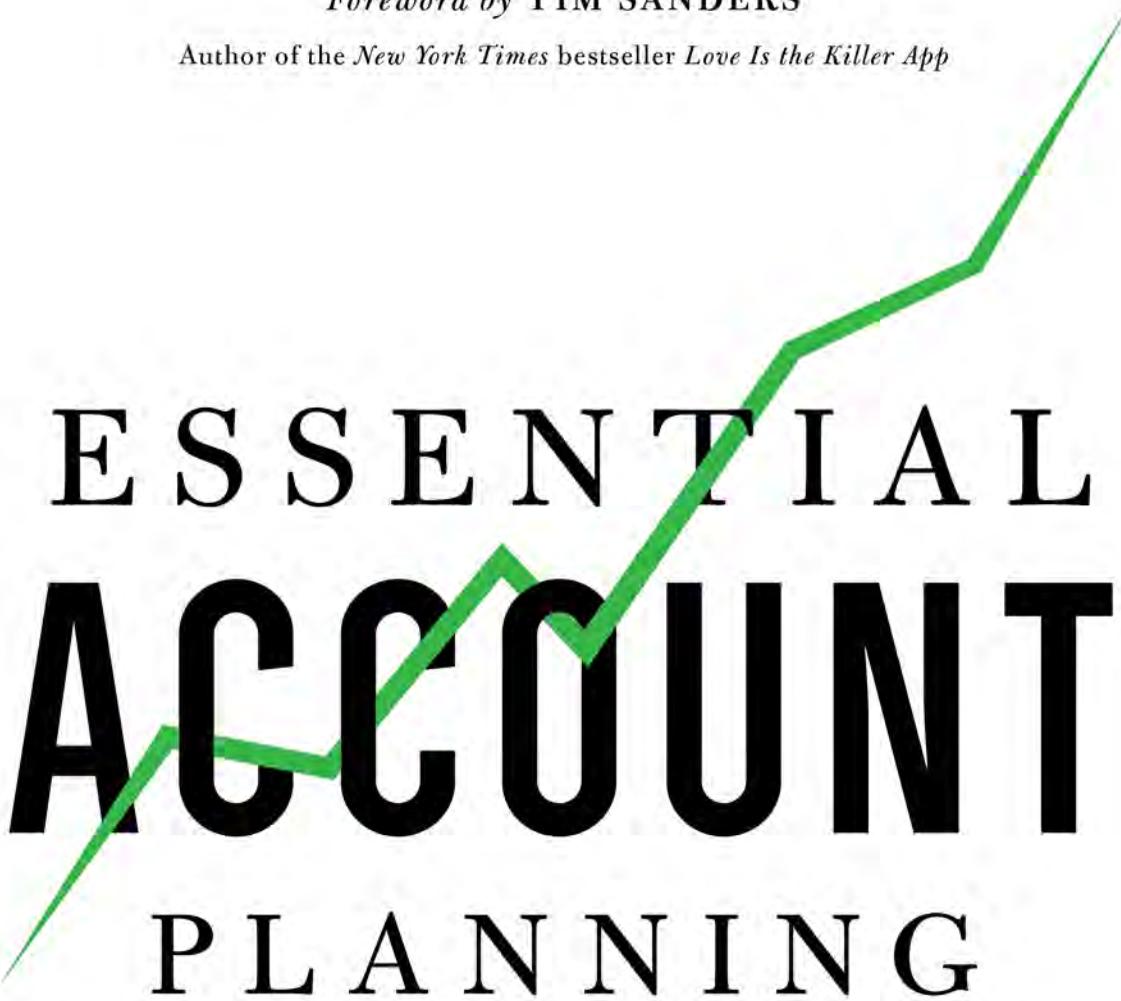


Foreword by **TIM SANDERS**

*Author of the *New York Times* bestseller *Love Is the Killer App**



ESSENTIAL
ACCOUNT
PLANNING

5 KEYS FOR HELPING YOUR SALES TEAM
DRIVE REVENUE

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MARK DONNOLO

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Foreword

I first encountered Mark Donnolo's work when I read his book *The Innovative Sale*. I was impressed with how he applied a step-by-step approach to thinking creatively as a sales professional. His observations about the link between teamwork and sales innovation resonated with my experiences as a practitioner and consultant. When he approached me recently about reviewing his new work, I leapt at the opportunity, and later agreed to write this foreword.

Essential Account Planning: 5 Keys for Helping Your Sales Team Drive Revenue is an important book for sales leaders and contributors because more than ever, strategic accounts are critical to enterprise success and harder than ever to win and keep.

Your most strategic accounts are your marketing department's best friend when it comes to building a brand as a trusted winner in your market. With so many cloud and niche companies eating away at the midsized and smallest accounts in your market, only the strategic ones serve as a barrier to entry. Moreover, strategic accounts offer your enterprise a volume of transactions, challenges, and insights that enable you to stay one step ahead of your market.

Ten years ago, your strategic account likely had a decision maker or two, in a situation where you sold belly-to-belly against a handful of competitors. Today, the game has changed significantly, as your average high-quality sale involves six or more decision makers, end users, sign-offs, and influencers—many of which you'll never get face time with! Globalization, cloud computing, and crowd-sourcing have created a highly competitive marketplace in which any strategic account can be lured away by a hungry startup looking to work cheap or for free to “win more logos.”

In this book, you'll discover five imperatives, or strategies, that will help you cut through the rising complexity of the sale, win the account, and keep it—growing it year over year. It's likely that your current sales methodology was not created with the strategic account in mind, opting instead to “average out” the account mix so the funnel works right at any sales level. Few if any methodologies possess a detailed plan that treats strategic accounts like the unique animals they are. To

paraphrase a chief sales officer at a major computer-hardware maker, “When it comes to your most critical accounts, without a process, you get a mess.”

I’m not just a fellow author; I’m also a business-book reader, just like you. I buy books like this one because I want to be on top of my game and solve sales challenges. The best way to approach reading *Essential Account Planning* is to put yourself inside the many great stories shared in the coming pages. Note how the challenges and organizational issues described are similar to yours. After you finish the book, locate at least three situations where you can apply the imperatives immediately. Use the templates in the appendices as your tools; they will be very helpful in implementation.

Share what you learn with your team and challenge them to think about the existing strategic account planning process (if there is one) and how important it is to master. If you want to make the leap from contributor to sales leader, driving a winning process that moves the needle is a good path to success. If you are a sales leader who wants your team to win in the market consistently and grow in their professional skill set, invest the time to learn and then share Mark’s elegant framework for strategic account management.

There’s an underlying perspective to *Essential Account Planning* that offers you a chance to dramatically boost your sales performance: Strategic account management is a team sport. Unlike transactional accounts, which buy off-the-shelf products or services based on price, convenience, and reliability, most strategic accounts require customization and compromise. This means that sales must work across departmental lines, with strategic account managers serving the role of quarterback, marshaling political and organizational resources to satisfy the demands of high-value clients.

I believe too many people practice fake strategic account planning these days. They confuse activity management, forecasting, and service-plan review with the type of defined process this book lays out. To them, I quote my old friend, quality guru W. Edward Deming: “If you can’t describe what you are doing as a process, you don’t know what you are doing.”

Tim Sanders, Former Chief Sales Officer at Yahoo!
Author of *Dealstorming: The Secret Weapon That Can Solve
Your Toughest Sales Challenges*

Introduction

I sat across the table from the head of sales for a multinational manufacturing company. The end of Q3 loomed near, and he said it had been a tough quarter for the sales team. Last year, most of the team members nailed their quotas, and the organization overall came in above goal. In fact, sales were strong enough to carry revenue into the first quarter of the new year. But by midyear, the team's hot streak had cooled. The team was scrambling while its forecasts fell short of its goals. Everything had been great: "We're hot. Who needs a plan?" he said, describing the sentiment of the team until that time. Now they needed to do something—quickly.

Nobody liked to plan. Nobody liked to come in from the field and work through the challenges of devising strategies for reaching sales goals. When it came to planning for the accounts that made up about 70 to 80 percent of the company's revenue, the account managers and sales team members typically avoided it. The voices could be heard throughout the sales organization: "It's a pain." "It takes too much time out of market." "I'm a relationship person, not an operator." "Can't the sales support team put this together for us to react to?" When customer demand was strong and close rates were high, it was easy to find reasons why the team didn't need account plans. But when the dry spell hit, the head of sales realized that they were all victims of their success.

Account planning is one of those hot topics that receive a disproportionate amount of attention and create more than their fair share of heartburn for sales teams. It's right up there with sales compensation, quotas, and coaching as disciplines that tend to catch the spotlight in sales meetings. Companies know they need to do account planning well, but don't. Most times, when the topic of account planning arises in a conversation, I hear:

- We don't do it well, but we really need to get better.
- We already do it. The key sections of the account plan are . . .
- We've tried it in the past, and it doesn't work because the team isn't on board.
- It turns out to be an administrative exercise, and once it's done, we end up putting it away until next year.
- It's critical. But we don't have time for it.

Notice that none of these responses outright diminishes the value of account planning. Effective account planning is one of the most powerful drivers of sales performance, yet it's one of the most overlooked because of its paradoxical relationship to sales: Many salespeople intuitively think that spending more time selling will create more sales. But the salespeople who invest in account planning as they sell actually sell more.

SalesGlobe research shows that the most successful sales teams combine consistent account planning with selling. Poor-performing or inconsistent sales teams typically have a pattern of reacting to opportunities and only planning in response to lagging results.

While implementing a strong account planning process sounds like a no-brainer, most sales organizations face these 10 questions:

1. How should account planning fit within our sales strategy?
2. What accounts should have account plans?
3. Who should own account planning?
4. How do we align functions such as marketing, operations, finance, and human resources?
5. What are the most important components of the account plan?
6. How should a good process work?
7. Can we make the organization conduct account planning, and how do we get compliance?
8. How can we reinforce the value of account planning?
9. How should the customer be involved in the process?
10. How do we keep the account planning process alive throughout the year?

Difficulties in answering these questions sideline the account planning process, hinder the sales organization's potential, and result in missed growth opportunities.

Essential Account Planning concentrates on the big challenges sales organizations face today regarding strategically planning for growth at the account level. This book addresses these challenges with practical approaches and tools you can apply right away with your sales teams to see results this year. It also includes stories, interviews, and wisdom from executives in leading companies about how they use account planning to grow their businesses.

This book begins by addressing why you need account planning in the first place. It will help you sort through the arguments you're certain to hear about organizational commitment, ownership, politics, and time. It will also help you make the case for account planning and how it fits into your broader sales strategy.

Then this book will look at the five keys for successful strategic account planning:

- **Key 1: Use the right structure (chapter 2).** This chapter will look at the big picture of the sales strategy, account plan vision, and account plan execution, as well as the components every good account plan should have.
- **Key 2: Set the goal (chapter 3).** This chapter will examine how the account plan supports the business plan and growth opportunities, and how to build the revenue goal for the account.
- **Key 3: Create the habits (chapter 4).** Without this key, the account plan is just a document. This chapter discusses how to bring the account planning process to life.
- **Key 4: Understand the politics (chapter 5).** At the core of the account planning process are the people who make it happen. This chapter examines the importance of getting the sales team and others within the company to work together to solve the people, role, and political challenges.
- **Key 5: Think big (chapter 6).** This chapter will focus on moving past incremental thinking and toward planning in an aspirational manner to take your team beyond its current horizons.

Essential Account Planning looks at each of the keys from the perspective of sales leaders and sales enablers by studying their stories, as well as the stories of hundreds of companies I've worked with in the past 25 years, to lay out methods to help your organization profit from these experiences. Once you've read about the five keys, you can use the templates included in the appendix in your account planning process.

I hope you enjoy the book and leverage it to improve your sales team's performance. Let me know about the challenges you're addressing or the results you're seeing by sending me a note at mark.donnolo@salesglobe.com or on Twitter @MarkDonnolo #EssentialAccountPlanning. I'd love to learn about your experiences.

Why Do You Need Account Plans?

Last year, I found myself trapped in a conference room with a handful of people who clearly did not want to be there. I had flown to Dallas to help a mid-sized technology hardware company implement an account planning process. The company was starting the program from scratch—it had never had a formal account planning process before. And it was clear from the meeting the sales team did not think this process was necessary.

The sales executives were smart and seasoned. They were comfortable handling large strategic accounts—in their own way. And while revenue numbers were fine, the head of sales and marketing knew that with some planning, they could be great.

David seemed especially displeased to be there. He was the account leader for the plan we were working on, and he was the only one at the meeting wearing jeans and a golf shirt. He sat hunched over the conference table, resting his weight on his elbows, tapping a pen on his notebook.

Given that this was a \$40 million account, the chief marketing officer and president of the business unit had both flown in for the meeting. Jennifer, the chief marketing officer, sat at the head of the table, looking down at the draft David had provided. “What was our revenue by product last year for this account?” she asked.

David snagged a doughnut from the tray on the table and leaned back in his chair. “I can get that for you this week,” he said.

“OK,” she said, and tried again. “Can you tell me the expected revenue by product for this year?”

“Well, we’re not a tier one vendor,” said David. “They just put those tiers in this year, so that limits us a little. But we have great relationships. I’ve known

these guys for years. There's some realignment going on there, too, so I'm waiting to see how that will shake out. But these guys are my buddies."

One of the sales representatives, Scott, sat to David's right. As small in stature as David was large, Scott bounced in his black executive's chair. "We're going to get 50 percent of revenue from staff outsourcing," he said, grinning nervously. Jennifer glanced at me, looking concerned.

"But that's counter to our strategy," she said. "We want to move away from staff outsourcing and toward our new software product. The margins are shrinking with staffing. Is this 50 percent coming from current buying centers?"

David continued to recline in his chair. "Well right now, with the realignment of the client in October, we're trying to identify where the buying centers are and what the offers are."

Jennifer's eyes widened. It was February, and David didn't have a clue what was going on in his account. Worse, he didn't care. He hadn't taken the account planning meeting seriously at all; he had barely done the minimum preparation work, and he had not considered any ways to grow the revenue in the future. For the past five years, David had managed the account by building relationships and taking orders. But the company's wallet share was shrinking as competitors found new ways to go deeper into this client, and now the business was at risk. David was oblivious.

"These guys have some reorganization to work out," he repeated, as if Jennifer hadn't understood an important point. "Everything is on hold now." He sat up and leaned in toward me. "Can you remind me who plans to use this data, and how it will be used? My team and I have always managed this in the past, and I'm unclear why we need this documentation. We've got it up here," he said, tapping his temple.

"It's important to document the current state of the account and the goals of the account for your sales team and the rest of the organization," I began. From the corner of my eye, I could see Jennifer draw a deep breath. It was going to be a long morning.

As David was demonstrating for us, altering the methods of salespeople to include account planning was a daunting task. At the very least, we were asking them to transfer the notes and strategies from their head to paper; at worst, we were suggesting they lacked a strategic plan for the accounts they had worked on for years. The truth was, this account—and the other 20 strategic accounts we were planning—was critical for the business. And while David was keeping it afloat, it needed input from other sales and sales enablement teams to grow.

David's attitude toward account planning isn't unusual, and for the record, account planning indifference is hardly limited to salespeople. I see it at all levels, from the chief sales officer to field reps. But it's usually an opinion built by previous, failed account planning attempts.

Account planning is an essential part of a high-performing sales organization. It brings together critical information about your customer, competitors, and strategy to win business. The account plan forces the team to acknowledge the larger revenue and product goals and agree on a set of actions to move your team, inch by inch or mile by mile, toward those goals. And the plan serves as an accountability checkpoint. Have team members done what they said they were going to do? Have their activities brought you closer to your goals? If not, how does the team regroup, refresh, and continue forward?

Most sales organizations acknowledge this. Account planning sounds like a great idea (because it is). The problems start when you ask account leaders to stop what they're doing and focus on a plan. More problems arise when you expect multiple people to be involved in writing the plan—to stop calling on customers, sit down, and look up some numbers or competitive information. And then disaster strikes when you ask this same team to repeat the process, quarter after quarter, year after year. The act of incorporating a new activity—planning—into an already saturated schedule is tough. The route to making this planning into a long-term habit is crowded with obstacles.

But it's not impossible, and it's well worth the effort.

“Account planning is foundational, because if you don't know where you're going, any road will do,” says Sue Holub, vice president of enterprise software marketing at Lexmark International. In my 25 years of working with hundreds of Fortune 1000 sales organizations, I've seen thousands of road options. Without a plan, companies trust their gut, which may or may not be based in fact; take the path of least resistance; or follow the same familiar road they've always taken.

Every sales organization is unique, but most have similar challenges and succeed using a common set of principles. All sales organizations can leverage the five keys laid out in this book as landmarks on their path to long-term account planning success and more predictable revenue growth. *Essential Account Planning* tackles each key and how it relates to implementing an effective account plan and establishing a living account planning process in your organization:

1. Use the right structure.
2. Set the goal.
3. Create the habits.

4. Understand the politics.
5. Think big.

Why Account Planning Is Urgent

Mike Barnes, executive vice president with Andrews Distributing, one of the largest beer distributors in the United States, knows the value of account planning. Several years ago, the company started to follow a structured account planning process. It collected large amounts of data about its customers' buying habits segmented by geography, and, based on what it learned, changed its sales coverage model. "The minute that we did that, we had the first year of consecutive months of share growth," says Barnes. "We're now in our third year, and as we have improved in account planning, we've seen our market share grow. We're in our 34th consecutive month of share growth—and that's virtually unheard of in our industry."

Account planning provides a structure to determine what's important and what's not when pursuing customers. As competition in markets increases, account plans become critical to reaching goals and achieving growth.

Here are five reasons why account planning can make a difference in your sales organization now.

Competition Is Out There

Markets across industries have become more competitive over the past 20 years. Most industries have experienced an increased number of competitors, some enabled by new technologies. There's also a higher level of sales talent due to the professionalization of sales careers and growing number of colleges and universities that offer degrees in sales. Customers are more intelligent and better informed about what they need. To beat the competition, you must know more about your customers, better understand their needs, have a differentiated value proposition, and have an actionable plan. Account plans provide data that pinpoint the market share, level of competition, and strengths and weaknesses of not only your position but also your competitors'—all of which contribute to predicting whether you can hit your goals.

Account plans demand that you acknowledge these challenges and define them specifically. Who are your competitors? How much market share do they have? What value do they offer? Account plans also require specific actions to overcome these challenges.

"The account planning process helps you develop a discipline to look for either early warning signs or potential opportunities, where you might not have

seen them before,” says Holub. “You start to become more resourceful, more insightful, more observational as a sales executive. That’s an immediate benefit to account planning.”

Account Plans Coordinate Teams

Most individual sales representatives are great at the tactical level. But accounts typically require larger coordination either between accounts or within the same account, depending on its size. Account plans also reveal how well you work with teams from different parts of the company to accomplish account goals. How does the sales team work with the technical organization? How do they work with the marketing organization or operations? Account plans help improve your capabilities because you’re engaging many different parts of the company. Without account plans, sales operates by gut, and marketing, technical, and operations react without the advantage of a plan.

At InterContinental Hotels Group (IHG), multiple organizations touch every account. Sales enablement determines which accounts should be in a team’s portfolio and collects intelligence for those accounts. Sales operations makes sure those accounts show up correctly in a rep’s portfolio, and it supervises data entering and verification. Operations also works with the finance and sales teams to set the financial target for each account. The analytics team provides guidance for everyone. “It is a formal process, and it is well defined. It works well at IHG,” says Scott Taylor, director of global sales operations and worldwide sales for IHG.

IHG isn’t unusual. Without a coordinated effort, teams can’t keep up with the amount of information passing through many hands.

In fact, David, from the beginning of this chapter, learned this lesson the hard way. Several months after my visit, David lost his job. His performance had fallen over the past year, and his lack of ability to embrace an account plan that could help him course-correct advanced his demise. His replacement, John, was a team player. He reached across many aisles in the company and gathered input from sales operations, sales leadership, marketing, and procurement. He rallied his team, including the wide range of adjuncts; built a strategic account plan; followed it; and grew the business.

The Account Is One Piece of a Larger Puzzle

Every company has financial goals, and stakeholders need to understand how the company is performing against those goals. Chief financial officers and other financial leaders must present this information and demonstrate that they have

a plan to achieve those goals. But the sales organization—and usually only the sales organization—knows what’s going on at eye level. Account plans help to communicate that bottom-up view. The sales organization has an opportunity to discuss what customers are doing, for better or for worse, and offer valuable information about how sales will achieve its goals.

Account Plans Create Accountability

The sales team needs a way to measure its success beyond whether individuals achieve their quota. The team needs metrics, goals, and milestones to work toward. Account plans create a record of what individuals are supposed to do—both the actions and the goals—which can be used in performance metrics: “You said you were going to close this \$50,000 opportunity with ACME. Did you?” If not, you can look back at the activities that were supposed to lead to that sale: “You said you were going to call Don two months ago; you also said you’d ask for introductions to Betty and Bob in the production division. Did you?” If a rep has worked the plan and it still hasn’t worked, it’s her defense—she did what she was supposed to do, but the plan hasn’t worked so far. This might mean it’s time to tweak the plan. If she didn’t, it’s an opportunity for specific coaching on follow-through.

Account Plans Assess Sales Skills

Account plans act as a foundation for capability development. Do the salespeople have the skills to get to the correct buyer? If not, what type of training is needed? On which points in the account plan are account reps succeeding? On which points are they stumbling? Account plans can offer evidence of the types of training or coaching necessary at an individual and team level.

Andrews Distributing uses account plans to determine which reps have mastered their sales process and which need more training. One of the most difficult challenges in his sales organization, Barnes says, is determining rep capability. The Andrews account plans rely heavily on data, which increases the company’s ability to move faster—from sales to operations to procurement.

“Asking the sales team to adapt at the pace we’re changing is probably one of the toughest challenges we face,” says Barnes. “There’s diversity in ability.” Consequently, Andrews has created a mentoring program for reps who need more coaching, and account plans identify reps who need help or can serve as mentors.

Account Plan Challenges

So how do companies end up in situations like the one at the beginning of this chapter, struggling through a painful account planning session that's obviously not valued by those involved? I've seen the following major challenges to achieving a well-oiled account planning process:

Lack of Commitment

When a process takes hold at a grassroots level and spreads throughout the organization, it creates a powerful result. For example, if sales teams adopt a new customer relationship management tool or a new account planning process, it can help those teams and eventually benefit the entire company. Unfortunately, for most companies that see a grassroots account planning movement, it doesn't gain commitment from everyone and, at some point, leaves a pattern of ad hoc practices that benefit a few teams but has little overall effect on results.

Account planning works best when the entire company stands behind the process, winning over even successful salespeople who can make their quotas by doing their own thing, who think that approach is a lot easier than stepping back and working on an account plan.

Andrews Distributing has been committed to its account planning process for 10 years, and it's affected every facet of the company. For the last two years, Mike Barnes and Mike McGuire, president of Andrews Distributing, have talked a lot about their portfolio of accounts. Their desire has always been to make sure they have prescriptive solutions so that their people have a better opportunity to be successful. For example, a rep might tell a customer, "If you replace this brand of beer with this brand, we anticipate a 20 percent increase in sales, based on these past trends." But Andrews doesn't work in a vacuum. They have numerous suppliers, brands of beer from Miller to Coors to Corona, and numerous SKUs. In any given sales meeting, reps are bombarded with information.

"How can they focus?" asks Barnes. "It's an energy drainer for the sales team, unless you have great account planning. And in the spirit of servant leadership, that's something we desire to do." As Barnes and McGuire talked about their mission to become a trusted adviser for their customers through indisputable data and insight, they had to plan for this information. Knowing more about their customers informed their decisions about hiring; their sales reps must have the right skill set to use the information.

Andrews committed to account planning at the C-level, but knew it was also crucial at the account leader level. "We tell our brand team, marketing service

teams, and commercial marketing team: ‘We should never, ever go forward with any strategy or plan unless the sales leaders own it first.’ And then, it becomes a collaborative plan. If the sales leaders don’t own it first, we’re vulnerable right out of the chute. Nobody likes to have anything pushed to them that they don’t own. Then we win together, we fail together, we learn together. There is power in being together on every mission, and every plan, and every strategy.”

Whether the account planning process starts at the top or the bottom, the organization must have strong commitment from leadership. That commitment has to follow through to sales leadership, sales management, and each salesperson who has a role in the account planning process.

Weak Ownership

When working with sales organizations on sales process and roles, I ask, “Who owns the account strategy and the account plan?” The answer to this question tells me volumes about the team’s effectiveness. I expect to hear a decisive and consistent answer across the organization and the accounts it covers. The plan owner might be the lead account manager, lead account executive, sales manager, or someone else in a leadership role with that account. But sometimes, I get inconsistent answers within a single sales organization. No one really knows who owns the account. Unclear ownership indicates a lack of accountability and a gap in leadership that can result in sales opportunities falling through the cracks. Designate ownership of the overall account planning process and the plans for each account.

Obtrusive Politics

Big quotas put pressure on revenue expectations. Control over revenue, especially big revenue in a strategic account, is valuable and can result in political behavior as people try to stake their claims and secure their resulting sales incentives. Politics often occur in an environment of perceived scarcity that creates competition for limited opportunities. If the team has effective account planning roles and processes, it gains the ability to think and work in an environment of abundance, dissolving the need for politics. Strong sales leadership can give the organization a more optimistic view of market opportunities and how account planning can help it take advantage of those opportunities.

The Account Planning Document

I asked a sales executive recently about how her team handles account planning, and she talked about how ineffective it was because people didn't complete all the requisite sections. When I first discuss account planning with a sales team, members typically talk about the document they produce, the sections, how often they create it, and how laborious and painful the process is.

However, account planning shouldn't be about the document. It's about the client needs, the innovative ideas to meet those needs, a committed plan to address those needs, and the discipline of ownership and execution from the team. Elevate the position of account planning beyond the document. The document merely contains all the hard work, and it will continue to evolve as the work and results progress.

Selling, Not Planning

Most salespeople love the pursuit. They don't love planning. They'd rather sit in front of a customer than plan how to sit in front of a customer. And yet the most successful sales teams I've worked with understand the criticality of account planning, and they embrace it. They link effective account planning with results in their accounts—usually big results. If a salesperson isn't a planner and thinks incrementally and transactionally, she is likely to get incremental and transactional results. If she thinks big and is intentional about operating according to the plan, she will make different, longer-term decisions and see greater results.

As part of its account plans, Andrews Distributing asks reps to count the display cases in every grocery store. So reps walk up and down the aisles, noting locations where Andrews might possibly showcase beer, to understand how they're executing at every display location within every grocery store they have. They enter the data into their account plans. The idea is each rep is always looking for opportunities in each store, even if it's not obvious at first.

Interestingly, Barnes discovered that not all methods of counting beer were the same. "We had 200 salespeople with potentially 30 different ways they count beer," says Barnes. "So, we had to establish one way to count beer—and that alone was a lot of change. Everybody said that their way of counting was the best way. Today, we're all counting one way. Our execution on counting by location has gone from 40 percent compliance to 95 percent compliance," says Barnes.

While counting display cases—and then learning how to count beer—may seem to take away from the reps' selling time, Barnes says it's made the reps more effective: "The goal of this activity is to make sure we optimize their selling

time.” The information collected goes into the account plan and creates a filtered, pre-prescribed list of beer for each location. Without this planning, “reps are trying to figure it out along the way, and that’s distracting from the optimal time to sell and service the account,” says Barnes.

Contrary to instinct, the work of account planning will take you farther than trying to pull it off yourself. Investing the time to do a good account plan increases the value exponentially.

Account Planning in Context of the Sales Organization

Most likely, you’ll need new habits to make account planning successful in your organization. But you don’t have to start from scratch. Chances are, sales reps already perform many of the tasks, albeit on the fly or independent of others in your sales organization. Account planning fits securely into structures and processes that probably already exist in your sales organization.

In 2014, ATD designed a World-Class Sales Competency Model (Figure 1-1), which describes the relationships among sales management and leadership, sales enablement, and the sales force. The model demonstrates points of intersection between these groups (sales leaders, sales trainers, sales operations, sales compensation experts, and sales coaches) and these activities. If you follow this model, your company has likely already laid the groundwork for successful account planning. You just need to put the pieces together, create the habits, and overcome power struggles or internal politics.

The following components of the World-Class Sales Competency Model outline parts of sales that you probably already have a strategy or plan for.

Sales Management and Leadership

Sales management and leadership, situated precisely in the middle of sales force and sales enablement, set the vision and establish the strategy for the sales force, and manage both the sales force and sales enablers to get the important work done.

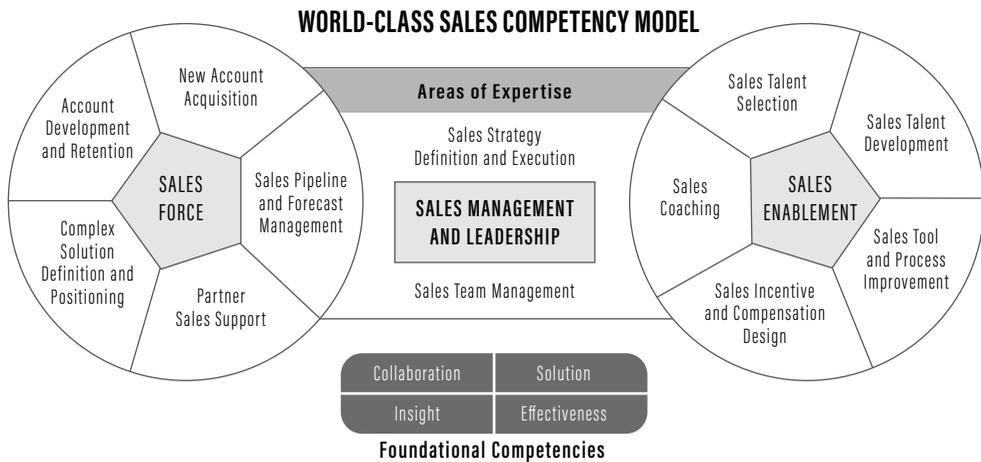
Sales Strategy Definition and Execution

Account planning starts with the sales strategy. The strategy is the combination of what you sell (your products and services), to whom you sell (target customer or prospect base), and your value proposition. The strategy defines the sales organization’s action plan to achieve its goal.

It also defines segmentation and targeting. What are the most lucrative opportunities on the market? What opportunities best fit your organization?

What will your value proposition be? What makes you unique? Why should a customer select you over a competitor? Account plans will then execute upon that strategy. Each major account is like a piece of the overall sales strategy puzzle. They all connect and work together to fulfill the sales strategy.

Figure 1-1. ATD World-Class Sales Competency Model



ATD’s World-Class Sales Competency Model describes the relationships among sales management and leadership, sales enablement, and the sales force. Companies with similar structures are well in position for successful account planning.

Sales Team Management

Sales team managers lead and manage the sales organization in pursuit of the strategy. All the competencies that need to happen within the sales force and sales enablement areas don’t happen automatically. They are the result of strong leadership and strong execution. Sales management should consider all the competencies in this model to make sure they are operating according to a well-defined system, leveraging an effective account planning process to get to their goal.

Sales Force

On the sales force side of the model, sales leaders and individual sales representatives are already focusing on the following activities, which are the basic components of effective account planning.

Sales Pipeline Forecast and Management

Account plans help build your pipeline with specific opportunities. They help with forecasting because the plans increase visibility on what you can sell. Given that, you can move into how the accounts in the plan support that strategy. Each account will make up a piece of that strategy.

New Account Acquisition and Account Development and Retention

Acquisition, development, and retention represent the universe of ways to grow the business organically. You can acquire another company to grow, but otherwise your accounts should comprise your overall account strategy. These types of accounts will be the bulk of account planning because they are the most significant accounts in organizations.

When you look at the buildup of all the accounts that make up the fulfillment of the sales strategy, some of it will come from the acquisition of customers that you're not working with right now. Some part of the strategy—usually the bulk—will be made up of the retention and development of existing accounts. Both new accounts and the development of existing accounts represent additional buying points and additional usage of your products and services.

Complex Solution Definition and Positioning

The next areas—complex solution definition and positioning—define what solutions you're going to offer those accounts, based on what they need. Not all solutions are complex. In major account situations, however, the customer often is well informed and knows the solution needed. It's the job of the rep to listen and respond to the customer's needs. Your solution should be based not on what you think the market needs, but what the customer actually needs and what you can fulfill. In an account plan, don't dictate the solution. It's a common mistake; you have a portfolio of solutions you want to sell to the account. The better method is to put yourself in the customer's shoes during account planning and ask, "What is the customer dealing with? What solutions will solve these problems?" Solutions will run the range from standard and transactional to complex and highly customized. All should be considered during the account planning phase and verified or revised throughout the course of customer interaction.

Partner Sales Support

Partners can be an integral part of the account plan, especially in complex accounts for which you can't offer the full solution or don't have access to the right buyers. Partners can accelerate your growth in an account by collaborating to meet a mutually beneficial goal. Usually, your best partners are going to be complementary to your business in terms of what they offer or where they play in the sales process. For example, a technical services organization may leverage relationships with a consulting firm to gain access and provide software implementation services. The partnership helps the technical services company round out its offers and grow revenue, and it helps the consulting firm by bringing in new customers.

Sales Enablement

On the sales enablement side of the model, the sales leaders, sales trainers, and sales operations people are already planning for sales' success through the following:

Sales Coaching

Sales coaches work week to week with account team members to keep them on track. Coaches also use the account plan as a road map of activities to assess sales skills and develop any lagging capabilities to work with the account. And they continually coach the skills necessary for strategic planning, rather than allowing reps to fall back into transactional mode.

Sales Talent Selection

It's important to select the right people for each role in the sales organization. You need different characteristics: people with strengths that range from sales execution to sales enablement and support to account leadership and account team support. Identify the characteristics for the optimal person in each role, and identify new talent to fill any gaps when necessary. Account plans put all these roles into action. As with David, from the beginning of the chapter, the practice of account planning can expose an account leader or team member who's not the right fit. Creating accountability through the account plan can prevent ineffective members from hiding amid the complexity of the account and ultimately improve results for the company.

Sales Talent Development

It is important to build the skills of the account team through coaching, as previously mentioned, or through formal sales training. When you're selecting talent, you look for people best matched to the optimal role, or you build skills to get your existing team to the optimal role and beyond. The reality is that not everyone will meet the optimal role standard from the beginning, so you have to implement some sales training. Talent development also builds consistency among processes within the organization. If you need to develop new solutions, you don't want salespeople to determine that individually; you want to leverage best practice methodologies.

Sales Tool and Process Improvement

Sales tools further enable account plans to capture information and assist with planning, measuring, and managing performance within the account. Pipeline

management and forecasting tools are common, but you can also use buyer mapping and solution development tools. The organization will often define the requirements for its sales tools based on its strategy and account plans, and then either source those tools from third parties or develop them in-house.

Sales Incentive and Compensation Design

Incentive and compensation connect the sales strategy to frontline sales performance. The organization may want to be more specific about how it motivates the attainment of account-specific goals. These could include sales of strategic products or attainment of significant milestones in accounts with very long sales processes. However, any sales compensation program that incorporates account plan objectives should be part of an overall architecture of sales compensation, not developed ad hoc in the field. Don't go rogue and start tweaking incentive plans.

Account plans help coordinate the sales force and sales enablement sides of the model. Without an account plan, some of the activities will be done by some of the people, some of the time. But all of the activities will not be done by all of the people all of the time unless there's a plan in place and it's regularly followed.

People make the process work. You can have an account plan structure and an account planning process, but if you don't engage people properly it's all academic. One of the problems with account planning is that just about everyone in your sales organization knows how to do an account plan. The magic of account planning happens when you engage people correctly and it becomes a living account planning process. Account plans live and die based on how committed people are to the process and how well that process ultimately shows business results with the account.

Which Accounts Require Plans?

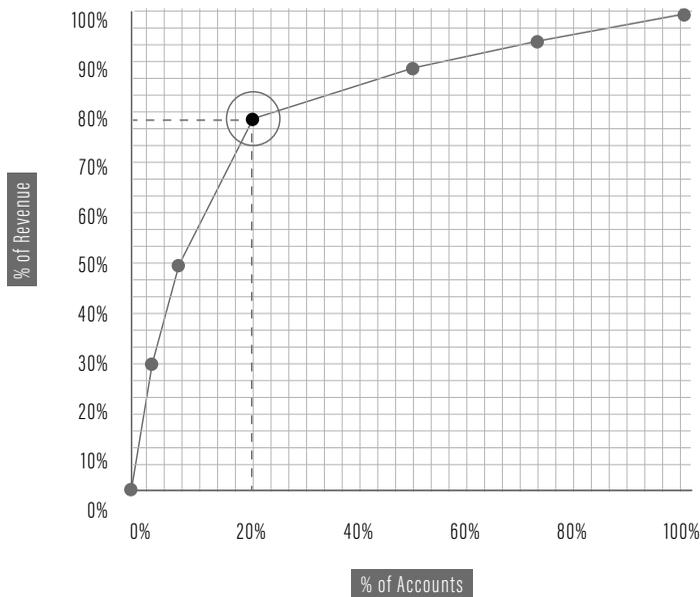
In general, companies create account plans for customers that are larger and more complex, and warrant the investment to grow. The strategic accounts together—as a segment—typically make up a majority of a company's revenue.

Companies often use the Pareto Principle to determine which accounts satisfy these requirements. The Pareto Principle, named after economist Vilfredo Pareto, is often called the 80/20 rule. It says that 80 percent of the output comes from just 20 percent of the input. In terms of sales, this means that often 80 percent of a company's revenue comes from 20 percent of its customers. When deciding which accounts to select for account planning, you'd want to know the 20

percent of accounts that generate roughly 80 percent of your revenue. Figure 1-2 illustrates a Pareto analysis in which roughly 20 percent of accounts comprise roughly 80 percent of the company's revenue and gross margin.

To do this for your own company, sort accounts in descending order from largest to smallest and look at the current revenue. You'll eventually get to a point where you've grouped together enough accounts to make up between 60 and 80 percent of your company's revenue. This percentage will vary based on the inflection point of the Pareto curve. So, if there's a large amount of revenue captured by a small number of accounts and then it drops off dramatically, that's usually where the company will draw the line.

Figure 1-2. Pareto Analysis



The Pareto Principle shows that roughly 80 percent of a company's revenue comes from roughly 20 percent of its customers. In the Pareto Analysis here, the curved line tracks the revenue from each account; the dotted line illustrates the inflection point at which customer revenue per account begins to decline significantly. In this case, exactly 80 percent of the company's revenue comes from exactly 20 percent of its customers.

I worked with a communications technology company a couple of years ago that was struggling to get growth results from its global accounts. My team and I evaluated the sales organization, listened to the customer, and ran the analytics. We found many opportunities for improvement, but there was one major problem that needed immediate attention: The organization had 200 global accounts in its portfolio. However, a global account team cannot possibly focus on 200 accounts. We looked at the Pareto analysis and found that a full 90 percent of the company's

revenue came from 20 accounts. The sales team tried to cover all 200; not surprisingly, this approach was ineffective. So as the team nervously watched, sales leaders and I cut global accounts down to 20, and moved the rest to what they called “strategic” accounts. Over the next year performance improved dramatically.

You can look at the Pareto with different metrics. For example, you could classify your accounts by current revenue, but you might overclassify smaller accounts with which you do a lot of business and underclassify accounts that have a lot of potential. Another view is to classify your accounts by potential revenue, which would include accounts that have a strategic fit within your business according to what you sell and your positioning.

Ecova, a utility and energy management company, selects its top 30 accounts by margin rather than revenue, for account plans that go into greater detail. As the company has matured, Seth Nesbitt, chief commercial officer, has seen a fairly large variation in margin per client. “It’s something to think about when you’re allocating resources during account planning,” he says. “Consider what’s really important in your business. For us, energy is very much a margin and EBITDA-driven [earnings before interest, tax, depreciation, and amortization] business.”

It’s easy for the sales team to want to focus on the highest-revenue-generating clients, but that metric does not always have the most impact on the business. “That was a big revelation for us, to go back and evaluate clients on EBITDA,” says Nesbitt. “We partnered with finance during the account planning process, and in terms of prioritization, that exercise was critical for us. We could have missed some very important, high-margin clients just because they are not the high-revenue clients.”

When deciding on which accounts to focus the brunt of your attention, determine the most important business performance metric. Those are the clients you want to grow and plan for profitable relationships.

5 Questions About How Account Planning Fits Into Your Sales Organization

1. Do you have leadership and team commitments to the discipline of account planning?
2. Does sales leadership effectively communicate the value of account planning, including messaging that investing the time to create a good account plan increases the value exponentially?
3. Does your sales organization focus on the account planning document, or have you elevated account planning to its execution and consistency?
4. Is your sales organization already using the World-Class Sales Competency Model?
5. When selecting accounts for account planning, are you choosing more than your team can effectively focus on?

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