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STRATEGIC ACCOUNT MANAGEMENT:

THE PATH TO GAIN CUSTOMER LOYALTY

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Abstract

The account management field works closely with the sales team, serving as the customer's primary point of contact. This project's purpose was to understand if shifting the account management from brand centric to customer centric, would be the best fit for a Portuguese Pharmaceutical company. This customer centric approach - Strategic Account Management (SAM) - was studied, understanding the implicated trade-offs to the company. The workforce was probed about the project and their comments were analyzed. The conclusion points to an implementation of SAM and proposes the adaptations to follow in order to smooth the change.

Keywords: Customer, Strategic Account Management, Pharmaceutical Industry and Trade-offs.

1. Introduction

As defined by the Strategic Account Management Association, Strategic Account Management (SAM) is a company wide initiative in complex, highly matrixed organizations that focuses on building strong and mutually beneficial relationships with a company's most important customers and partners. Implementing a successful program requires a firm commitment from senior management to ensure the necessary corporate and organizational shift has time to germinate within the company.

In response to increased competition in their markets, many companies moved from transactional-oriented marketing strategies towards relational-oriented strategies. They recognize that improved customer-supplier relationships increase customer retention and loyalty, allowing them to compete more effectively [1]. The spotlight of the change emphasizes partnerships and strategic alliances between customers and suppliers [2].

This study focused on the account management system of a Portuguese Pharmaceutical company. Its purpose was to understand if it made sense to upgrade the current approach to account management into a customer oriented approach, the Strategic Account Management. The survey results point to an answer pattern that correlates with the function performed at the company. Additionally, there is a general lack of knowledge about the SAM concept throughout the company. The study concludes that the company should proceed to the implementation of SAM, taking into account the contribution of the survey made to the company employees.

After understanding the association between customer retention and customer loyalty with company performance and shareholder value creation [3], academics have focused on studying account management as a way to implement long-term buyer-seller relationships. From this perspective, account management concerns the development of a customer-focused organization [4]. The company should therefore identify the potential accounts, set-up the dedicated resources and manage its interaction from a strategic point of view. Nevertheless, what seems to be a simple concept, of keeping the most important customers and selling more to them, becomes rather complex, especially when it’s time to develop a well-defined strategy or to implement the dedicated team for the account. The company can leverage on a previously established account management system and use it as a starting point to develop a customer oriented system.

To those accounts that represent an opportunity for cost reduction and profitable growth to the company, they might allocate a higher share of resources, in order to increase the value of the relationship for the customer and decreasing the likelihood for him to change suppliers.. By developing a clear focus on the customer the company might grow partnerships with the client, in which the objective is to create a competitive advantage and bring stability to the operations. In this sense, a long-term relationship requires special attention to the client through a better and dedicated service, or customer specific solutions.

It is also logic to think about SAM as a co creation of value [5]. The strategy implementation is decided at the company and envisions establishing agreed corporate goals. At the same time, it's necessary to deeply understand the customer's value creation process in order to identify business opportunities and that in turn influences the firm's strategy. The literature broadly conveys that the purpose of SAM is to create a sustainable competitive advantage by differentiating the company from competitors, that is, the customer no longer considers the competition as an alternative. In practice, an effective SAM implementation would put the supplier on a customer's short list and generate recurrent sales without the throbbing of going through competitive selection or bidding processes.

In sum, SAM is an enterprise-wide initiative seeking the development of strategic relationships with a limited number of key customers and focused on achieving business productivity that is long term, sustained, significant and measurable. It is not possible to provide this type of customized service to all customers, as it would require huge capital and time investments. An assessment of costs and benefits of SAM should be performed for each account, which poses some difficulties to the company. Later in the work project there will be a discussion regarding the guidelines for including (or not), accounts in the SAM program.

2. The implications of SAM

Understanding SAM as a way of doing business brings an array of implications. Firstly, the strategic process will involve building competence. Each strategic account will have different requirements and may need different services or solutions and this will make SAM an integral part of the **resource allocation** process.

A second implication regards the strategic character of SAM, as it must be addressed in the business development process because it will need to leverage on existing competences. In order to put forward a unique value proposition to each customer, the strategic account manager may need to use different **competences** within the company. For example, if the customer is experiencing an HR problem and the supplier has a terrific HR department with the experience and tools to solve it, than it can add the *unique value*.

The third issue to address in SAM is the **skillset** of the strategic account manager, far beyond those of a sales person. This specific function is often referred as a political entrepreneur, due to the strategic and relational side of the function. Many ideas are discussed in the literature regarding this subject [6] but ultimately it is important to remember that this person will be participating in shaping the business strategy through his competence and deep knowledge of the accounts [7].

Another greatly discussed topic in SAM is the **account selection** process, as it is difficult to build filters for the selection and to recognize which customers are driving the company's profitability not only today but in the future. The SAM Association defines *strategic accounts* as "complex accounts with special requirements, characterized by a centralized, coordinated purchasing organization with multi-location purchasing influences, a complex buying process, large purchases, and a need for special services". Naturally, selecting the strategic accounts is a cornerstone of building a SAM program. Research shows that account management performance is significantly related to the selection process [8], thus placing a huge importance on the topic. There is an array of possible selection criteria as the business strategic fit, which asks "Does this account fit into our strategic direction?" and business sales cultural fit "Can we work with this company? Do we have similar corporate cultures?" In order to maximize the fit between the firm and the account, there has to be consistency between two interacting organizations [9] and thus that should not be undermined by attractive actual business sales. Other metrics include potential financial viability, focus market leader or competition assessment.

The final implication is embedded on the **organization structure**. In order to build the strategic focus and commitment necessary to succeed in the SAM initiative, a clear commitment of top management is required. Also, the strategic account manager must be part of the executive decision process at the company and responsible for the minimum strategic accounts as possible, in order to have a clear prioritization of the account. All the concerns related to measurement, remuneration and management of strategic accounts must be solved and made perfectly clear to everyone. A wrongly designed measurement of performance may turn strategic account management, in a key account selling in a split second.

Roadmap

The initial question presented by the company was about the implementation of SAM. The company was getting acquainted with the concept and would like to understand if that was the path to follow or not. As a starting point, a thorough literature review was performed and then there was an investigation about the possible wins and losses that the project might represent to the company. In order to understand what was at stake, an analysis of the trade-offs involved was performed. Taking into account the company characteristics, its business model and clients, and the current country economic environment, we've found 3 major categories that would implicate the most important trade-offs for the company to decide on. Using these 3 categories, there was an interpretation of the findings in terms of questions, which were probed against the workforce. This method allowed for an understanding of the relative importance of each trade-off for the company. Furthermore, the staff's additional comments contributed to a better understanding of the company's environment and provided additional lines of thought for discussion. Finally, taking into account the answers to the survey and the additional comments provided by the workforce, a Critical Success Factor (CSF) analysis was performed, in order to find the most important aspects that can't be disregarded if the SAM implementation is to move forward.

As a final remark, it should be understood that the company is taking the first steps towards active SAM. When approaching the client, the company no longer focuses solely on discount pricing. They are including other options, such as supporting post-graduate training or providing sponsorship programs and donations, for example. Additionally, the *vision* exercise that is currently being done is also very important because it already includes the importance of SAM, and that also helps people to embrace the concept and start talking about it. The vision exercise functions as a way forward for the implementation of SAM because it brings people's engagement. Furthermore, the company will need to complete a profound analysis of the client's needs and develop solutions in order to truly become a hospital partner. This will demand a complete shift in mindset and a huge commitment towards getting to know their needs and aspirations as well as the influence network.

3. Methodology

As stated above, in order to understand the implications of implementing SAM, we've tried to understand what the company would win and lose with the approach. In order to better grasp the meaning of such trade-offs and their implications for the company, a survey was designed. The survey was done (in presence) to a sample of the workforce representing the different functions performed at the company. The survey results were then analyzed and systematized, contributing to an understanding of the staff's concerns about SAM, the company's clients, selling processes and all the intrinsic traits of the day-to-day business activities that couldn't be grasped by simply consulting the company's internal documents.

1. Trade-off analysis

In order to have a leading outlook about the effect of this approach to account management in the company, there was an investigation about the possible trade-offs involved in the change. This first phase was done in order to understand what the company would win and lose in further engaging into SAM.

2. Survey

Questions designed to apprehend the importance of the trade-offs to the company.

Questions
1. How important is to re-position sales as a core part of the company's competitiveness?
2. Regarding the role of the sales person addressing the customer, it should be an order taker (score 1), an order maker (score 3,5) or a strategic customer manager (score 7)?

3.	Should the company adopt a long-term perspective about the account or to focus on short selling?
4.	For the company, is it important to provide a tailor-made value proposition to the client or to focus time and resources finding common problems between hospitals?
5.	Regarding your company's organizational design, how easily do you envision the change in roles and job descriptions towards a more account-driven organization?
6.	Is it more important to organize sales around products (specific product divisions) or to have customer focused business units? (score 1 for product-focus and score 7 for customer focused)
7.	What would you say it's more significant to the client, to provide product-related activities or price-related activities? (score 1 if special pricing terms, payment conditions or financing solutions are more important, and score 7 if training, sponsorship programs or strategic advice is more important)
8.	Do you think it's important to share information with the client? (score 1 if you believe information should not be shared and score 7 if it's important to do joint production plans as clinical trials, to provide them access to top management, etc)
9.	Having a situation where the company is more dependent on a loyal customer or a situation where Roche is more independent but the customer is not reliable?
10.	How should Roche address its client's needs? (score 1 if you believe activities should be seller-initiated or score 7 if you believe they should be buyer-initiated)
11.	How would you describe the company's relationships with the hospitals? (score 1 if you think they are deteriorating or score 7 if you believe they're improving). What do you believe to be the trends behind the change?
12.	How do you see the account management processes at the company? Do you think the company is currently product-driven (score 1) or account-driven (score 7)?
13.	Ideally, how should the account organization look like?
14.	Do you perceive a shift in customer demand? (Score 1 if you believe that customer demand is purely transactional or score 7 if the purchasing task is becoming increasingly complex and demanding more alternatives)
15.	Do you believe the current business model is fulfilling the client's needs? (score 7 for completely fulfilling)
16.	Do you believe your major customers would like to have close, partnered relationships with the company? (Score 1 if you believe the transaction will mostly be grounded on trading-off quality with price or score 7 if they will want to engage in long-term partnerships)

The questions were related to the different categories involved in the trade-offs and were made to 26 people across different divisions. The sample was designed in order to include a wide array of positions and roles inside the company (BUD's, product managers, franchise managers, market access managers, etc). Some of the people included are directly involved in the approach to account management, as for example the actual account managers or product managers. Nevertheless, unrelated company roles, as institutional relations, were also included in the sample to assess the perspectives of people whose job is unrelated to account management. All the surveys should be conducted personally in order to catch some additional qualitative comments and to record audio files. The groups of people answering included: **Business Development** (Business Unit Director, Market Access Manager, Institutional Relations Manager and the Market Research Manager); **Account Managers** (All the Account Managers); **Sales Managers** (All sales managers); **Product Managers** (All

Product Managers); **Product Division** (Business Unit Directors of 2 Product Lines and 3 Franchise Managers); **Medical Department** (2 Medical Managers and 1 Medical Manager Associate); **Support Functions** (Finance Director, Supply Chain Director, Accounting and Controlling Director and the Clinical Operations Manager (clinical trials));

A careful analysis of the answers should clarify the wide-ranging stances about SAM within the company, which will be important in order to improve a final recommendation regarding the execution of SAM.

4. Results

The company is a market leader with over 100 years of history. It has very innovative therapeutic solutions and the major portion of the business is concentrated in one disease area (although it has medicines for other 5 areas). The company has about 120 employees, with 80 working in the Pharma division. The work environment is quite relaxed, open office and a modern atmosphere. All the interviews were done within a two weeks gap. The duration of the interview was very different from person to person. Some employees were more collaborative and added lots of comments over more than one hour of interview, while others took only 20 minutes, just attributing the scores. All the invited respondents answered the questionnaire and no one prohibited the vocal recording of the interviews. Actually, there was a very positive attitude to the survey and they answered all the additional questions and doubts that were performed according to the cadence of each interview.

1. Understanding the impact of SAM to the company

There are some business-related categories intrinsic to the expanding of SAM that constitute obligatory trade-offs. In order to clarify some of the options the company might face, some trade-offs were further investigated. Note that investing in developing SAM might bring as many benefits as risks. (Note: the eight strategic accounts that might be selected for the project represented 45% of the company's business in 2012).

Change in organizational design vs Selling to Major Accounts

According to the literature, the implementation of a SAM program is above all an organizational challenge. The company has an organizational structure focusing on product and geography, where sales people are essentially product specialists. Adding the "third dimension", i.e. the customer or account viewpoint, raises questions related to efficiency, complexity and flexibility. SAM is a commitment to work differently with certain priority customers and thus it would require the reorganization of the people in the department as well as the redefinition of job descriptions. The idea of a SAM program is to enable account managers to build value by understanding and responding to concerns and opportunities that customers encounter. This may require the ability to assess the whole value chain, including possible end-users. Here, the fact that the strategic account manager (and his team) does not only act as a liaison, or coordinator, but rather as the "single point-of-contact" for the customer might bring difficulties. The same team has to interpret the customers' situation, making value propositions and ensuring that the promised value is delivered. Taking a specific example about the company, currently, the same hospital is served by decentralized product divisions and by highly independent sales operations. The company would have to suffer an internal reorganization from product divisions (independent sales force) to customer focused business units (participation of other functional groups: marketing, logistics, pricing). A practical example: if a key account is promised priority access to urgent products, it should be provided by the operations department. That justifies that best-practice companies choose to train their operations and supply chain people in SAM, as well as their sales people[1].

A SAM program should also be a instrument for top management to identify business and renewal opportunities, and influence the firm's strategy process by providing deep understanding of the customer's value-creating process and align functional and business unit processes accordingly. In order to coordinate day-to-day interaction (yet focusing on a long term relationship), selling companies typically form dedicated teams headed up by a SAM. The number of team members and the formalization of the team effort may vary, based on SAM goal and characteristics, this decision encompasses careful job descriptions and task assignments. For example, the strategic account manager is a role that can be characterized by issues related to autonomy, authority and consideration (i.e. levels of support from superiors, co-workers and customer representatives). The team's experience backgrounds, competences and skills needed to perform are far beyond those of a sales person. In order to manage across firm-customer, they have to have knowledge and/or experience from sales, marketing, business development, strategy, control, and operations, as well as command high levels of authority and status in both their own company and the customer's organization.

An important aspect inserted in this reorganization of the company is the requirement of high-level sponsorship, preferably to the corporation's most important senior executives. It would be interesting to assign a high-level sponsor for each platinum account for example. Appointing a SAM champion could also be stimulating, he or she would drive the implementation of the program and report to top management. Tetrapak has two champions who travel the world to 'sell' the message within the company.

Also, Strategic account management usually causes conflicts, as there may be poor goal correspondence across functions in the firm. Some of these cannot be solved structurally, instead, management may need to focus reconciliation of dilemmas. These examples attempt

[1] http://blogs.hbr.org/2012/07/how-to-succeed-at-key-account/

to illustrate the magnitude of the change and the trade-offs in the organizational design. It will involve re-allocation of resources, re-definition of job functions and other issues implicated in Q1, 2 and 5.

<u>Focus on customer vs Focus on product</u>

Regarding the unit of analysis while doing business, it will change dramatically. Further engaging in SAM will mandate that the unit of analysis is the hospital, rather than the product, which encompasses large risks with reference to the product focus. It will require time and investment in understanding patient flows, decision charts, developing relationships, working on hospital costs and funding systems, meetings, diagnostic support, tailor-made solutions, as well as maintaining/improving clinical trials, sponsorships, congresses and educational support. Perceptibly, all decisions should be carefully addressed, as this change will encompass high risks. A focus on the customer will lead to a high investment in relationships that might simply vanish in case of people dismissal or change in functions/interests, or even difficulties intrinsic to the hospital functioning. A good illustration of this possibility is if after developing a close relationship with the purchasing director of a certain hospital, the person in question is dismissed of its functions. Still, not engaging in this type of personal relationship might endanger staying behind competition. Another risk is to focus solely on strategic accounts and risk losing smaller customers with some potential. Suppose there is a high investment in a huge account that has terrible payment conditions, it might not prove worthy to do so, as smaller accounts might have more sales potential. Relationships underline the death of reciprocity and the illusion of expecting customer loyalty. However, there is some tendency for managers to build strategies that rely on assumptions about reciprocity in buyer–seller relationships and customer loyalty. In theory, developing joint commitment, promoting understanding and trust should reduce the risk of relationship breakdown. Nevertheless, these attributes also carry risks. For example, the company risks being vulnerable to opportunism and not obtaining a satisfactory ROI in the relationship. Also, developing close relationships have substantial cost implications and the risk of misunderstanding the relationship at the exclusion of others and failing to achieve reciprocal security might be disastrous. This trade-off relates to the change in the object of the business, to focus on the product or on the customer. The company currently focuses its activities in the products individually, instead of providing an integrated offer tailored to the different customers. If the SAM project is to be implemented, all activities will be around the customer, with dedicated teams to the accounts, tailored value propositions, etc. The relative importance of this change will be addressed in questions 4, 6, 7 and 10.

<u>Collaboration vs Information Sharing</u>

One characteristic of SAM is a high degree of information sharing between seller and buyer. This may include sensitive information regarding costs and prices, new product plans and other strategic development. In order to achieve close collaboration with the hospitals, the company has to share information. If the company would like to actually develop joint plans, it will need to provide some information to the client and to have a higher degree of exposure. In the normal selling approach this information sharing is not necessary. Both parties will place emphasis on the trust between them, and particularly the sharing of proprietary information. It's important to keep track of how much information is being shared, and to obtain formal consent. The strategic account relationship may not operate effectively, other than through intense information sharing. This disclosure of information is also important for risk-sharing programs regarding its design and implementation, and for the alignment of strategic objectives.[2] This last trade-off is about the importance of trust and information sharing for the success of SAM. The questions 8 and 9 try to assess the importance of this trade-off to the company.

2. Survey Results

The analytical results from the survey are displayed in the table below. The different columns represent the seven functional groups, as there is an association between the role performed at the company and the scores given in the survey.

		Bus Dev G1	**AM's** G2	**SM's** G3	**Product D** G4	**PM's** G5	**Medical** G6	**Support** G7	Total
Q1	Top (6-7)	100%	100%	100%	80%	67%	100%	75%	89%
	Middle (3-5)	0%	0%	0%	20%	33%	0%	25%	11%
	Botton (1-2)	0%	0%	0%	0%	0%	0%	0%	0%
Q2	Top (6-7)	100%	100%	100%	100%	67%	100%	50%	88%
	Middle (3-5)	0%	0%	0%	0%	33%	0%	50%	12%
	Botton (1-2)	0%	0%	0%	0%	0%	0%	0%	0%
Q3	Top (6-7)	100%	67%	100%	80%	100%	67%	50%	80%
	Middle (3-5)	0%	33%	0%	0%	0%	33%	50%	17%
	Botton (1-2)	0%	0%	0%	20%	0%	0%	0%	3%
Q4	Top (6-7)	100%	67%	100%	60%	67%	0%	75%	67%
	Middle (3-5)	0%	33%	0%	20%	33%	33%	25%	21%
	Botton (1-2)	0%	0%	0%	20%	0%	67%	0%	12%
Q5	Top (6-7)	25%	67%	0%	20%	33%	0%	25%	24%
	Middle (3-5)	50%	33%	100%	40%	0%	67%	25%	45%
	Botton (1-2)	25%	0%	0%	40%	67%	33%	50%	31%

[2] Note: other topic is about Regulation issues; It will also be important to address some aspects on competition policy. Note that the same information sharing pressure may also result in information sharing which reaches the level of anti-competitive behavior, so individual executives may actually have to choose whether to follow the law (and do their jobs less well, with whatever corporate penalties may ensue) or to ignore the law (and perform the job better).

Q6	Top (6-7)	75%	67%	100%	0%	67%	67%	75%	64%
	Middle (3-5)	25%	33%	0%	80%	33%	33%	25%	33%
	Botton (1-2)	0%	0%	0%	20%	0%	0%	0%	3%
Q7	Top (6-7)	0%	0%	0%	0%	0%	33%	0%	5%
	Middle (3-5)	50%	33%	0%	60%	67%	33%	75%	45%
	Botton (1-2)	50%	67%	100%	40%	33%	33%	25%	50%
Q8	Top (6-7)	100%	100%	67%	60%	67%	33%	75%	72%
	Middle (3-5)	0%	0%	33%	40%	33%	67%	25%	28%
	Botton (1-2)	0%	0%	0%	0%	0%	0%	0%	0%
Q9	Top (6-7)	50%	33%	100%	60%	33%	33%	75%	55%
	Middle (3-5)	25%	67%	0%	40%	67%	33%	25%	37%
	Botton (1-2)	25%	0%	0%	0%	0%	33%	0%	8%
Q10	Top (6-7)	25%	33%	33%	0%	33%	33%	25%	26%
	Middle (3-5)	75%	0%	33%	80%	33%	33%	75%	47%
	Botton (1-2)	0%	67%	33%	20%	33%	33%	0%	27%
Q11	Top (6-7)	100%	100%	0%	100%	67%	67%	75%	73%
	Middle (3-5)	0%	0%	100%	0%	33%	33%	25%	27%
	Botton (1-2)	0%	0%	0%	0%	0%	0%	0%	0%
Q12	Top (6-7)	25%	0%	0%	20%	0%	0%	0%	6%
	Middle (3-5)	75%	100%	33%	60%	100%	67%	75%	73%
	Botton (1-2)	0%	0%	67%	20%	0%	33%	25%	21%
Q14	Top (6-7)	50%	67%	33%	80%	33%	0%	0%	38%
	Middle (3-5)	50%	33%	67%	20%	67%	67%	100%	58%
	Botton (1-2)	0%	0%	0%	0%	0%	33%	0%	5%
Q15	Top (6-7)	0%	33%	0%	20%	0%	0%	0%	8%
	Middle (3-5)	100%	67%	100%	80%	100%	67%	100%	88%
	Botton (1-2)	0%	0%	0%	0%	0%	33%	0%	5%
Q16	Top (6-7)	25%	33%	33%	20%	0%	0%	0%	16%
	Middle (3-5)	50%	67%	67%	80%	100%	67%	100%	76%
	Botton (1-2)	25%	0%	0%	0%	0%	33%	0%	8%

One of the issues raised by some respondents is about the number of accounts that should receive the status of strategic. The question is whether the company should act as a strategic customer manager with all the accounts, which would not be feasible. In particular, people from the supporting divisions of the company (finance, supply chain and accounting) reinforced the importance of not disregard the small accounts, as they represent respectable money for the company.

Another important aspect raised by the respondents regards the right time frame for the project. Some people believe the strategic account plans should be done every time that the hospital administrators change, as if the person with whom they establish the partnership is no longer doing the job, than the relationship would vanish. Others indicate that the current economic condition of the country makes it especially difficult to implement SAM now because the hospital boards have only one objective in mind, which is to comply with the budget, and that hospitals are run on a day-to-day basis, with no strategic view whatsoever. A completely different opinion can also be found in the respondents that indicate that the hospitals are somewhat interested in a partnership with the company, indicating that they even see the partnership initiative as positive, but they tend to delay its progress because they don't have the time or resources. As one franchise manager points out "it depends on the maturity level of the hospital, because the price can be attenuated with other cost compensation strategies.

Another important comment is that, although one of the characteristics of SAM is the tailoring of value propositions to the clients, many people in the company believe that proposing a common offer to several clients is the most adequate approach. This belief is more evident in the medical group (all scored 2 or 2,5) and within some franchise managers. Furthermore, although people describe the company as highly flexible, they describe the lack of resources for the account and the lack of manpower that dedicates exclusively to the account. Another major barrier regards the competences that people should have, and whether the company has the right human resources to perform the account management task. Some of the respondents mention that the role of the sales representatives doesn't make sense anymore, and that those currently at the company can't evolve because they have no listening capabilities, no long-term perspective and no knowledge about many products. Additionally, many people envision trouble when there is a re-definition of objectives in terms of compensation plans.

In general, people point the communication and the explanation of the why behind the implementation of SAM as the way for the initiative to work. They point the fact that the company is used to major changes as one of the positive points for the shift. Many people mention the case of the MSL's function (Medical Scientific Liaison), which at the time was not fully understood and that brought some chaos. The definition of the role was not clear to everyone, and the distribution of tasks was not understood because some people mentioned overlapping tasks at a certain point.

One major challenge in the implementation of SAM will be the focus on the customer versus the usual focus on the product. One of the product directors actually admits the power is shifting towards a customer focus "but if we move away from the product they will forget about what the value is". The other product director says that the heterogeneity of the portfolio dictates that the company maintains a focus on the products. A medical manager admitted, "the future is the customer focus but it's just easier to organize around the products because it's what we do", which illustrates the difficulty of overcoming the status quo.

Additionally, when asked if the company was account-driven or product-driven, 16 people answered 3 or less. The only two reasons why some respondents believe the company's account management is more account-driven, is the establishment of the strategic account manager and his team. The other reason is the Account Planning exercise they made a couple of months ago, for the first time. Nevertheless, as one manager explained, the plans are still very product driven, they are basically a sum of all the products, and the product is what generates the activities (meetings, invitations, etc). One of the persons from the medical group added that the objectives are established by product, there are product teams, the marketing plans are by product, etc. Moreover, as one of the AM's pointed out, "the money is in the products", which means that the disposal of financial resources is under the consideration of the franchise managers. Regarding the information sharing, all the respondents answered that it is very important to share information with the client, nevertheless they always ended the sentence with "to a limit". As one of the directors mentioned, "we should share everything" and he mentioned a project of transparency conducted by a leader in the headquarters. It is important to have trust from both sides. Some of the respondents talk about the lack of ROI for some investments, for example they mentioned when invested in clinical trials for certain products and after the end of the study the clinicians didn't prescribe the medicine, despite admitting its efficacy.

Note that in **Q13**, (open answer), the information can be used to build the company's new organogram, and it can be found in **Appendix 1**.

Lastly, the shift in the decision power at the hospitals is a great barrier for Pharma sales. The clinician used to be the one in charge for the decision but today that is reserved to the hospital administration (the Pharmacy department also has more power). There are many more intervenients, even if you have the administration aligned with the company, the doctors still have to prescribe the medicine, the pharmacy still has to dispense it and etc. There is the need to establish many more relations, the evaluation model is far more economical, there are many more commissions, as the National Therapeutic Pharmacy Commission, and each hospital's Therapeutic Pharmacy Commission (TPC). One person from the medical department explains that the panorama 10 years ago was somewhat like this: the doctor orders, the pharmacy director processes the order and the purchasing department buys it. Now there are protocol treatments to follow, the interference of TPC has increased tremendously. If the doctor doesn't want to follow the protocol, he faces a pile of bureaucracy, he has to challenge the hospital board and justify the need for a more expensive treatment for its patient. Additionally, the process is not always clear and transparent, sometimes they are under unofficial pressure to choose product A or B. One of the barriers identified by a PM is the fact that the new stakeholders don't see the product benefits (one PM adds that "they don't care if our Progression Free Survival indexes are high, they only see the expense, especially if they are not doctors”). Another PM points out the threat encompassed in the design of a National Protocol by Disease, discriminating exactly what the hospital should buy and in which quantities. This measure is supposed to be complete by mid 2014, and it’s an external obligation that leaves the company with “hands tied”.

Some of the respondents indicate that what is missing is a solidification of the relationship, others are more radical and say that as long as the company doesn’t help the customer to save money, there is no room to fulfill the client’s needs. One of the unit directors suggests the company should have a “company implant”, that is a common approach in which they offer a full package with stock management support, purchasing policies, rationalization of day hospital wards, consulting services for the optimization of resources, in depth analysis of the hospital’s problems, etc. Others add that what is missing in the business model is an engagement of the customer and a better understanding of the account and an over visitation. One of the business unit directors says that “we still don’t know exactly what are the client’s needs and our client can’t identify areas where we might help them”. This is a barrier that could be overcome with the partnerships. Someone from the Support group adds there is much inefficiency in the company due to the mind set. Particularly, the fact that people still think “this is MY work”, not the contribution to the overall performance of the whole company. Additionally, they also mention a “fight for the customer” and say things as “MY customer”, that I know better than my colleague and I have that information. This self-centered and self-interested behavior will compromise the overall results for SAM because the account objectives will be shared.

3. <u>Full implementation of the SAM process</u>

It’s important to understand whether the company is ready to implement SAM. As a starting point, a comparison will be done between the interview results and some critical success factors (CSF) defined by the company. Other CSFs that were considered relevant were included to further enrich the analysis.

The first CSF to be addressed is unquestionably the **Senior Management Commitment** to the SAM program. Although this is not included in the company’s 5 CSF framework, the sponsorship of a senior member might be the difference between failure and success in the implementation. Strategic accounts should have an executive sponsor, that is, a senior executive in the selling organization who oversees the account, may represent the company to the customer's very senior people, and develops strong relationships with his or her counterpart in the customer organization.

The involvement of a senior corporate level manager as the programme’s sponsor provides the political muscle to move the programme forward and promotes the value of the venture. The sponsor’s functions include communicating the importance of the program, networking, fighting for resources (financial, personnel, and communication resources) and strategy planning. The sponsor will have to be actively involved with the account activities and be prepared to go to the field, as the customer would be flattered by the importance of a senior member. As implementation progresses, the sponsor will have to articulate what SAM is and how it differs from existing approaches. Agreeing on SAM's priority versus other initiatives, specify the effort and supporting action required internally are other functions he/she should perform. Additionally, after embarking in this adventure the company has to stretch itself and embark in projects that might not have an attractive ROI but will fortify the relationship and possibly break the common feeling of mistrust that is mentioned by the customer.

Remarks: Having at least one SAM sponsor on the main board is invaluable, although not always possible in the early stages. Nevertheless, as stated in the introduction, it's utterly important to involve executives in the SAM process. **Recommendations**: The company must gain senior management's engagement if the SAM program is to thrive. Additionally, executive sponsorship should not be a short-term commitment or a revolving door, the chosen person should make a career-long commitment to the strategic accounts he or she sponsors and understand that their responsibilities include internal exchange network, search for best practices and compete for the allocation of resources to the company's SAM program. Although the company has already defined the names of the sponsors for the accounts, it's important to bear in mind that the determination of a sponsor should have the customer in mind, what's the mind-set of the hospital's board members? Who could he get along with? And make the perfect fit between them.

The second CSF is **Organizational Support for SAM**, which relates to the uniqueness of each company. A company's culture is a very complex trait and it comprises the set of values, principles, norms, policies and signs manifested by company members on day-to-day operations. This is relevant for the CSF because the SAM project needs to change the mindset of the organization. Firstly it is important to address who is in favor of the change or not, who will offer resistance and why. The results section showed that some of the respondents were not so interested in the implementation of SAM because they fear the company will lose sight of the products. Nevertheless, one of the major contributions for the (positive) dissemination of the SAM concept in the company is the person responsible for SAM (and the Business Development department itself). These people have actively promoted the importance of getting closer to the customer and slowly acquired the support of the organization. Another contribution for the adoption of the SAM concept is the fact that this directive is imposed by the headquarters. This fact leaves the employees with not much choice but to accept the new way of doing business. Nevertheless, as seen in question 1, the fact that the workforce recognizes the importance of implementing SAM, doesn't necessarily mean that they will embark on the change smoothly.

Another implication to this CSF is the competences existing in the company. Many of the answers to question 5 included comments about the lack of people with competences to think long-term and to develop the accounts. If there is no matching between the competences prevailing within the company and the requirements for the job, the company has to consider extensive training or hiring externally. Although it is possible to provide training, perhaps that will not be enough. Transform sales managers or sales representatives into strategic account managers will probably not be possible because the mindset is completely different. If an employee spent 10 or 15 years trying to attain yearly sales objectives, it will have a really hard time adapting to long-term objectives, trying to think strategically and overlooking the current year's objectives. Besides the fact that the human nature is to be change-averse, there is another contribution to it, commonly mentioned in the survey, which corresponds to being under an enormous pressure to deliver results. Although some might consider the "pressure on individual results" as a rather selfish argument, it doesn't mean that it should be disregarded in the implementation process. If the workforce is concerned with this aspect, it means it should be taken into consideration. The salespeople will have to work as teams for the accounts and there is not much alternative but to tie the results to the account's objectives or profitability. The assignment of common targets for the development of the accounts should be designed carefully and be properly explained in order to smooth the adaptation. Bringing the workforce's attention to the case of the Rheumatology team for Santa Maria, the team's results are tied to each other and there are no major complaints. Another lead for the implementation, mentioned by the employees, is the need for a top-down intervention. Many people mentioned lacking a clear orientation towards SAM from their superiors. Staff take their lead from the top, so senior management should behave as they wish their staff to behave. This means that if the workforce sees their superiors acting differently towards the business than they will probably do the same and start considering the importance of being a customer-oriented company.

Another sensitive topic that is included in this CSF is the reallocation of resources that the project implicates. In the current situation the account unit has a very limited financial budget that restricts their activities towards the development of the account. All the initiatives that are done to the object of the account have to be funded by requesting money from all the products' budget. This means a lot of bureaucracy, implicates the authorization of the product managers, and even a "begging" behavior that doesn't facilitate the process. Additionally, if the money is being used by other department anyway, why not just reallocate it in the beginning of the year? The reallocation of budgets will also implicate a loss of "power" from the product oriented departments. Although this was not mentioned in the answers to the survey, it is easily understandable that this might pose a threat to those departments.

The Department Design and Reporting Structure adopted by the company has to be based on a rigorous analysis of affiliate-level advantages and disadvantages of the Strategic Account Management Department, reporting cross-functionally to support the whole organization (ideally to senior management). Does the SAM has an appropriate role, impact and profile/visibility within the company marketing function?

As a final consideration to this CSF is the organization's comprehension about SAM. It is important to understand exactly to what point is the company workforce informed about SAM. What do they know? Do they fully understand the concept? Although the survey was not a test about the SAM concept, it was possible to understand that most don't fully know what it means. Again, although most of the workforce recognizes the importance of the SAM initiative (see the Results for **Q1**), they don't fully understand the concept. Regarding **Q2** people said the company should act as a strategic customer with all the accounts. Obviously, this is not possible or interesting to the company. Developing partnerships and bring the company closer to essential customers will not be possible with many accounts, firstly due to inexperience and secondly, due to the lack of manpower and financial resources, which is why it is advisable to select a handful of accounts, at least in the "embryonic" stage of SAM. In **Q4** some people said that designing a common approach to fit all the hospitals would be interesting. The whole concept of SAM is to tailor the offer to the customer, finding his needs and fitting the offer to them. Furthermore, when questioned about what could be a partnership or how should the SAM profile be like, people are completely clueless. Finally, **Q10**, (buyer initiated or seller initiated activities), many people answered they should be customer initiated. Although the hospitals may not know exactly what they need, or even if they don't have a long-term view for their organizations, it should be the company that finds their needs and points them the solutions. Taking a SAM perspective means taking the extra step to gain the customer's share of mind. The company has to stay ahead of the competition, finding the best solutions, offering advice, pointing the right direction to the hospital. Ultimately, the company should design a common objective's plan, so the results will be tied to both parties.

Remarks: This Organizational Support was defined as a CSF because this is the type of project that can't evolve without the organization's commitment. Also, the re-allocation of resources is a very sensitive topic that should be considered. **Recommendations**: The competences required for moving this project forward are very specific, and that can't be disregarded. Some information sessions should be done if the company wants to have all employees in the same page, especially when interacting with internal or external stakeholders. Plus, a "lead by example" could be one way to drive SAM implementation faster. Lastly, if the yearly allocation of financial resources doesn't change in the company, it will be virtually impossible to advance with the project.

The third **CSF** is about the **SAM strategy**, it integrates selecting the accounts, the account planning, allocating resources, etc. One of the main features about SAM is the need to think and act long-term. Unless there is a clear understanding of what the company will be achieving with this project, it will be very difficult to develop the accounts and the partnerships. If there is no clear aim to reach, people will start to lose faith in the partnership and slowly stop investing time and resources because this is a project whose ROI is very long-term. In theory, a SAM approach should take a long-term perspective in order to build a true partnership with the most important customers. Results from **Q3** indicate that although there is a common acceptance of the need to think long-term, that doesn't translate into practice. Many people added that day-to-day business is about compromising, and sometimes, although they understand that the strategic thinking is advisable, that is not possible, and marketing plans are done mostly on one year basis with some minor add-ons for the next 2 or 3 years. Additionally, other people say that the account planning exercise should be done every 3 year (supposing that the nominees for the board of the hospitals change with the appointed government). In fact, the partnership should work exactly in the opposite way, and function as a keeping unit of the link between the company and the customer, involving long-term projects that go beyond mandates. Therefore, the partnership should be an ongoing project and not end with the change of the responsible in the hospital (or in the company). This should be taken into account when choosing and training the AM's.

Within this CSF the **Account Planning** and **Account Coordination** should also be considered. A more thorough discussing regarding the Account Plan and its content can be found in **Appendix 2**. It is important to remember that the Account Plan should be a continuous process and help building adaptation capabilities. The client may suffer changes in its business and need the supplier to adapt. For example, suppose that the government imposes a new regulation that forbids Hospital Santa Maria to perform heart surgeries or if cancer treatments will be performed at IPOs only. These are major changes that the hospitals can't control but might occur. Another possibility is that the actual hospital might want to change its policies. All these variations may occur and the supplier has to reduce his adjustment lag to a minimum. Nevertheless, the Account Plan should be an efficient document for regular use and include contributions from all the internal stakeholders.

It is also important to consider the **Alignment to the Health System** and build the partnership from common ground. There is a very evident case of misalignment with one of the accounts. Although the company started to develop the partnership plan for the account, now it is might not go through with it, due to the lack of common principles. In the beginning of the analysis, traits as shared beliefs or even the core values were disregarded, but later on this became very important. When the strategic accounts were thought of, this one was selected due to its significant proportion of total sales for the company. Nevertheless, while re-analyzing the account, it became evident that the board would keep refusing innovative products the company proposed to them. Even worse, they were refusing some meetings and having a very negative attitude toward the company representatives. If the hospital refuses to accept clinical trials for innovative therapeutics for example, should it keep the “strategic” status? Perhaps this doesn’t make sense and therefore the company will be revising its classification. This shows that account selection in SAM shouldn’t be solely based on the financials, it is important to address other factors such as the account’s assertiveness towards the partnership, are they interested in it? Do they show goodwill towards the projects presented by the company or do they consistently reject the supplier? The current criteria are commercially oriented, that is, it includes financials, business volume, competitors, etc (see account plan). Nevertheless, it’s also important to add the *customer perspective* to this selection process. It’s utterly important that the customer is aligned with the company at this level, otherwise it risks major failure. Perhaps a good way to assess the customer perspective is by looking at the Partnership report in the account plan, what does the partnership represents to them? Assessing supplier relationships means even more than assuring that partners achieve their business objectives. It also means monitoring the health of the working relationship between strategic partners (how they work together to further their substantive goals). When customers can assess the relationship side of a partnership with a formal mechanism, process or standard procedure, the partnership is most often preserved if not enhanced. Methods such as surveys, scorecards, off-site meetings, executive reviews or other similar processes are examples of relationship assessment mechanisms. Reports from SAMA show that is common for customers to rely on supplier relationship managers to informally review and assess the relationship, but without a “burning platform” many customers are reluctant to spare the resources required to develop this capability.

In the **Account Segmentation**, the company should analyze who constitutes the key decision-making unit for prescription and purchase decisions. Understanding the inter-related needs of patients, prescribers, payers, as well as other customer groups has become an increasingly important driver of competitive advantage. To know the customer’s structure — how the customer is organized both formally and informally. It is vital to identify the decision-makers and influencers, and the customer’s priorities. It could also be useful to map a multi-layered organizational chart of each customer to clearly see the interdependencies and connections with the supplier. Ultimately, the account should be structured in order to effectively influence senior health leader.

A lesson learned from **Q7** (buyer initiated vs seller initiated) is that it is important to know the account in depth in order to present the customer with interesting propositions. The main barrier presented was the fact that the administration is price-driven. There are a lot of drivers that lead into this situation as the country’s economy, the customer’s lack of strategic and long-term view, and a misperception of value (currently, value equals less expensive rather than curative). The customer should be educated, and the company's role is to instigate the idea that value correlates with patient outcome, the lack of relapse events and decreasing need of medical assistance. The company should focus on leveraging on the resources of Diagnostic and Pharma both. As for the price-driven administration, trying to drive away from price will be especially difficult but obligatory at the same time. Developing a job as the case of a SAM from other affiliate, whose task is to meet the customer only to talk about partnerships, (as she has no authority to discuss price and discounts), might be a solution. Another possibility is to define a priori the argument of the negotiations. The company should be prepared to discuss prices at some meetings, but not all. This decision could be made in accordance with the budget conditions of the hospital for example. Outsourcing training in negotiation techniques is another possibility. The negotiation should focus on topics that both parties agree on, finding common ground in order to build the conversations. The workshops done in combination with the hospitals might help, as the discussion of objectives will be done simultaneously for both parties.

In **Q14** (shift in customer demand) all respondents indicate that the purchasing task is becoming increasingly complex and demanding more alternatives. It is true that there are more players the company needs to address and with whom to establish a relationship but in fact, the hospitals are actually trying to organize themselves. The possibility of establishing only one protocol treatment for that disease or to build clusters of buying groups as the G17 is a solution that envisions attain more buyer power and to consolidate the public hospitals. In order to disentangle this issue, there are some factors that could be addressed. Firstly, there are many decision makers that are not visited by the company, which are able to exert great influence in the treatment protocols, as is the case of the NTFC players. The company needs to design a call plan to address those people in a structured and organized way. There is the need to create a culture of pharmaco-economics near the decision makers, make them understand that if they treat their patients better they will have less relapses, they will check in at the hospital a lot less, and thus provide a positive input to the hospital's expenses. Including the patient in this decision is another facilitator for the introduction of the medicines because the one who actually consumes the product is far more interested in the decision. Perhaps this reach out for the patient could be achieved by exerting more pressure on Patient Associations, educating them and providing updated information about the condition and the available treatments. This option has to be well designed because it may encompass some risks (negative impact on Patient Associations because the public opinion might be tempted to think they are at the service of the pharmaceutical industry). On the other hand, the gains may be superior, as these associations have access to a lot of patients, to sponsors and to the health community in general. Another possibility is to disclose data regarding the different treatment schemes of the different hospitals in order to do some benchmarking of the best hospitals treating the diseases and then decide on the treatment lines and protocols. Nevertheless the benchmarking done by ACSS doesn't take into account the efficacy of the treatment and sometimes the evaluated parameters are not very informative. Additionally, the records for treatments in hospitals are not available for consultation which doesn't contribute for benchmarking studies.

Regarding **Q14** (company's business model) the great majority of the company believes that the current business model is not fulfilling the clients' needs. This is mainly connected with the fact that the company has yet to find a way to respond to the decrease in prices, which is understandably challenging.

Remarks: Since most of the information is dynamic, the Account Plans should be reviewed and revised frequently, and a major plan should be done once or twice per year. While deciding whether to give the designation of strategic account name to a hospital, it's important to address the alignment with the customer. **Recommendations**: Focus on brand growth, explore the link with the Diagnostics' division and establish long term goals. Also, AMs should give more importance to subjective selection criteria.

As a fourth CSF is the **Value Creation** that should be seized through SAM. The first thing to have into account is customer centricity. Doctors are no longer the decision-makers, so the focus has to be redirected to the hospital board. The complexity of the product should also be considered because the company is dealing with experts who want to discuss their problems with highly specialized representatives. Internally, people should understand that, although the company can't lose sight of the product, SAM emphasis on customer centricity. The focus of the department should be to develop integrated partnerships and deliver value beyond the product. The fact that the results are a function of the role performed at the company points to the existence of some tension between departments, in consideration to what is SAM or how it should be done. It is imperative to dwell on the implications, what can misalignment bring in terms of overall results? It is important to align everyone, in order to the ease the process.

One of the problems that focusing on the customer brings is the specificity of the products the company sells (life or death decisions) and thus, taken very cautiously. Additionally, the company's portfolio is very heterogenic, and most of the products have more than one application. A suggestion is to provide the customer with an integrated communication, only one "voice" representing the company. Since the company's portfolio holds many products in the same area, the supplier has to be careful managing the accounts, so there is no internal competition. This is an important because the workforce needs to understand the importance of tailoring the offer. The account should be analyzed in order to understand the Board's vision, the strategies, the objectives, the barriers and etc. The company's possible strategic accounts have very distinct problems. Take the example of one initiative (oncology patient's follow up, sponsored by the supplier), although the company has tried to implement it in all hospitals, it worked better for some. An in depth analysis of customer's needs could be done with an extensive dedication of company staff to the account. The quality of the calls, the visitations, everything has to be done in order to improve customer knowledge, from reading the newspaper to informal contacts. Another contribution is to develop those workshops in which the company and the hospital develop a joint objectives plan, that will enforce the partnership. AM's exploring their point of view about the accounts and a higher follow up about the accounts. The company should focus in improving the engagement of the account, meet their needs and find alignment between both parties. Another possibility thought by the company's SAM is trying to establish a company office in the hospital. This would be the optimal solution as it would allow the company to be at the customer's place every day, gaining a superior access to all the stakeholders, knowing the hospital in detail, following all the problems faced by the hospital, etc. This is a point to discuss during the workshops, arguing that in order to do a better job the company will need full access to the client.

As for the **Insights on the Health Leader**, the investigation about the mindset and objectives of top level administrators at the hospital is not as easy as it could be thought at first sight. As stated in the trade-off analysis, it is utterly important to recognize the importance of sharing information. It's easier to build trust when there is a true share of information. The goals for the partnership should be clear for both parties since the beginning. A possible solution is to communicate the importance of transparency and information sharing. The pharmaceutical industry has a very poor perception from their customers. From the brand study done last year, the company understood that it is urgent to improve its image because the customer is always suspicious and there is a general sense of distrust (that perhaps is common to the whole industry). A conclusion from **Q8** is, although information should be shared, it's important not to disclose data from other hospitals. The customer should feel special and reassured, and the seller's responsibility is to stress the fact that his information is secure with the company. It's known that the different hospitals share information regarding the company, what price they are getting for that product or what discounts, etc but the supplier should not leverage on that to justify its actions. Concerning **Q9**, while dedicating fully to 5/6 strategic customers it will be difficult to maintain close attention to smaller customers (as all the directors mentioned). It's extremely important not to risk the sustainability of other clients even because the company's customer base is highly fragmented, and not close to the Pareto rule usually mentioned in SAM. In some cases, investing in SAM left some companies with no control over the business and thus prices fell and commoditization of the products followed as major customers exerted their market power. It is illustrative that companies in markets dominated by concentrated customers are at the forefront of creating new ways of doing business. The challenge lies in between staying close to the customer while not disregarding a continuous search for new customers (or maintaining good relationships with smaller customers), as a way to decrease dependency.

Remarks: In order to develop value for the company and for the customer it is important that the supplier focuses on the customer. The "strategic" approach to managing accounts requires a real customer focus. There must be commitment to understanding the customer's business as an insider and to provide value added solutions throughout its organization. Also, it is important to take the information from **Q8** about the importance of sharing information, since sharing is crucial for the strength of the relationship. **Recommendations:** It should be forethought that the growing importance of the senior corporate level managers may comprise the attention given to the product, it's important to maintain the product expertise and take a 360º approach to the account. The value proposition should be tailored to the customer (**Q4**), creating a behavioral advantage through collaboration, providing solutions and multi-level relationships. As for the partnership, the customer has to be constantly analyzed and the matching between the company's resources and customer needs should also be assessed often. The partnership should be seen more as an alliance with the customer, characterized by joint decision making and problem solving, integrated business processes and collaborative working across buyer-seller boundaries.

As a fifth CSF is the **Team Growth** that should be adequate for the company's current needs. One idea is to build the account team around the opportunities that the account represents, that is, if a careful market research analysis says the company can achieve X in product A and Y in product B, than the account team could be build based on that, in order to capture more value. That information could help define account objectives and also requesting the right people. If the account will receive product A in the next year call the appropriate medical manager and product manager. The hiring processes, performance coaching and training should be assessed at this point. Regarding the competences, it was mentioned above that people chosen for the project should have a long-term thinking. If this is overlooked the project will not succeed because the negotiations will have a short-time frame. Additionally, this CSF, team growth, it is especially important because the project needs to be carried by people with different competences, as the long-term thinking, planning capacities and mostly, relational skills. It will be important to develop relationships with the main account stakeholders and for that the company needs a team that is people oriented. Furthermore, the HR department should consider hiring outside, since these competencies may not be contemplated in the actual teams.

The final CSF is related with **Departmental Branding** and relates to the actual brand value. Regarding **Q14,** the solution might be to advise the hospitals for other possibilities as risk sharing, patient-access schemes etc. Taking the example of risk-sharing programs, only big pharmaceutical companies will be able to do it, as it encompass a lot of risk. This program has two main advantages. On one hand it show the huge trust on the product. If the supplier says “I will pay for all the patients that do not respond to the treatment” it surely represents brand strength. On the other hand, it also brings another advantage to the hospital, which is to decrease the expense with medications in its budget. The patient access schemes will also help to grow the brand because they will help the customer predicting the demand for its services. Currently, predictability represents a big distress for hospitals as they could respond much better to their patients’ needs if they could understand better their access. Other possibilities include the simplification of data presented to the hospital. Some of the informations about patient survival or efficacy are very complicated and there is the need to help the hospitals processing this information and taking decisions. Additionally, the company’s representatives have to continually close the influence circle and invest in network inside the hospital. It’s important to explain that the SAM’s objective is to actually anticipate customer needs (**Q10**) and thus the activities should be buyer initiated, there is no room for waiting for the customer to let the company know their needs because they don’t even know what they need or what the company can offer. The company’s offer has to adapt to customer needs. Some of the respondents mentioned that in the current economy the only subject at the negotiation table is price. Nevertheless, although currently the hospital’s administration is price-driven, it might be possible to go into another direction in 2/3 years.

As a final remark, it’s important to address the topic of competition. Even in other industries, a growing number of companies are developing SAM as a way to improve customer loyalty and bring some assertion of business. All this excitement around the subject is being fueled by the successful results of retail companies in their customer oriented strategies. Numerous consultancy companies are developing projects to help companies develop their SAM departments, many seminars about SAM are being held, and the probability of finding Strategic Account Managers is snowballing. Having that in mind, it is almost certain that other pharmaceutical companies in Portugal (and abroad) will engage in SAM too. Although some factors as the economical crisis or the risk component of SAM (very different approach) may slow down those companies’ progress, it is important to properly dwell on the subject.

Remarks: As time goes by, competition will be fierce. The sooner the company moves on with the project, the better. **Recommendations**: There are a few possibilities to drive away from price, as the patient access schemes and the pay-for-performance, the company should focus on those options as a way to improve the brand value.

Conclusion

This study focused on the implementation of SAM in a Portuguese Pharma company. Understanding whether the change would be advisable to the company and if so, how to perform it, was the aim of the work project.

It was striking to learn that the survey results were a function of the role that each worker performed at the company. If people working close to the products (Product Managers or Franchise Managers) gave a low score to one question, it was almost certain that people working in Accounts or Business Development would give a high score. Another important finding was about the lack of knowledge the workforce has about the meaning of SAM. It is advisable to provide them informative sessions and training about exactly what means to implement SAM at the company, otherwise it will be difficult for them to perform well. Reorganizing the company's organogram will bring two challenges: creating new job descriptions from scratch and finding human resources with the competences required for SAM. Here, looking outside the company might be the solution. Finally, changing the mindset will be the hardest task to accomplish. People are still too focused on the product they represent and redirecting their focus to the customer will take a long time.

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Appendix 1

Assembly of the comments received in **Q13**. Some of the respondents said that the company should build account teams, following the same line of thought that was taken for the product teams. Others say that it is important to build a core team, including one team leader, a product manager and a doctor. One idea is to build the account team around the opportunities that the account represents, that is, if a careful market research analysis says the company can achieve X in product A and Y in product B, than the account team could be build based on that, in order to capture more value. That information could help define account objectives and also requesting the right people. If the account will receive product A in the next year call the appropriate medical manager and product manager. A person from the group of Product Division also believes that a core team should be designed but its content should be an account manager, two people from the commercial area and one from the medical department. Many respondents add that the company should train or recruit more account managers so they could bring more knowledge about the account to the company.

One of the PMs argues that the coordination between business areas is crucial and that the view should be "How can I grow this account?". For him, the account team should include a team leader, a PM, an AM and sales representatives. Then, every two years the company assessed each account's progress.

One of the sales managers describes a slightly different organogram, with all accounts reporting to a national sales leader (note that the country manager coordinates activities for customers within their geographic region). The country would be divided in six teams: 2 people for the North, 3 for the Center and 1 for the South. Here, the company would have 6 AMs, one for each team, and the medical staff as well as PM's would be as an umbrella, feeding all the accounts.

Either way, the most important is to have all the account internal stakeholders identified and "on call", so they can be invited to join the team when necessary. The account core team should have decisional power and a transverse view of the account. The account leader should manage the portfolio taking into account the strategic products and the account needs. It's crucial that along with the implementation of SAM there is the definition of one and only interlocutor, a single point of contact, a reference for the internal and external client. Internally, that single point of contact will have the power to invite the appropriate HR for the challenge the account is facing, for the partnership project, etc. The issue with the sales representatives is that they've been losing access to the doctors. Regarding the PM, their function is not very customer driven so its role may have to be reassessed.

Since many people pointed out that it's utterly important to know who to call for the meetings with external stakeholders, it's important to assure that no conflicts will arise due to different account leaders requesting the same human resources. Nevertheless, since the number of account leaders will not exceed 4 or 5 this may not pose a serious threat.

Appendix 2

An account plan comprises objectives, strategies and control procedures. Developing a long-term mutually beneficial partnership requires careful development and planning for implementation, but it also requires ongoing efforts that continually nurture and advance the relationship. The Account Plan should be built in an iterative way, constantly checking back to make sure the requirements and strategy are consistent and logical. There are 3 characteristics essential to an Account Plan, the first being consistency. The account plan should provide *consistency* and coordination between managers. Secondly, it should be dynamic and serve as a *monitor of change*. The planning process should force managers to review the impact of change on the account and to consider the actions required to meet the new challenges.

The building block for the planning system is the *account audit,* which is based on the creation of an information system that collects, stores and disseminates essential account data. Hard data record the facts and figures of the account such as the products sold and hospital subunits served, sales volume (units), revenue and profits generated by the customer. Such general data provides the fundamental background information to the account. Specific hard data covers issues that focus on the transactions between seller and customer such as the seller's sales and results by product, supplier and competitor's price levels, competitor's products sold to the customer, their volume and revenue, details of discounts and contract expiry dates. Absolute levels, trends and variations from targets should be recorded as well. Soft data complements hard data by providing qualitative (and sometimes more subjective) assessments of the account situation. A key requirement is the holding of buyer behaviour data such as the names, positions and roles of decision-making unit members, their choice criteria/perceptions/attitudes and buying processes. An assessment of the ongoing relationships should be made and any problems, threats and opportunities defined. The suppliers' and competitors' strengths and weaknesses should be analyzed in both absolute and relative terms. Finally, external changes (such as declining markets, changes in technology and potential new competition) should be monitored as they may affect future business with the account.

The outcome of this account audit can be summarized in a "strengths, weaknesses, opportunities and threats" (SWOT) analysis. The internal strengths and weaknesses of the supplier are summarized as they relate to the opportunities and threats relevant to the account. SWOT analysis provides a convenient framework for making decisions to improve the effectiveness of account management and provides insights to develop the account plan. For example, action can be taken to exploit opportunities by building on strengths, and to minimize the impact of threats.

The third characteristic included in the account plan is the *allocation of resource*s. The planning process asks fundamental questions such as “How should the resources be allocated?” or “Should the account receive more, the same or fewer resources?” The allocation of resources should be done based on an analysis of accounts as well as regional concerns and environmental scanning. This process should be repeated every year since the needs will suffer modifications as well. A constant assessment should be done because the status of “strategic” shouldn’t be stagnant. The final objective of the account planning exercise is trying to extract competitive advantage, the planning promotes the search for better ways of servicing the account in order to keep out competing firms.