

Oneness

A research study by Critical Path Strategies, Inc.

April 2003

A CPS Research Study Conducted in
Conjunction With:



Filigree Consulting
www.filigreeconsulting.com



Abstract

Critical Path Strategies and Filigree Consulting conducted an assessment of emerging best practices associated with increasing the coordination of communications and improving overall relationships with strategic accounts. These “oneness” efforts are being pursued in a number of ways and at multiple levels, but study participants overwhelmingly believe the efforts are contributing to improved results.

In-depth interviews were conducted with sales and marketing professionals at companies that are most likely to be creating and using these oneness programs. In addition, some of the participants also facilitated interviews with one of their key customers.

This allowed the comparison of common and divergent views about the value of these programs from clients’ perspectives.

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Scope of Study

Participants

A wide spectrum of sales professionals including Strategic Account Managers (SAMs), sales executives, and strategic account and oneness program owners from 22 companies participated in the study.

Industries

- Industrial/Manufacturing
- Information Technology
- Communications
- Finance
- Services
- Other Sectors

Partial List of Companies

Responding

- BC Components
- Chevron-Texaco
- InFocus
- Morton Salt
- Motorola
- Eli Lilly
- De la Roche
- Ondo-Nalco
- Marriott



Introduction and Methodology

Coordinated customer communications and working to strengthen key client relationships are certainly not new ideas. Integrated Marketing Communications (IMC) and other marketing management concepts that facilitate these goals have been around for decades. Sales professionals have also pursued these goals at a personal level. Recently, however, the application of these concepts by the entire selling organization function within a company, in a coordinated fashion across a specific strategic account, has received considerable focus.

The desire to work more closely with strategic customers can be attempted in so many different ways it is hard to put a name to the concept. Coordinated customer communications, joint planning, coordinated listening, or joint research and development are just a few of the possible approaches. For simplicity and brevity, the term we will use in this report to represent these concepts is “oneness.”

To address the complexity and sensitivity of this topic, in-depth phone interviews were conducted with 22 participating companies in 4Q 2002 and 1Q 2003. These calls were on average 55 minutes long. The following is a high-level characterization of the participants:

- Most participating companies were global enterprises and most programs involved coordination of sales efforts for a client across multiple continents.
- Participants were mostly from large companies. Half the businesses had over \$5 billion in sales, and there was fairly equal representation within the smaller categories of under \$250M, \$250-499M, \$500-999M, and \$1-5B.
- There was heavy representation in the Industrial/Manufacturing sector (63%) including many Chemical and Pharmaceutical companies. The Information Technology sector represented 16% of participants. Communications, Finance, and Services industries were also represented.
- Participants held a variety of positions including Strategic Account Managers (SAMs), sales executives, and strategic account and oneness program owners.
- Over 75% of the participants had a specific oneness program in place, or a program that had these efforts as a key component. Most programs were fairly young with only one being more than five years old and 20% being less than two years old.

The participants in this study were very generous with their time, and in all cases were extremely open with their input. Because of the sensitive and strategic nature of the research topic, at times participants could not discuss some issues even with their confidentiality ensured.



Research Perspective on Oneness

In 2002, Critical Path Strategies (CPS) began a program of research studies into the key issues faced by high-level sales executives in managing their strategic relationships. The initial study, dubbed “The Chief Sales Officer Agenda,” resulted in a model of the major elements of the sales executive’s role (Figure 1.)

The participating sales executives identified the delivery and recognition of value as being their organizations’ most critical activity. Thus, “Account Management Execution” (AME) consisting of customer plan development, communications, and execution appears at the top of the model.

In response, CPS added a more granular model of Account Management Execution (Figure 2.) This model, which can be accessed at www.cpstrategy.com/ame.htm, includes a self-assessment tool. Interested readers might find significant value in completing this self-assessment to learn how their AME efforts compare to the several hundred assessments completed to date. CPS’ white paper on the AME results can be obtained online at www.cpstrategy.com, click on Resources, then White Papers.



Figure 1. CPS Chief Sales Officer Agenda



Figure 2. CPS Account Management Execution



The Oneness Project

Subsequent to the CSO Agenda and AME research, the oneness research project became a logical next step. At the top of the CSO Agenda is Account Management Execution and at the top of AME is Value Creation and Recognition. These elements of the AME model are fundamental to achieving a successful oneness effort.

The earlier work done on the CSO Agenda and the AME Model has yielded significant results. The work on oneness is, by nature, more qualitative. This is attributed to the nascent nature of oneness programs, the lack of significant literature, the resulting lack of stable definitions for terms and concepts in this area, and the lack of apparent need—until recently—to measure the specific results being achieved by these efforts.

The participants represented some of the pioneers in the implementation of oneness programs. From them we learned several key elements of successful oneness efforts, and one overriding concept: ***Oneness is all about value: recognition, exchange, and creation, and generally moves through these stages.***



Selection Criteria

Some participants have no defined means of selecting which clients will be part of their oneness program. It is mostly a matter of which customers have historically generated the most revenue. However, the majority of programs have specific factors they consider, or even a formal selection process. The criteria used is often an indivisible combination; for example, a company's ten largest clients that operate globally. However, this discussion addresses the discrete selection criteria identified.

The most commonly cited factor is whether a client is doing business on multiple continents. Some companies require that they be an existing customer in multiple geographies, whereas other participants include customers who just show this potential. Revenue potential is the next most common criteria. In companies with informal selection criteria, share of wallet is a more common requirement. Needs compatibility is also often considered. This takes several forms including common goals, mutual dependence, and ability to create mutual value, but is usually an assessment of whether a client's needs are a good match for the company's offerings.

Less commonly, participants include all customers of a certain size in a given segment. This criterion is normally used by participants that sell very expensive capital goods to markets with a limited number of clients. Some participants also use a client's support requirements as grounds for selection. This criterion is always combined with at least one other requirement that allows participants to

gauge whether the extra or unique support needed by a client has a justifiable ROI. Finally, as perhaps the ultimate combination of support requirements and needs compatibility cited above, some participants select based on a client's propensity to do joint research and development. At times this joint R&D is viewed more in terms of its offer development potential, or the client's ability to influence others in their industry, and this in itself is enough for selection.



Evolution of Oneness

Several participants shared their experiences on the evolution of oneness efforts, describing the transformation of the customer/supplier relationship as their oneness efforts demonstrated impact.

Initial State

In the basic state, buyers and sellers are bound together by a set of buyer's needs and seller's value propositions that, hopefully, mesh (Figure 3.) In formalized relationships, the account team and decision-making units of the two companies engage on a topical (buying/selling) basis. In less formal relationships, the sales representative acts as a liaison between the two companies. The relationship is based on the ability of the buyer to state or reveal their needs to the seller, and the ability of the seller to correctly perceive

those needs, build an appropriate value statement, communicate it effectively, and deliver it.

These relationships may have elements of ongoing account management applied, they may have loyalty programs associated with them, they may have a mechanism for architecting appropriate solutions provided by siloed business/development units, and they may be measured and managed on the basis of customer satisfaction. But they are not generally described as exhibiting a high degree of "oneness."

Progress in developing the relationship (to the extent desired) is predicated on the **buyer's recognition of the value** delivered by the seller. The recognition of value is an important step toward a deeper relationship. At this point, some relationships will begin to show key elements of

partnering: trust, a shared (but limited) vision, and recognized mutual benefit.

A defining characteristic of this broad spectrum of relationship states is that the thematic content of the information exchange at this point (the topic or dialogue) between the buyer and seller is buying and selling; it's about **value exchange**.

Transition State

As relationships transition, buyer and seller begin to automate value exchange, reaching into their provisioning, supply chain, and financial processes. Some participants discussed situations where the seller company developed an interface from its internal development organizations (e.g. product or service development) directly to the buyer's company, further enhancing information exchange.

This may happen to some extent in the initial state.

But the signal of change toward oneness is that the topic is changing. The dialogue is about ways to add value to each other's customers (internal or external), and

how to expand mutual benefit as partners. This signals the beginning of value creation (Figure 4.) The partners have begun innovative joint thinking about how to achieve mutual benefit. Metrics begin to change from "how much value is traded and recognized" to "how efficient and effective is our integration?"

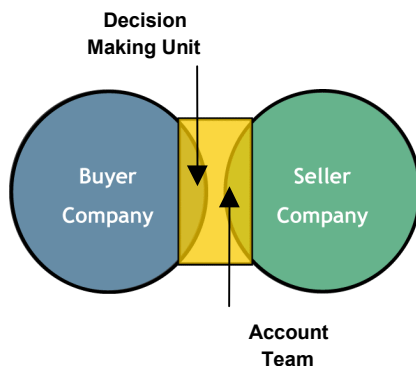


Figure 3. Initial State of Buyer-Seller Relationship

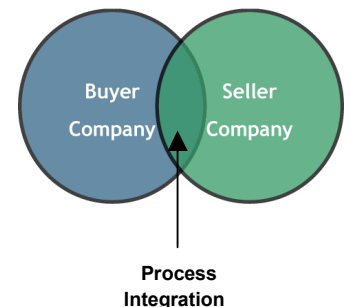


Figure 4. Transition State of Buyer-Seller Relationship

Evolution of Oneness

Oneness Achieved

As organizations approach oneness, communications effectiveness and information exchange may continue to expand the possibilities that the partnership can address. At this time, the buyer and the seller come together forming a virtual business (business virtualization.) *The focus of the relationship is forming value for a third group*

(Figure 5.) This may progress no further than servicing the needs of a stakeholder group (or groups) within one or both of the partners, or it may focus on delivering value to external stakeholders.

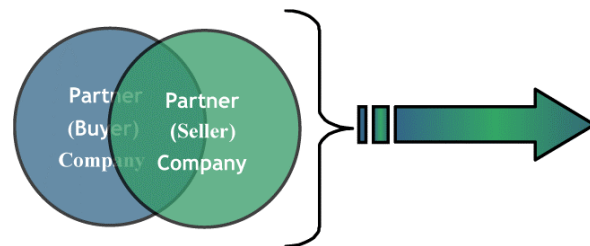


Figure 5. Combined Value Proposition and Net New Value Creation

Generally, participants do not perceive that “attaining oneness” requires a partnership focus on external customers. This may depend on the focus of the buyer initially. The buyer’s “customers” may be internal. Further, not all relationships have significant potential impact on external customers. Where such opportunities exist, they are facilitated by enhanced exchange of information. **The highest degree of oneness occurs when value creation is maximized.** This usually involves significant integration, virtualization, multiple layers of trusting culture, integrated planning, and an expansive shared vision, resulting in exponential mutual benefit.

Oneness Project Insights

The oneness project produced a number of worthwhile insights. Sound input was collected on:

- Oneness best practices
- Inhibitors
- Enablers of success
- Metrics of success

Oneness Best Practices

While this study was specifically about trends in oneness, it was not a surprise to see that many participants consider oneness an integral part of their Account Management Execution (AME) efforts. Indeed the type of actions being taken to increase oneness may be very indicative of how evolved the participant's company is in AME. Participants were asked about programs in place and actions being taken without regard to the underlying motivation or justification. The best practices cited by participants to improve oneness are included in this report even when they were established for other reasons or are creating benefits beyond oneness.

Although not usually cited as the most important part of oneness programs, the most common practice mentioned by participants involves the **improvement of internal communications**. Normally this effort focuses within the extended sales team on a specific account. Programs that have been in place longer or that are more formal tend to include other parts of the company in this internal communication. The additional departments most frequently mentioned included Research and Development, administrative functions including Accounting, and other support functions such as Technical Support, Corporate HQ, and Marketing. Many

programs include infrastructure tools beyond the company's e-mail system to facilitate this communication. For example, some **account management tools** include functions that allow specific topics to be tracked and contributed to by subsets of the extended team. Elaborate rules granting read, write, and deletion rights to this information are in place with a few participants. These systems often include customer profile information at greatly varying levels of detail and currency.

While most participants in this study have sales responsibilities, a surprising number of them mentioned **joint offering development** as a key best practice of their oneness programs. Research and Development's participation with their clients is seen as a great means of promoting oneness. Closer collaboration in creating offerings, even without R&D's involvement, was frequently mentioned.

Program directors and participants are very pleased with the many ways in which they are doing joint planning with customers. This joint planning takes many different forms. In most cases, it is as simple as just **agreeing on mutual priorities**. However, this mutual expectation management is often formalized in a variety of ways including Service Level Agreements, customer satisfaction monitoring and review, and other metrics such as joint project timetables.

Whether it is a part of this joint planning with customers or not, **coordinated internal planning** was a frequently cited best practice. As with internal communication, the number of departments that participate in this planning varies greatly. In most cases, this is a function performed within the global sales team with ad hoc



Oneness Project Insights (Best Practices)

inclusion of other departments. However, some participants formally include other departments in these efforts. While the content of joint planning varies, the coordination of sales efforts around complex opportunities (multiple geographies, decision makers, decision cycles, or offering components involved) seems to be the most common activity. **Customer needs analysis** on its own, or as the first step to this opportunity planning, is also prevalent. While this planning clearly is being pursued for other reasons as well, it is seen as a key means of ensuring coordinated communication and action to enhance oneness.

Executive involvement was mentioned in several forms. In some cases, the executive involvement is only apparent internally and includes granting the resources and authority necessary to allow programs to be successful or being available for escalation of issues. In many programs, top executives are also very visible with customers, conducting peer-level customer meetings to demonstrate commitment and ensure that client needs are being communicated and considered at top levels.

Having the **authority to fix problems** that span silos within an organization is an important oneness tenet. At times, this capability is a function of easy access to executives as seen above. In other cases, authority or empowerment is granted at the SAM level. In any form, the ability to solve issues such as inconsistencies in pricing and channel conflict is seen as a best practice. Related to the authority to fix problems, but perhaps too obvious for some participants to mention, is the practice of putting customers first and being in a position to do what is right for the customer.

The ability to **hire the right people** to pursue oneness efforts, or to train existing team members in these skills, is the last of the practices commonly mentioned. Normally the focus on hiring the right person pertained to program leaders or SAMs. The **training for skills gaps** focus was normally at the SAM level and below. Skills that are seen as important to further oneness efforts include industry knowledge, technical and product knowledge (of both companies' offerings), ethics, and communication tactics. While education is important, an entrepreneurial spirit and the ability to just "drive things through" often are seen as innate abilities that the right leaders for the job would have to possess. In at least one case, a participant's clients have veto power over who is selected to be their representative.

In addition to having the right people on teams, it is critical that team members have enough time to make a difference. Therefore, **team stability and taking a long-term view** on team assignments are viewed as best practices.

While there is no common view of what the right sales structure is, it is clear that some programs have put a lot of effort into **optimizing team structures**. In some cases, this meant creating a matrixed organization to counteract issues with organizational silos. In other cases, it meant moving away from matrixes as a means of providing teams with more power.

As would be expected among global organizations, efforts to create **global measurements** were frequently mentioned. In some cases, this is being done mostly as a means to gauge progress and



Oneness Project Insights (Best Practices)

justify resources. In others, the compensation of all team members is tied to their account's global performance.

Finally, the effective use of **customer communication tools** is seen as a best practice. For example, newsletters and extranets set up just to communicate on the work between the supplier and a specific client are in place in some of the larger programs. Most programs have a specific name and there are apparent branding efforts to demonstrate the importance of the program. These communication tools can also help counteract the distortion inherent in verbally delivered messages being passed through several organizational layers.

Best Practices Summary

Best Practices cited varied with the age and formality of the programs and included:

- Improvements of internal communication
- Account Management tools
- Joint offering development
- Agreements on mutual priorities
- Coordinated internal planning
- Customer needs analysis
- Executive involvement
- Authority to fix problems
- Hiring the right people
- Training for skills gaps
- Team stability and long-term account assignments
- Optimized team structures
- Global measurements
- Customer communication tools



Oneness Project Insights

Inhibitors

Inhibitors to program progress were identified at several layers. Participants were asked to name what they consider to be their greatest current inhibitors to oneness progress.

Issues tend to revolve around aspects of the program itself, or more commonly, obstacles sales teams face in using the program. In the area of obstacles faced, the most common inhibitor cited is an **internal resistance to change**. While this factor takes varied forms, it is normally seen as resistance to changing existing sales engagement models that are often “siloeed” on the basis of geographic or product line considerations.

A **lack of common processes** within teams was cited as often causing issues. For example, there might be a lack of understanding or agreement on what types of opportunity and threat information need to be shared across the team. A number of participants expressed concern about a lack of budget and other resources to staff or train teams in a manner that allows plans to be pursued as envisioned.

At the program-owner level, the most frequent inhibitor is **lack of adequate budget**. The current economic climate often means that programs are being scaled back, or are not growing as planned. Along with the economic climate, programs are also being pressured by unrealistic expectations of what can be accomplished short term, or the inability to show clear progress due to a lack of metrics.

Facilitators of Success

What is one person’s facilitator may be another’s best practice, especially with time and more program structure in place. So while some of the following factors have been touched upon already, they are

reported on here as facilitators identified by participants.

A wide range of facilitators was mentioned. It is not possible to tell how much participants were truly benefiting from different factors or just recalling different ideas from a fairly common pool. Given the plethora of factors seen, there may be new ideas for many companies to explore. Of course, not all facilitators are controllable, at least in the short term, and some may be necessary conditions to attempt a program. However, many do appear within the control of a program leader or an individual Strategic Account Manager.

Senior executive support and involvement

was most commonly mentioned, and is seen by many participants as a key facilitator. The respondents cited as critically important that the company leadership acknowledge and articulate long-term value of the program. Next is a **well-articulated value proposition**. This was cited both from an internal and external perspective. Internally, a value proposition coupled with strong improvement metrics—for established programs—is important in being able to secure resources and other support.

At program formation, or for participants with young programs, a **good understanding of customer needs** and the **involvement of clients** and customer teams in the creation and evolution of programs are seen as critical. The **economic climate**, whatever its state, is often seen as a driver or facilitator for program inception. In bad times, it allows people to change because old styles are no longer working. In good times, these programs are seen, among other things, as the best means possible of winning the largest opportunities available.



Oneness Project Insights

Finally, an **environment of sharing information** is seen as a key facilitator. This takes many forms within and between sales teams. At times this is as simple as making sure that SAMs get a chance to share their ideas and experiences amongst peers and with other parts of the company. In other cases, this sharing of information is supported by large infrastructure investments. Good **internal publicity** for the program and a **long-term view** of what it is to accomplish are seen as useful.

Metrics of Success

Participants, even those with very formal programs, express great difficulty in their efforts to gauge success. Many participants cited a focus on measurements as an important next step in order to justify requested program expansion or to reduce threatened program cutbacks, but have great difficulty in doing so. When measurements are done they are often less than comprehensive, but fall into specific categories.

By far the most common measurement of success is **market share** or loyalty as defined by "**wallet share.**" **Profit and Gross Margin** are also common measurements despite difficulties in measuring across an enterprise. **Total Revenue** is often used as a measurement by participants with less formal programs. **Growth rates**, measured in a variety of ways, is cited by participants from smaller companies and those with newer programs.

A variety of innovative approaches to measurement are less commonly used. In some cases, **customer satisfaction** and **customer-defined success measurements** are key criteria. These criteria are bipolar in that they tend to appear in the young-

est programs where little else is in place, or in the most mature programs where these measurements are believed to be the only ones that ultimately matter. Another group of measurements deals in some form with **level of integration**. These include measuring levels of joint investment, relationship, and commonality of goals. These latter indicators are usually assessed on the basis of periodic ratings rather than with discrete measurements. Finally, in addition to measuring client profitability, some companies also try to measure ROI on the basis of **client team productivity or meeting multi-year forecasts.**



About Critical Path Strategies

Critical Path Strategies helps clients improve their competitive position by providing comprehensive consulting services to improve the effectiveness of major account sales organizations. Our portfolio of services addresses the strategic, organizational, and relationship issues that impact selling performance. Engineering successful sales teams the Critical Path Way enables clients to develop strong selling organizations, build high-value customer relationships, and accomplish strategic business initiatives. Our clients—emerging companies and members of the Fortune 500 alike—typically measure 100 to 500 times their CPS investment in revenue growth.

About Filigree Consulting

Filigree Consulting administered this study and performed the analysis of the results. Filigree provides custom research, project management, and research consulting for client projects as part of its focus on information-intensive industries. Filigree Consulting works with clients to help them align with key constituencies and build competitive advantage through fact-based decision-making.

Customer Interviews

To gain a client perspective on what aspects of oneness programs are most valuable and to gauge where there are areas of common and divergent views, participants were asked to assist in arranging an interview with one of their key customers. This was a sensitive request, however, many participants were willing to facilitate these discussions.

The customer discussions were somewhat limited in that only one function within a key customer was interviewed. Clearly, perceptions of a supplier vary within most customers; questions were posed to customer interviewees to probe for these varying perspectives.

Speaking to these clients also allowed some basic comparisons to be made between the sellers' and the buyers' perceptions. These comparisons showed a high degree of compatibility. This compatibility was often the result of the mutual efforts between individuals in two companies to get higher-level executives and their extended teams in both organizations to view the relationship and its possibilities in a new way. In the cases examined, the vision of new possibilities allowed the relationship to evolve such that the companies now work together in a very different manner. Frequently, the resulting opportunities are now viewed as joint projects. Participants were often surprised to learn that what was most valued about these programs by their clients was not high on their initial perceived exchange value list. For example, one client valued their joint development effort with the supplier mostly on the basis of the quality of the deliverable it allowed, not its lower price.

Summary

Although the concepts of oneness have existed and been applied at a macro and person-to-person level for a long time, their consistent application across a specific account is a relatively new, but increasingly important topic.

While companies are approaching their oneness programs in a variety of ways, almost all are pleased with their results to-date despite not yet having detailed justification metrics. Participants who have had programs in place the longest, with time to form a balanced view of their worth, see them as highly valuable and justifying the continued effort. In large part, the acknowledged value can be attributed to the fact that these efforts are appropriate at every stage of the strategic customer relationship. There is always a next level that can be achieved with a new set of appropriate activities. The high-level concepts outlined here, combined with strong account management execution, work as key facilitators to enabling continued evolution of the oneness initiative.

The participants in this study feel that oneness programs can help resolve or reduce the impact of a number of difficult issues such as overcoming a client's inability to articulate with clarity specific needs, or compensating for the problems created by the seller's own company. Given the difficulty of the issues encountered in complex organizational relationships and the level of effort required to address them, the attractiveness of investing in a oneness effort becomes apparent.

