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The Moeller Group: Getting Closer to the Customer Puts the “Strategic” into Strategic Account Management

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Based in Bonn, Germany, the Moeller Group (Moeller) is one of the leading developers and manufacturers of electrical engineering and electronics automation components in Europe. The company focuses its activities in the areas of factory automation, building automation and systems engineering. With more than 12,000 employees worldwide, Moeller is represented in more than 80 countries with manufacturing facilities in 13 countries.

Moeller had the right idea for increasing its share of the estimated \$100 billion global market for automation and controls technology and services – get closer to the customer. Although a seemingly simple and straightforward goal, several course corrections were required to reach the desired outcome. Now the company has the right organisation, culture and internal processes in place to move from concept to reality. Early results are proving it is a journey worth making.

With an eye toward growth, Moeller's leadership team had decided to evolve the company's business model from component manufacturer to solutions provider. Moeller brought in German-based consulting firm IFAO to help guide the overall transition. Realising

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that re-engineering sales required specific expertise, IFAO brought in NewLeaf Partners, specialists in sales force transformation, to lead that part of the effort.

Centralising Sales Around the Customer

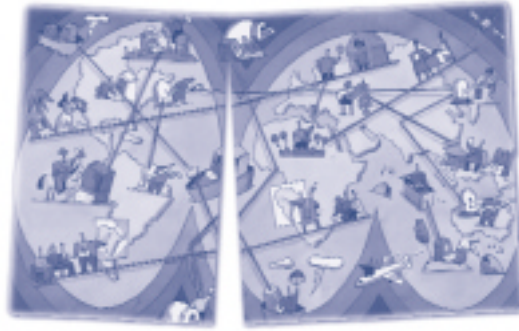
“We wanted to support the customer better and to find solutions that would help both our customers and Moeller succeed,” said Christian Grosse, Vice President, International Sales, Moeller Group. “The problem was, we began by thinking about managing accounts rather than thinking about strategic account

management. We discovered that there is an important difference between the two. One is more internally focused, while the other is more externally, customer-oriented."

Before engaging IFAO, Moeller had established a series of national accounts supported by account managers. However, there was one critical flaw in the way the organisational structure and job responsibilities were established: the customer was not the sole focus.

"The account managers had other responsibilities and duties that detracted from the true mission of serving the customer," Grosse recalled. "In addition, we really had not given our account managers the right level of authority and organisational structure to ensure their success. We had national accounts, but no way to interconnect them to support a multinational or global customer. For example, if a company had headquarters in the US, we had a US team but also a European team. There was a gap in our approach."

The lack of coordination created very real business issues, from pricing that varied from country to country to support for systems that were strong in some countries but non-existent in others. Acting quickly on this concern, Moeller and NewLeaf organised a multifunctional team representing members of all divisions to design a strategic roadmap to reach Moeller's destination.



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- Christian Grosse

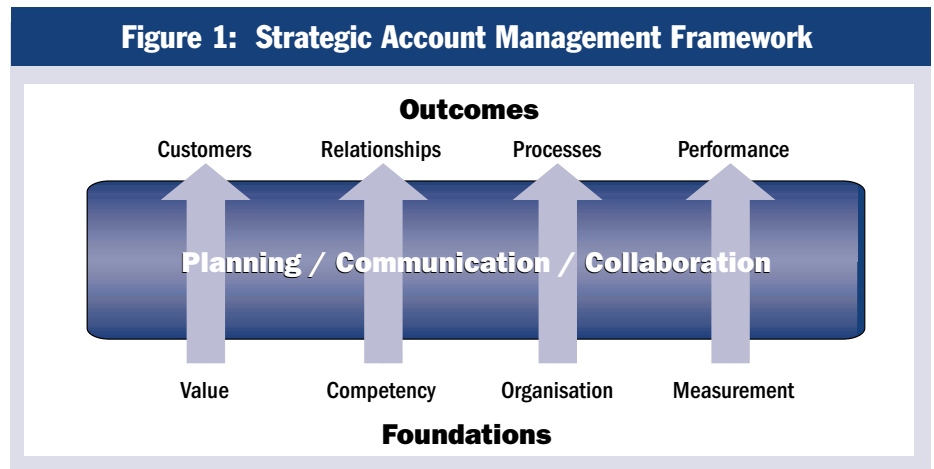
Adding "Strategic" to Account Management

After several intensive work sessions, the team recommended replacing the

national accounts organisation with a strategic account management approach integrating people, processes and activities to deliver a consistent customer experience. "NewLeaf helped us centralise all our thinking around the customer," Grosse said. "We changed the organisation again, and for the better. This time we established one strategic account manager reporting to an executive committee representing our three divisions. And we empowered this manager to direct account teams in different countries around the world."

The team designed a comprehensive strategic account management framework based on five components (Figure 1) and

conducted a pilot for two of Moeller's global customers. The five components represent the drivers and outcomes the team believes are fundamental to SAM success.



First Things First: The Customer Connection

- Identify and select customers to be designated as strategic accounts
- Define the value proposition Moeller's SAM will offer customers

The first component focuses on the customer – selecting the right customers to become strategic accounts and understanding the value that must be delivered to satisfy these customers. To build a successful foundation for Moeller's SAM programme, the team designed and deployed a formal Customer Prioritisation Process.

In this process, Account Attractiveness Criteria such as size, growth rate and reference potential are scored along with Critical Success Factors (factors considered of utmost importance from both a customer and a competitive perspective). Results of this analysis are plotted on a Customer Prioritisation Matrix (Figure 2) that compares the attractiveness of the customer with Moeller's ability – especially relative to competitors – to satisfy factors that the customer perceives as critical to success.

Strategic Relationship Management

- Define the level of relationship Moeller wants to achieve with each customer and the value proposition Moeller must deliver to achieve it
- Identify, recruit and train people able to deliver that value proposition

The second component of Moeller's SAM infrastructure concerns establishing strategic customer relationships, which requires a unique set of skills and competencies. "We realised the need for a higher level of individual competency as we moved our

Figure 2: Customer Prioritisation Matrix

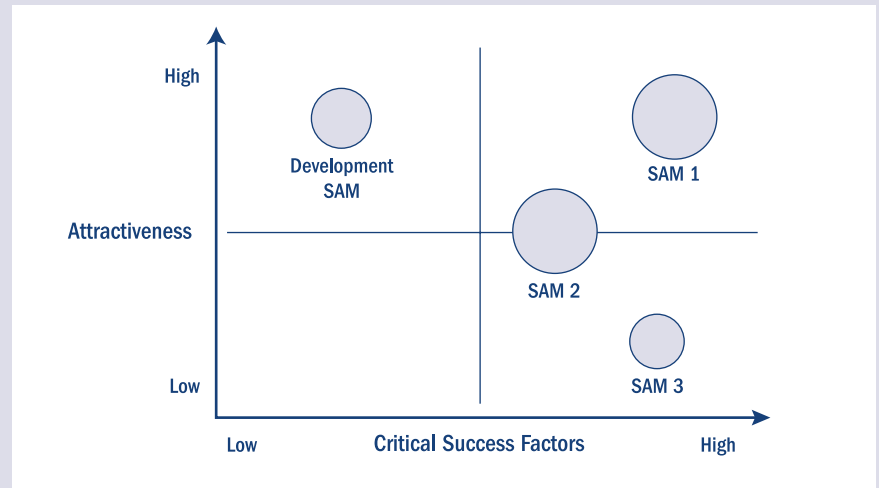


Figure 3: Sample Competency Map

SAMPLE COMPETENCY MAP			
Role – Rainmaker : The ability to find and create business opportunities.			
Mode of Behaviour	Competency	Mode of Behaviour	Competency
1) Business Person		2) Change Agent	
Financial Acumen	Understands and leverages financial concepts (shareholder value, ROI, ROA, cash flow, EVA) to establish "compelling events".	Business	Leverages knowledge of the change process to build solutions that align products / services with customer-defined value.
Negotiation	Routinely generates internal and external collaboration that results in lasting commitment.	Technology	Influences the change process to align technology with business needs.
Business Process	Understands and leverages process analysis tools like "value chain" to uncover opportunities.	Investment Justification	Can formulate a business case to support major technology investments that clearly articulate business value.

value proposition from selling products to delivering customer value," Grosse said. "Our salespeople must be capable of training customers on our products and services, as well as helping customers understand the return on investment of purchasing from us – a return that goes beyond price to

creating competitive advantage for them with *their* customers."

Moeller used NewLeaf's Sales Competency Assessment Model, a diagnostic tool that guides the creation of skills-specific Competency Maps (Figure 3). These customised Maps combine the best elements of a

behavioural-based job profile with the requisite personal qualities, skills and knowledge required by the most demanding strategic customers. Maps are based on current and future business conditions that impact sales performance.

Aligning the Organisation to Drive Processes That Create Customer Loyalty

- Create an organisational structure with strategic roles and responsibilities
- Define and implement SAM processes

The third component concentrates on aligning Moeller’s activities around enhancing customer loyalty and increasing account team effectiveness. The simple but powerful core process Moeller put in place includes:

- Analysis of the customer’s current situation and the account team’s position,
- Identification of the specific customer results required,
- A compelling strategy to get from current situation to desired outcome,
- An implementation plan that documents specific actions and responsibilities, and
- A measurement and improvement step that tracks success and identifies necessary enhancements.

Although following basic SAM steps, Moeller added a twist from the quality movement, reinforcing the process by developing and applying precise criteria for assessing planning sophistication. This establishes the foundation for continuous improvement of the planning process. Elements of this assessment included team involvement, executive involvement and customer involvement as well as use of data (see “Strategic Planning” sidebar, above).

STRATEGIC PLANNING

Systematic planning is essential to successfully executing a SAM system. To achieve this, Moeller is implementing a rigorous planning assessment process to guide strategic account managers and their teams in managing planning performance.

The planning process has been broken down into 15 core activities. For each activity, three levels of proficiency have been defined. Moeller uses a Planning Competency Matrix (Figure 4) to map Account Team members’ levels of proficiency against critical planning activities. Proficiencies are measured at three levels: Beginner, Intermediate and Specialist.

Figure 4: Planning Competency Matrix

Planning Activity	Beginner Proficiency	Intermediate Proficiency	Specialist Proficiency
Prioritisation of Opportunities	Able to list opportunities and identify “best few.”	Accurately describes “best few” opportunities in terms of probability and revenue potential.	Has clearly defined opportunities documented with revenue projections.
Involving Customer in Planning Process	Uses customer data to formulate the plan.	Involves customers in the planning process.	Actively engages customers in strategy formulation and execution.
Gaining Insight Into Customer Needs	Uses anecdotal information (trip reports, customer visits) to formulate the plan.	Conducts specific research into customer needs (customer interviews, surveys).	Understands target prospect’s value chain.

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The Performance Mechanism: Measurement, Discipline, Consistency

- Implement a measurement system that reinforces goals and translates strategy into action
- Use measurement to monitor and continuously improve performance

The fourth SAM component concentrates on optimising the quality of Moeller’s processes, competency development and SAM tool usage. Moeller’s measurement system monitors the value drivers for long-term strategic account management performance including relationship management, account planning sophistication, customer satisfaction, share of customer spend, revenue, profit and internal

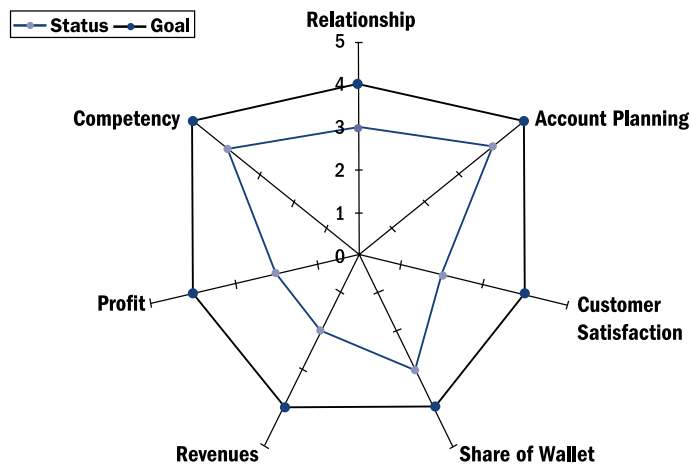
competency development. (Figure 5, page 6).

Putting It All Together: Strategic Planning / Communication / Collaboration

- Establish a culture committed to strategic planning, open communication and proactive collaboration
- Deploy a robust IT system that increases account team productivity and effectiveness by providing relevant, real-time information

The fifth component is the all important “glue” that integrates and empowers all the other elements – strategic planning, open and clear communication (both within Moeller and with strategic customers) and ongoing collaboration – all enabled by a

Figure 5: Moeller Performance Measurement



robust IT infrastructure that delivers real-time access to critical information.

Lessons Learned

Looking back, Moeller has found the experience of building a strategic account management infrastructure a challenging and rewarding one. "Lessons learned," Grosse reflected. "Oh, yes, there were several."

- Communicate openly and often with the customer, gaining and using feedback along the way. Moeller shared each phase of the evolving SAM approach with pilot customers on a real-time basis. One global executive was so impressed with Moeller's Customer Prioritisation Process that he invited Moeller to help his company create a vendor evaluation process.
- Empower the SAM organisation. Moeller has created a strong coordinator role for the strategic account manager, but also decentralised power to those closest to the customer. It is a delicate balance that requires exceptional teamwork

and collaboration to make best use of resources while delivering the highest levels of customer value.

- Develop a precise implementation plan with clear payback projections. Moeller carefully thought through the benefits of moving to a SAM system and clearly communicated the plan, schedule and expected results both within Moeller and to strategic customers.
- Use pilot customers to refine the rollout. Moeller wisely began with two customers and worked closely

with them through the full cycle of strategic interaction, applying what they learned as they went along. This kept resources from being constrained and ensured the company's ability to react quickly to any needed revisions without widespread impact to customers.

The Payoff: Accelerated Revenue and Innovation Via Customer Alignment

Although in the early stages of implementation, Moeller is already experiencing the benefits and impact of strategic account management. By leveraging Moeller's global standards-based products to support one customer's expansion into the US market, Moeller was able to help that customer accelerate revenue significantly, in just the first stages of the strategic relationship.

Moeller is finding that investing in strong customer relationships creates another unexpected but welcome return. The company depends on indirect channels for some 40% of its business worldwide. As a rule, retailers do not pressure suppliers to improve or innovate. They simply move on and do business with another supplier.

"We have found that, by aligning




One global executive was so impressed with Moeller's Customer Prioritisation Process that he invited Moeller to help his company create a vendor evaluation process.

closely with our customers, they are giving us hints and input on how best to develop ourselves," Grosse said. "It is stimulating us to develop components and solutions that are really new and revolutionary, and that are marketable for other customers in other markets, as well."

Long-Term Vision

Moeller envisions many benefits from its new SAM approach. "Short term, we want to become a true partner with our pilot accounts," Grosse said. "We want to develop a strong relationship in which we know where the account needs to go and are asked to help – for example, when the customer wants to make an organisational change or start an operation in a new country.

"We also want to get our entire organisation directed toward strategic customers so that, in every Moeller sales location, the customer is known, the customer is valued and the customer is supported far better than by any of our competitors." 

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QUICK TAKES

THE SWEDISH MARKETING FEDERATION AWARDS STORBACKA

On the 1st of October 2001, SAMA member Kaj Storbacka and colleague Jarmo R. Lehtinen received an honorary award from the Swedish Marketing Federation in the Federation's annual "Best Marketing Book" competition. The Swedish Marketing

Federation promotes effective and ethical marketing. It concentrates on comprehensive issues, such as legislation, internationalisation and education.

The Best Marketing Book awards were granted at the Federation's annual seminar held in Stockholm on October 1st, 2001. Storbacka's book, "**CRM Customer Relationship Management - Leder du dina kunder eller leder dina kunder dig?**" was the first foreign book to ever receive the prestigious award. "Around 50-60 marketing books are published every year by Swedish authors," Marianne Reuterskiöld, the CEO of Sweden's Marketing Federation, explains. "In the past years we have only awarded domestic books, primarily because strategies created for other markets are often unsuitable for our small domestic market. In Storbacka's and Lehtinen's book, the concept of CRM is enlightened in an exceptional manner. The book is theoretically very well proven as well as a first-rate practical guide.



Therefore, we decided to step out of practise and give it an honorary award."

The Finnish version of Storbacka's and Lehtinen's book also won Finland's most notable Business book award, the Pro Oeconomia, in 1998 and has so far sold over 9,000 copies in Finland. The book deals with the latest trends of customer relationship management and adding value within customer relationships. It has previously been published in Finnish (1997), Estonian (1997), French (1999), Flemish (1999), Swedish (2000) and English (2001). The English version of the book is called "**Customer Relationship Management – Creating Competitive Advantage Through Win-Win Relationship Strategies**" and was published by McGraw-Hill in August 2001.

CRM Group and SAMA are jointly organising a Best Practice Forum in Stockholm in February 2002. Also, see their story on Client Management at a Finnish airline company in this issue of Focus: Europe (page 13).