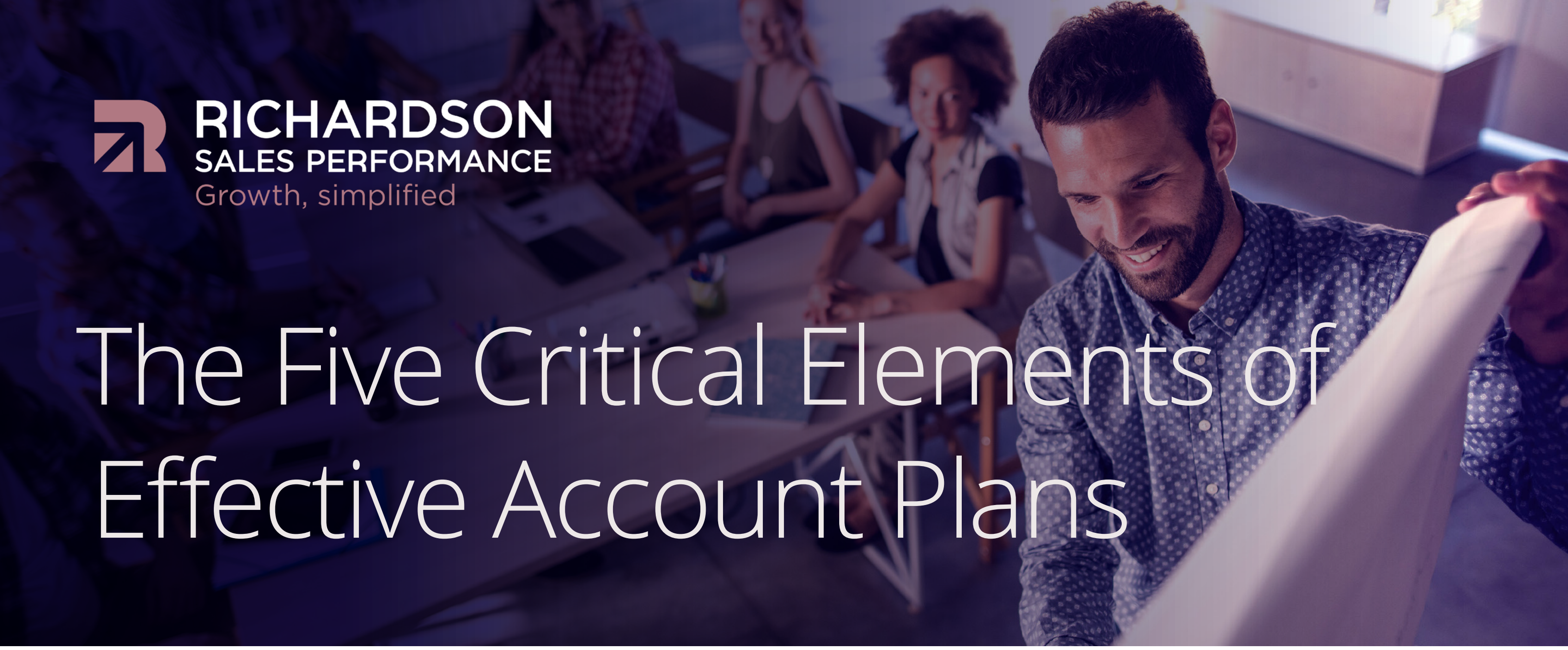


RICHARDSON
SALES PERFORMANCE
Growth, simplified

The Five Critical Elements of Effective Account Plans

2021 has created a sense of optimism and uncertainty.

Analysts at **PwC** project a global economic expansion of 5% this year, which would make it the fastest in recent decades. Others, like **Morgan Stanley** and the **OECD**, are echoing this outlook with phrases like "strong post-recovery growth" and "bounce-back." Our survey of more than 450 professionals in the selling industry shows that the majority anticipate a return to pre-COVID business levels in key accounts before the end of 2021, and one-quarter of respondents believe this will occur in the first half of this year.

However, this bright outlook is tempered by an equally popular sense of uncertainty. Many believe strong growth in 2021 could be easily upset by just one of many factors, such as a slowed vaccine rollout, rising inflation, and weakening employment. The same body of research conducted at Richardson Sales Performance concluded that only about one-quarter of respondents believe that their account plans are ready for 2021.

These opposing forces of optimism and uncertainty not only represent the broad outlook for the global economy, but they also represent the unevenness of the anticipated recovery. In other words, some businesses are more likely to enjoy a resurgence while others continue to struggle. Those with the agility and speed to adjust their sails to changing winds will succeed.

This dynamic poses a question: what determines whether a selling organization succeeds or struggles in 2021? At Richardson Sales Performance, we believe that a key determining factor is the organization's ability to commit to a more sophisticated account planning methodology that addresses today's market.

Here, we breakdown the five critical elements of an effective account plan. With these five elements, any sales organization can redevelop their existing approach to deliver stronger sales.

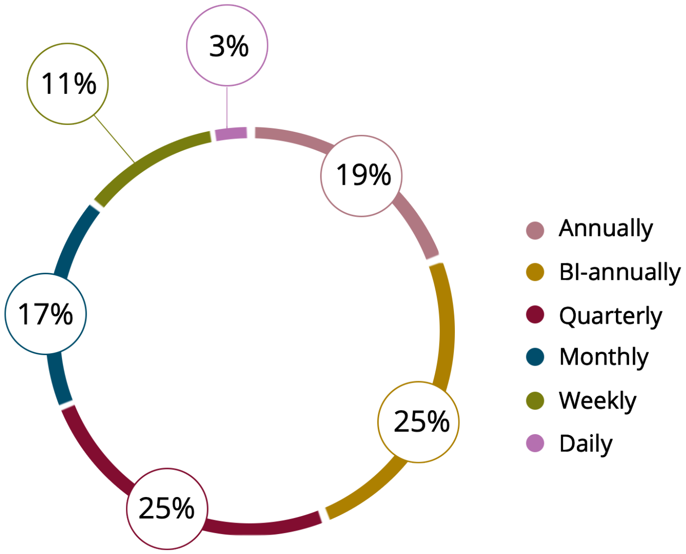
1. Agility

Most existing account plans will need to change as a result of new initiatives among buyers. Many of these new plans will be designed to work within the new parameters of the pandemic and post-pandemic setting. As a result, sales professionals must engage with customers who have changing needs and expect more changes throughout the year. In fact, ongoing change is being incorporated into most business plans today. Research from **McKinsey** shows that 90% of CFOs surveyed build their plans using at least three hypothetical conditions.

Therefore, sales professionals must have the agility to track which of these many scenarios the customer faces. They need to execute more frequent account plan reviews by identifying drivers, initiatives, and opportunities earlier as conditions change. This cadence is characterized by more frequent communication that reaches higher levels in the decision hierarchy.

Agility is also about getting an early read on the customer's new criteria for spending. After weathering the pandemic, many business leaders are bringing more scrutiny than ever to purchasing decisions. The same body of research from McKinsey learned that over 70% of respondents plan to hold back cash as a result of their scenario planning. With a faster response time comes a higher share of account spend. Developing this kind of agility means:

- ❒ Increasing the frequency of the account planning cycle by evaluating accounts quarterly or monthly rather than annually or bi-annually
- ❒ Ensuring that the account planning cycle consists of the eight necessary steps while being careful not to skip any part of the process
- ❒ Adopting an approach to account planning in which customer changes are expected and sales professionals proactively respond with new questions



2. Proactive Planning

Proactive planning means offering differentiated value by addressing customer challenges when, or even before, the customer recognizes them. One of the ways selling organizations can do this is with white space analysis. This kind of analysis is particularly effective any time a customer makes a change in their business. Today, these kinds of changes are happening more frequently and across a greater number of businesses as the global pandemic forces stakeholders to adapt to a new economic setting. Research from **McKinsey** shows that 90% of executives believe that recent circumstances will change the fundamentals of their business over the next five years.

This level of proactive planning is what elevates the sales professional to the status of a trusted advisor. The ability to anticipate unseen challenges and opportunities speaks louder than any statement the sales professional can make on their own behalf. A voice of reason and guidance has never had more value as business leaders seek their way through the fog.

Proactive white space analysis begins with a more sophisticated strategic account plan in which the sales professional first seeks to create alignment then value. This approach works for two reasons. First, it ensures that the sales professional's positioning resonates with the challenges that are relevant to the customer. Second, strategic account planning is a higher form of relationship management that yields long-term growth potential because fully engaged customers are more profitable than average customers, according to findings from **Gallup**. These customers offer 23 percent more "in terms of share of wallet, profitability, revenue, and relationship growth compared with the average customer." Proactive planning means:

- Adjusting to both the direction and velocity of changes in the buyer's world by speaking to their new set of goals and matching their pace
- Staying alert to any change in the customer's business that might change the white space opportunities
- Being selective in the account planning process by being rigorous in the process of determining which accounts represent the best mutual partnership

3. Prioritization

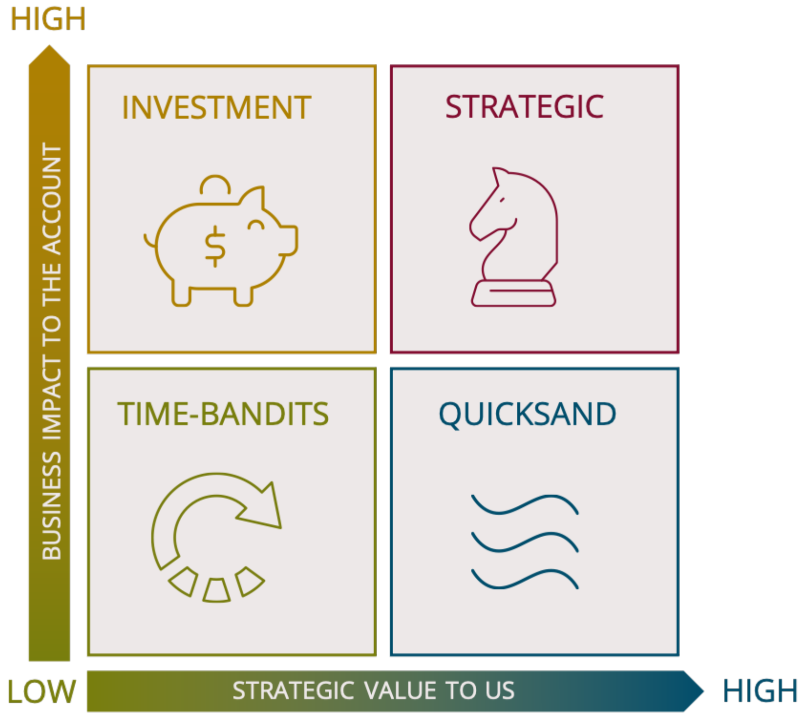
As customer needs continue to change and become more complex, it is increasingly important to prioritize opportunities. Without doing so, the sales team risks wasting resources while suffering from the opportunity costs associated with missed deals.

Prioritization, however, is about more than choosing to focus on the accounts that represent the highest potential revenue. Sales leaders also need to consider which accounts offer the greatest alignment. That is, leaders must understand where their solution can offer the most meaningful value. To answer this question, account managers need to know where each opportunity lands on the value axis, which consists of four quadrants.

To determine where the opportunity sits on this chart, the sales professional must consider two factors. First, what level of business impact can they offer the account? Second, what is the strategic value of the account to them? Those accounts, which are of low strategic value to the sales organization and can only capture minimal value from the solution, are "time-bandits" because they churn through resources without yield value to the sales professional or customer. In contrast, accounts that can benefit greatly from the solution while also representing meaningful economic value to the sales organization are the strongest "strategic" plays.

Sales organizations need to avoid "quicksand" opportunities, which appear rewarding but are unlikely to result in a sale because the solution is a mismatch for the customer. The reverse of this scenario, an "investment" opportunity, may be a low-value deal for the selling organization but represents future white space opportunities because the solution offers a major business impact to the customer. Making prioritization part of the account planning process means:

- ❒ Continually qualifying opportunities to track the changing scope of the sale and ensuring that the right amount of economic value is present
- ❒ Setting a tone of mutual partnership in which the value of the opportunity is assessed based not only on the immediate size of the deal but also the long-term value
- ❒ Driving momentum and consensus by aligning and realigning the decision makers around the value of the solution so that the capabilities address all stakeholder needs



4. Value Focus

Some account managers might forget that personal relationships alone are not enough to sustain business. In fact, even delivering meaningful value is not enough. Sales professionals must also get credit for the value they deliver. The sales professional must clearly articulate the connection between the solution they have provided and the beneficial business outcomes. Too often, this critical step is ignored because the sales professional has shifted their focus to other opportunities, and the customer has similarly moved on to other initiatives.

Making "value focus" part of the account management process also helps alert executive-level stakeholders to the power of the solution. Sales professionals cannot assume that the value of the solution will naturally rise to the attention of the high-level stakeholders distracted with major business decisions. Making the product/value connection clear is critical because it opens the door to white space opportunities. This approach also strengthens the sales professional's status as a trusted advisor because nothing qualifies the opinion of a sales professional like a proven result.

One of the most effective ways to place a fortress of value around accounts is to conduct periodic business reviews with stakeholders. For most account managers, this should occur at least quarterly. Often, account managers are surprised to learn that stakeholders, in fact, enjoy this kind of analysis. Therefore, sales professionals have an opportunity to communicate value and provide the metrics that the customer can use to evaluate the soundness of the purchasing decisions they are making from the selling organization. Making this work means:

- ❒ Scheduling business reviews with accounts and using the time to gather data from the customer with regard to solution outcomes
- ❒ Using those measurements and reporting to draft a concise description of how the solution was delivered as intended
- ❒ Providing recommendations based on white space analysis and opportunity prioritization

5. Consider Width and Height of Accounts

Often, account managers allocate their time to a limited number of customer relationships. As a result, much of their time is spent addressing requests from purchasing, procurement, and departmental managers. While these relationships are important, it is equally, if not more important, for sales professionals to engage with line-of-business managers and executives. Doing so unlocks new opportunities and sources of revenue.

To drive this expansion, sales professionals need to create a comprehensive map of the stakeholders in their accounts. The result is an increased number of relationships in an account (width) and an increase in the level of the relationships (height).

Account managers can begin this process by asking existing contacts for referrals within the account. With these referrals, and a carefully conducted white space analysis, account managers can uncover unaddressed areas of the business where their solution can yield benefits. Using internal referrals is also a powerful way for the sales professional to communicate that their acumen and abilities come pre-vetted. That is, if the account manager is seen favorably by one area of the business, they are likely qualified to engage with another area of the business. Expanding the width and height of an account plan means:

- ❐ Measuring and communicating the value of the solution to build relationships with senior-level stakeholders
- ❐ Using the results achieved in one area of an account as a qualification for accessing other areas of the same account
- ❐ Leveraging value reporting to develop new relationships in the account

Account managers need to fold these elements into their plans today. For example, account managers need to take early steps to identify the metrics and success criteria that accounts will use to evaluate the soundness of their purchase decisions. The reason for this immediacy is simple: the earlier this criteria is discussed, the more likely the customer will be to engage in a follow-up conversation in which results are shared. This is just one example of why revising the account management strategy needs to start now.

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