



“Planning is bringing the future into the present so that you can do something about it now”

Alan Lakein

ACCOUNT PLANNING

Previous newsletters have presented processes designed to track and drive the business from the top down and align stakeholders on actions. The process to close the quarter’s revenue is an example.

Account Planning, on the other hand, provides an opportunity for salespeople and their managers to develop a plan and drive it up the management chain for alignment and resourcing.

I started my career at Intel, and I recall Andy Grove, then CEO, explaining why the company didn’t have executive washrooms and parking spaces. Andy’s view was that in traditional manufacturing businesses, the most important information—regarding markets and the company’s plan—was held by management. It was management’s task to drive those ideas down to the front line of the company for execution.

In a technology company however, the most important information is in the heads of individual technical staff. Combined with a much faster rate of change, information in technology companies is required to *flow up* to management so they can make informed decisions. Andy was right about this, and an effective Account Planning process can provide this upward flow of information regarding changes with customers and markets to management.

Key Point: *Account Plans provide an opportunity for sales staff to keep management abreast of changes with customers and competitors, improving both Sales performance and overall corporate performance.*

In addition to providing information, the other key objective of Account Planning is to define success metrics for specific customers, ensure that resourcing is adequate and monitor progress to targets.

For our purposes, I will break Account Planning into two distinct processes, each with different objectives:

- **Account Reviews:** The scope of an Account Review is an individual salesperson’s total set of customers. Account Reviews are brief, regular updates that take a short-term (roughly 90-day) view.
- **Strategic Account Plans:** These plans do a deep dive on one Major Account. The plan takes a long-term view and aligns it with the corporate planning horizon (usually 36 months or longer). While the Sales team works most



closely with marketing, the plans should reflect objectives across all functions and therefore be the company's plan, not just the view from the sales function.

Key Point: *Account Planning should be broken into two processes, one with a short-term view (Account Reviews) and the other a long-term view (Strategic Account Plans). The difference in planning horizons drives the need for different processes.*

ACCOUNT REVIEWS

Account reviews focus on performance to the current and next quarter targets committed in the revenue and design win forecasts. The reviews are held regularly, usually monthly, so keeping preparation to a minimum is important.

An Account Review should provide:

- **A platform for upward communication.** The Account Review is the only forum for a salesperson to present an overall view of their accounts. It provides an opportunity to post progress to targets, request corporate resources, influence timely decisions, and highlight important issues.
- **Progress to current and next quarter targets.** Targets should match those published in the current corporate revenue and design win forecasts.
- **Status of Strategies for closing new business.** These should focus particularly on high potential opportunities.
- **Next actions/resources needed.** The review begins with the status of actions from the last review and ends by summarizing actions for follow up.

The template for this meeting should take the salesperson no more than an hour to prepare. This can be achieved if the template is designed to reuse currently available data. For example, revenue and design win data should be direct imports from the revenue and design win forecasts. In a company with corporate software, like an ERP system or Salesforce, the template should be largely populated with data directly from those programs.

Key Point: *Account Reviews should be high impact in terms of the information communicated but low impact in terms of the preparation required.*

By keeping preparation to a minimum, these reviews can and should be held monthly and the reviews themselves should be no longer than 45 minutes each. Keeping a brisk pace will discourage getting into the details and still provide adequate time to get a good view of the business.

Since reviews are held monthly, they should become a regular part of the calendar and scheduled for the same time each month. The salesperson's manager and any other team members relevant to agenda items should attend.



As the sales executive, you should attend as many of these reviews as possible. Not only are these reviews your highest leverage opportunity to understand what is going on with customers, but its likely that you and any other management attending will pick up action items related to resourcing or problems needing immediate resolution. Your attendance also signals to the salesperson that their customers are a priority.

Key Point: *Account Reviews are the highest leverage way to stay current to changes in the customer base.*

Key Point: *Your attendance signals to the salesperson that their customers are important.*

ACCOUNT REVIEW TEMPLATE AND REVIEW MEETING

A good Account Review can be prepared in about half a dozen slides, with most of the information coming from existing sources. The review package should include:

- **Highlights/Lowlights & Last Review's Actions**
Consider the Highlights/Lowlights as headlines, which allows the salesperson to present the major messages for that review. This is also a good place to insert the status of actions from the previous review.
- **Revenue Forecast**
These slides need to be tailored to the specific salesperson depending on how many customers and product lines are reviewed. Finance or Sales Operations should provide these slides if possible. Otherwise the salesperson should simply clip out a relevant subset from the Revenue Forecast.
- **Design Win Opportunities**
This slide should also be a simple cut and paste from the published report as well. At a minimum, each opportunity (row) should show the Total and Expected Values, Close Date, and Stage position (see [Closing New Business Newsletter](#)). This slide should also indicate progress to that quarter's Design Win Forecast and relevant headlines.
- **Service Metrics**
This section should be provided by operations or customer service and include key service metrics needed to measure customer satisfaction. On-time shipping performance and product return statistics are relevant examples.
- **Issues**
The salesperson is allowed one slide to articulate resources needed and majors problems to be solved. This section will be a real learning opportunity for management and should generate significant action items.



Key Point: *Given that these reviews are held frequently, i.e., monthly, the template should reuse as much information as possible and err on the side of limiting preparation time.*

This is the Salesperson's meeting so they should set the agenda and run the meeting.

As with any review meeting, a lot of material needs to be covered in a short period of time, so keeping a brisk pace will always be an issue. Be aggressive taking actions and tabling issues that require detailed discussion.

Lastly, like any of the processes presented in these newsletters, review meetings are only as good as the resulting follow up. Therefore, reviews should begin by discussing the status of actions from the last review and end with a summary of actions.

STRATEGIC ACCOUNT PLANS

While the purpose behind an Account Reviews is to provide brief and regular updates on performance to targets, a Strategic Account Plan is just that, a plan, and one with a focus on the time horizon of the corporate planning process. The longer time horizon drives a focus on important, but not urgent issues that often get too little of our time such planning to enter new product segments or building better executive relationships with customers.

These plans are a lot of work for everyone involved and particularly for your Sales and Marketing team. You'll also need a reasonable commitment from your Executives to attend reviews and take action items, so be sure to get agreement from everyone that will be involved. Given the amount of effort involved, the return is only there for those very few accounts that really drive your business and that you genuinely consider strategic.

One way of making sure that account plans are reviewed properly is to do the reviews with the senior operational staff of the company, often times in an operational review of the entire company. In practice, given that ops reviews are typically monthly events, only the top dozen or so accounts would be reviewed (assuming one per review). However, in the real world, many businesses only have a handful of customers, and this focus is quite appropriate.

Key Point: *Strategic Account Plans are a lot of work, so make sure to get agreement from all participants. Given the effort, this process should only be focused on those few customers that drive the business and that are considered strategic.*

STRATEGIC PLANNING OBJECTIVES

Set "Stretch" Revenue Goals

Take the opportunity to stretch your team's thinking by setting a revenue goal that is considerably larger than current expectations. A stretch target drives the team to get creative when proposing opportunities and programs that would achieve the target.



Drive Executive Relationships

These relationships are one of the important but not urgent objectives this process must drive. You never really appreciate the importance of good executive relationships until they are needed, by then it is too late to develop them.

Source for New Product/Program Proposals

Well-chosen “stretch” revenue targets will drive requests for new products or service programs. These new initiatives, as approved by the executive team, should be fed directly into the corporate planning process.

I can say from experience that this process stressed my team’s ability to think, write and work cross-functionally like nothing else we did. Building Strategic Account Plans is a great way to build the sales and marketing team’s business skills. You’ll be surprised at who does well and who struggles with this process.

The ability to plan is a key management skill. The insight developed evaluating your team’s participation will be helpful when evaluating staff for promotion. The company’s sense of team will also be enhanced as a result of the cross-functional work required to build each plan.

Key Point: *Building Strategic Account Plans will build your team’s professional skills by stressing their ability to think clearly, write and work cross-functionally.*

STRATEGIC ACCOUNT PLAN TEMPLATE

Overview Section

The overview section will provide a baseline of information that is particularly useful for attendees who know relatively little about the customer and will provide context for the rest of the plan. The overview section should include:

- **Key Figures** (1-2 Slides) Include the customer’s total corporate revenues and detail for relevant Divisions. Include other facts relevant to those reading the plan such as the number of employees, locations, etc.
- **Customer Organization Chart** (1 Slide) Try to keep this to one slide, which you can do if you’re careful.
- **Revenue Summary** (1 Slide) Break out revenues with the customer by product line. My preference is to show the two previous years, the current year by quarter and four quarters of forecast.
- **Served Available Market (SAM)** SAM was first presented on page 5 in the [newsletter on Channels](#). Recall that SAM represents the business available to you for a product or category, i.e., SAM assumes you have 100% of the business. SAM is presented as a matrix with competitors listed across the top and your relevant products down the side with the numbers summing in the lower right hand corner.



An accurate SAM chart, better than any other analysis, provides a snapshot of where you stand relative to your competitors and therefore highlights areas where an effective strategy could provide short-term growth.

- **Trends** (1 Slide) List trends that are impacting the customer's business. These could be competitive, regulatory or technology oriented trends. The purpose for listing these trends is to provide context for the Objectives in the plan. Specifically, Objectives should tie to these trends, i.e. they should reduce risk or leverage an opportunity.

Key Point: *An overview providing an introductory view of the customer is required to provide context and provide a baseline of information given the broad audience that will see the plan.*

Objectives, Strategies and Tactics

This section will start by defining the terms Objective, Strategy and Tactic as these terms are used quite differently across the literature. For our purposes, these terms are defined as follows:

- **Objective:** A statement of purpose, a target or goal. Objectives must be measurable. By contrast, a strategy describes how the objective will be obtained. When choosing objectives, think clearly whether a potential objective is really a strategy, as the distinction can be somewhat subjective.

A good guideline is that an objective is broad enough to require a number of initiatives or strategies to be implemented. For example, getting a design win for a new product for which the customer has never engaged your company may be a good objective, as you'll need to execute several strategies to win business in a new category.

The trends identified in the overview are a potential source of Objectives. You should also visualize how you want to be positioned in the account at the end of the planning horizon relative to the trends presented in the overview as a crosscheck to the proposed objectives.

- **Strategies:** Strategies are those specific initiatives that achieve the Objective. For example, under an objective to improve operational execution, strategies might include implementing an inventory management program or developing a program with the customer to better manage product returns. Like objectives, strategies must be measurable.
- **Tactics:** these are the collection of specific actions or tasks required to implement a specific strategy. A tactic states the specific deliverable, who will do it and when it will be accomplished.



Key Point: *To crosscheck that the right objectives are in the plan, visualize where you want to be with the customer at the end of the planning horizon vs. the trends presented in the introduction.*

A simple analogy to summarize the relationship between objectives, strategies and tactics is to think of scaling a wall. Choosing the objective is the act of choosing which wall to scale. Strategies are choosing the right tools e.g., ladders vs. ropes, path of ascent, etc. And finally, tactics are the physical activities required to climb the wall.

Good Objectives are Win/Win for you and the customer. To ensure Win/Win Objectives write them from the customer's perspective by asking the question "What kind of supplier does this customer want us to be?".

Figure 1 presents a sample plan objective (from the customer's view) with supporting strategies.

The slide features the InSite logo in the top left corner. The title "Operational Improvement" is centered at the top in a green box. Below the title, there is a list of four items:

- **Objective:**
Improve operational metric on customer's scorecard from yellow to green by ___. Customer's costs to source product and repair product will decrease. Improved operational support will increase our share of business.
- **Strategy #1**
Improve performance to customer requested ship dates to 90% monthly through implementation of a value added inventory program.
- **Strategy #2**
Develop jointly resourced program with customer to reduce Product Returns to less than 1%.
- **Strategy #3**
Improve responsiveness by launching a customer portal providing access to order status and tracking information.

Figure 1- Sample plan slide with an objective and supporting strategies

Tactics should be presented in a slide behind the Strategies. Tactics by definition are measurable, with an owner and date for completion identified.



STRATEGIC REVENUE PLAN

The Sales and Marketing teams work together closely to build the revenue plan. The revenue plan requires consolidation of three views:

Current Production

Start with the current approved forecast and extend it to the end of the plan time horizon building in the assumption that the revenue stream will increasingly decline in time. This forecast will include the baseline revenue from products currently qualified and in production and include new business in the Design Win funnel forecasted to close and ramp into production.

Of course, this current production revenue will decline over time and this will need to be factored in to later quarters. For example, if the quarters beyond your four quarter forecast have historically needed to replace about a third of the business each year to keep revenues flat, a reasonable assumption would be to reduce those out quarters by an average of about 8% per quarter to the end of the plan period. This current production forecast provides the foundation upon which the next two views are added.

New Business from the Existing Product Portfolio

The second view includes new business wins from products currently in production but not included in the current production forecast. New products must be resourced and have launch dates published internally. The Design Win funnel is the source for these numbers.

Obviously, these numbers will carry higher risk than the current forecast numbers given they are farther out in time.

Strategic Products

The third and final view includes revenue from products not currently on the product roadmap. This view includes products with a reasonable technology fit but which are not currently resourced.

Given that the charter for the product roadmap lies with Marketing, they should own this section of the revenue plan. The product ideas and numbers should align with the Marketing plan and in that sense Account Plans provide an excellent cross check to the plan.

This view has the potential to generate very productive discussion when the Account Plans are presented to management. Any conclusions reached can then be folded into the company's product development process.

When reviewing plans, keep in mind that these are the highest values in the forecast.

Key Point: *The Strategic Products portion of the revenue plan will generate meaningful discussion during review of the plan, as it will propose new, high leverage products not currently in the product roadmap.*

These three views are added together to provide the Strategic Forecast. Figure 2 below shows an example summary view.

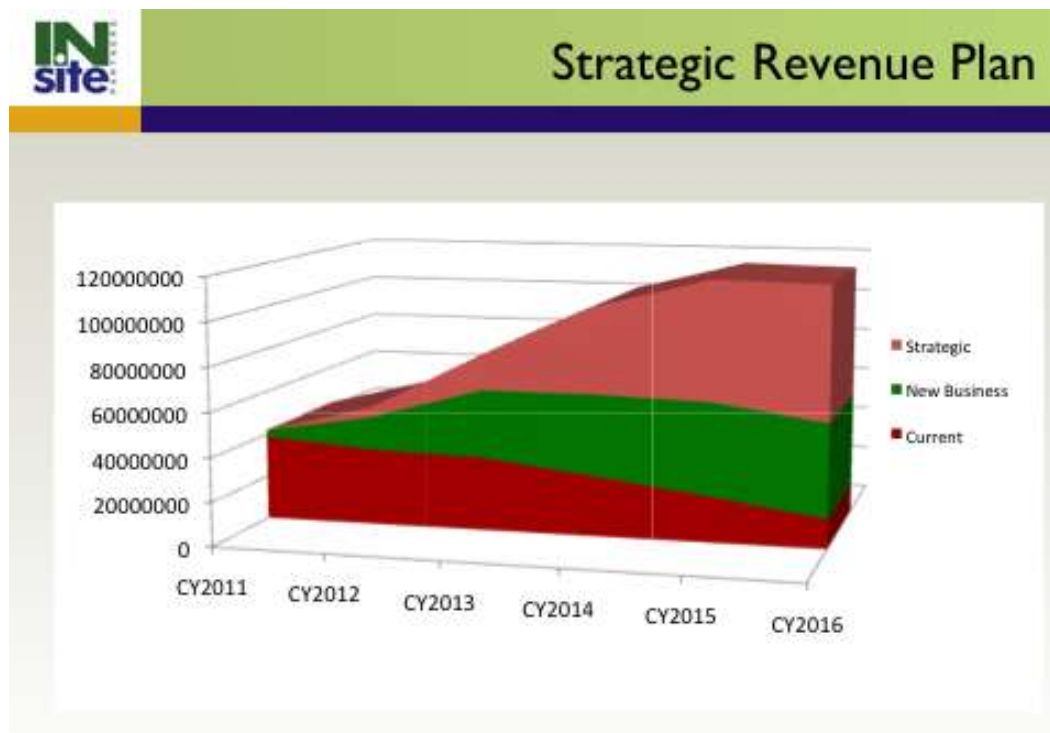


Figure 2 Example Strategic Revenue Plan Summarizing the Three Views of Revenue

Figure 2 provides only the shape of the revenue plan. The plan assumptions and more importantly, the call to action to resource these new initiatives should be provided in a few slides behind this graphic.

DEVELOPING THE PLAN

Given the importance of Strategic Account Plans, you need to manage the overall process. These plans are a lot of work and your direct involvement will underline the importance of the process to all of those who will put in the many hours required to build them. Also, you'll certainly have some teams that will struggle so you need to be available to "unstuck" them when they run into difficulty.

Executive Alignment/Process Kickoff

You should present the objectives of the planning process to the Executive team to understand their issues and gather their support. Dates should be selected for the final plan reviews so that these can be presented at the team kick off meeting.

With the Executive team aligned, teams are chosen, trained, and the process launched. The



Account Manager is designated as the team leader and is responsible for managing the development of each plan. In addition to the marketing team, who will be directly involved, team members should be added from other functions as needed. For example, if you're confident that there is opportunity to improve the position in the account by improved execution, operations should be added to the team.

You should present expectations for content and timelines at a kick-off meeting. Make sure everyone comes away with a clear understanding of the difference between objectives and strategies and what must be included in the Strategic portion of the revenue plan. Don't miss the opportunity to generate some "positive tension" in the team by providing the final presentation review dates.

Key Point: *This process will generate tension. Immature managers will try to "smooth" that all away, good managers won't avoid it, and great managers will figure out how to channel the heat from that friction into energy to push the company forward.*

Plan Development

The Objectives, Strategies and Tactics (OST's) and Strategic Revenue Plan should be developed in parallel. As mentioned above, the Account Manager should manage the overall project and take ownership of the Overview section and the OST's. In parallel, Sales and Marketing team members should jointly develop the Revenue Plan, with Marketing owning the Strategic revenue view.

You must have regular reviews along the way to identify teams that are struggling. Hold a formal dry run of the presentation prior to the Executive review. In addition to making final improvements to the plan, it will build the team's confidence for their presentation to the Executive team.

Key Point: *Regular reviews of the draft plans and enough dry runs to resolve issues are critical to help teams that are struggling.*

EXECUTIVE REVIEW AND ALIGNMENT

Strategic Account Plans will be a formal part of the corporate planning process. They will be used to inform other functions of the company about customer issues. In addition, the Strategic Account Plan needs to be informed by functions in the company. Presentation of the plans should be scheduled so that new initiatives and product ideas are folded into the corporate planning process.

The presentation of each plan will require an hour to allow adequate time for questions. The most fruitful discussion will happen around the OST's and potential new product ideas. As always, action items must be published following the review.

After the plan presentation, with the team aligned, the plan should be presented to the Customer's Executive management. Customers appreciate the opportunity to have input



into their supplier's planning process. This is a great way to get validation and buy in from the customer.

The plans should be redone each year as part of the corporate planning cycle with a refresh at the six-month mark.

SUMMARY

Account Planning is an essential part of your sales management process portfolio as it provides a way to monitor progress of each Salesperson's overall customer set and allows for communication between the Sales team and management.

Two separate processes are needed to cover both the short and long term view of the business. Account Reviews are held monthly with a focus on execution to targets for the next 90 days. Strategic Account Plans align with the corporate planning horizon, usually in the 24 to 36 month range. Account Plans include important but often overlooked objectives such as building executive engagements and entering new product categories.

Strategic Account Plans involve all customer-facing functions and as a result create a corporate plan for that customer. Given these plans require a substantial effort, they should only be prepared for those few customers that are truly considered strategic.

With all of our key sales processes in place we will now turn to an important, but historically frustrating topic for many Sales Executives, that of Incentive Systems.