

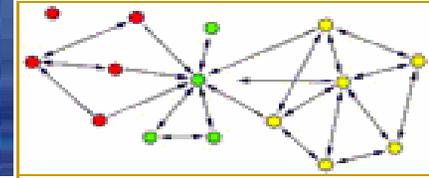
# Consumer Packaged Goods Case Study: Networks and Behaviors of High- Performing Account Teams

October 2006



*The* **NETWORK ROUNDTABLE** *at the* **UNIVERSITY OF VIRGINIA**

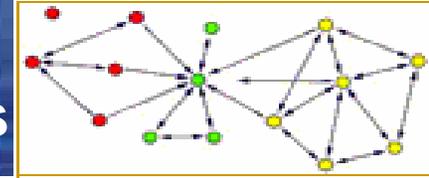
# Agenda



- Situation Overview
- Findings
  - Quality of relationships between the account team and client
  - Quality of relationships within the account team
  - Quality of relationships back into the Consumer Packaged Goods company
  - Team structure, behaviors and practices
- Recommendations
- Pathforward
- Appendix

*Note: The initials of all people cited in this document are disguised.*

# This Consumer Packaged Goods Company Initially Focused on the Performance of Two Account Teams



## Mission

**This Fortune 500 Consumer Packaged Goods (CPG) company assigns Account Teams to top accounts, with the mission of improving customer satisfaction and increasing sales by optimizing existing product lines, introducing new products, and improving processes between companies.**

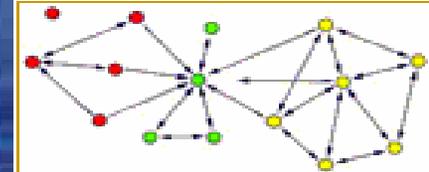
## Role of Network Analysis

**Because the performance of account teams varies considerably, the sales strategy team sponsored an Organizational Network Analysis (ONA) to assess the networks of two pilot teams. The objectives were:**

- To determine how the networks of the two teams differed and which relational dimensions could be affected to raise customer satisfaction.
- To identify the number and depth of relationships between people on the account teams and at client companies.
- To identify best practices which could be replicated across accounts.

**The ultimate goal is to raise performance of the account teams by identifying and sharing best practices.**

# Grocery Chain 2 Rated Company Performance Significantly Higher Than Grocery Chain 1



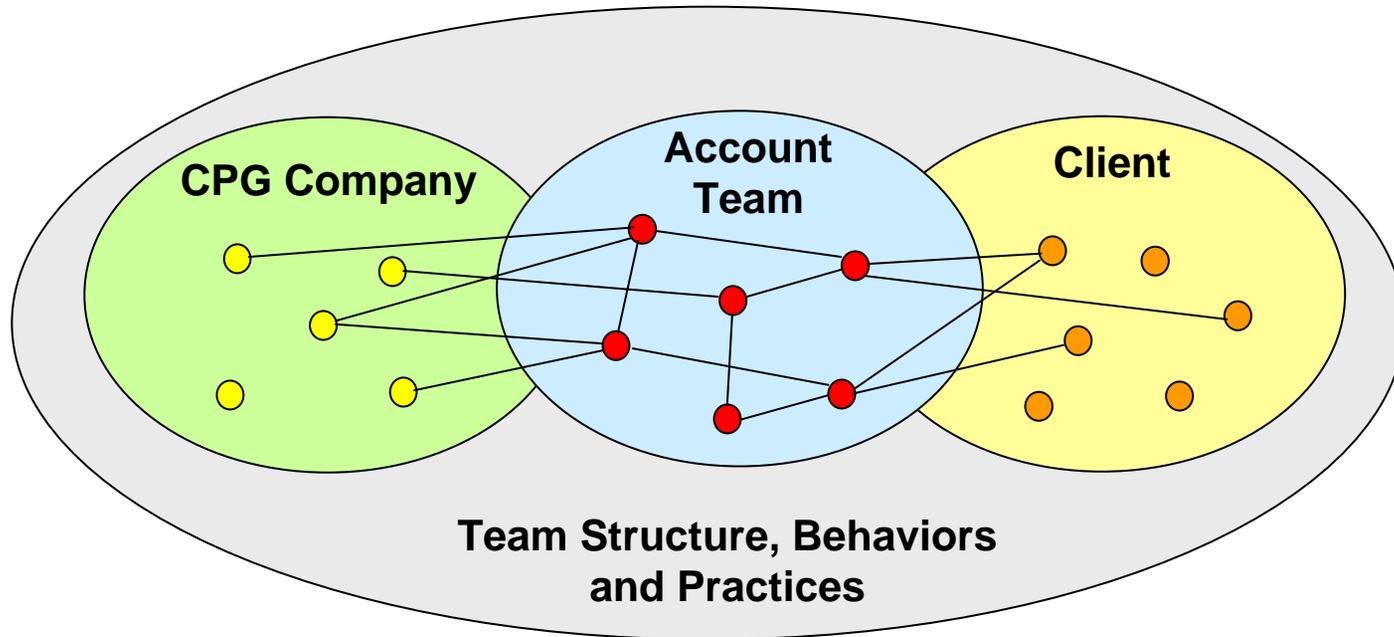
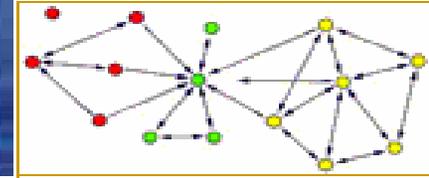
Performance Composites	Gap Between the Company Rating and Avg of All Manufacturers		Rank Out of 18	
	Grocery 1	Grocery 2	Grocery 1	Grocery 2
Overall Performance	↓	↑	13	3
Business Relationship and Support	↓	↑	11	3
Manufacturer Personnel	↓	↑	13	2
Category Development/Support	↓	↑	12	3
Marketing Support	↓	↑	16	3
Trade Promotion Practices	↓	↑	13	3
Manufacturer Personnel	↓	↑	7	8
Logistics and Supply Chain Management	↓	↓	14	14
Customer Service/Support	→	↑	7	5

## Legend

↑	Rating is above average.
→	Rating is equal to average.
↓	Rating is below average.

Source: The Advantage Group: Performance Monitor 2005

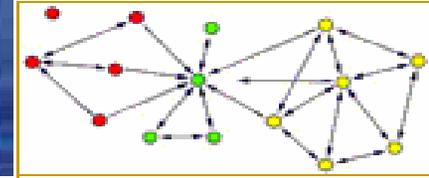
# The Evaluation Focused on Four Key Areas



## Network analysis provided a view into critical success factors:

- Quality of relationships between the account team and client. Diverse, high-quality client connections across several team members allows for better customer service, cross-selling opportunities, and greater awareness of relevant expertise.
- Quality of relationships within the account team. A well-connected team and strong personal networks allow professionals to identify and capitalize on opportunities.
- Quality of relationships back into the CPG company. Success also depends on the ability to draw on company at large for expertise and connections that don't reside on the team.
- Team structure, behaviors and practices. Effectiveness depends on fundamental alignment within the team, including clear goals, roles and responsibilities, and encouragement to collaborate.

# The Network Analysis Revealed Several Opportunities for the Account Teams



Relationships  
Between  
Account Team  
and Client

Relationships  
Within Account  
Team

Relationships  
Between Account  
Team and  
Company at Large

Team Structure,  
Behaviors and  
Practices

## FINDINGS

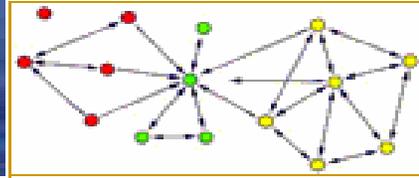
- Client contact is heavily dependent on two sales people.
- Insufficient connectivity exists between account teams and clients.
- There is lack of awareness of colleague's skills.
- Trust and openness is limited between people at the account team and clients at the grocery stores.

- The central people hold the vast majority of relationships, which likely should be redistributed.
- Peripheral people are under-utilized and should be drawn in to leverage their skills.

- Account Team 2 focused much more heavily on their personal networks to make connections that provide value to their client.

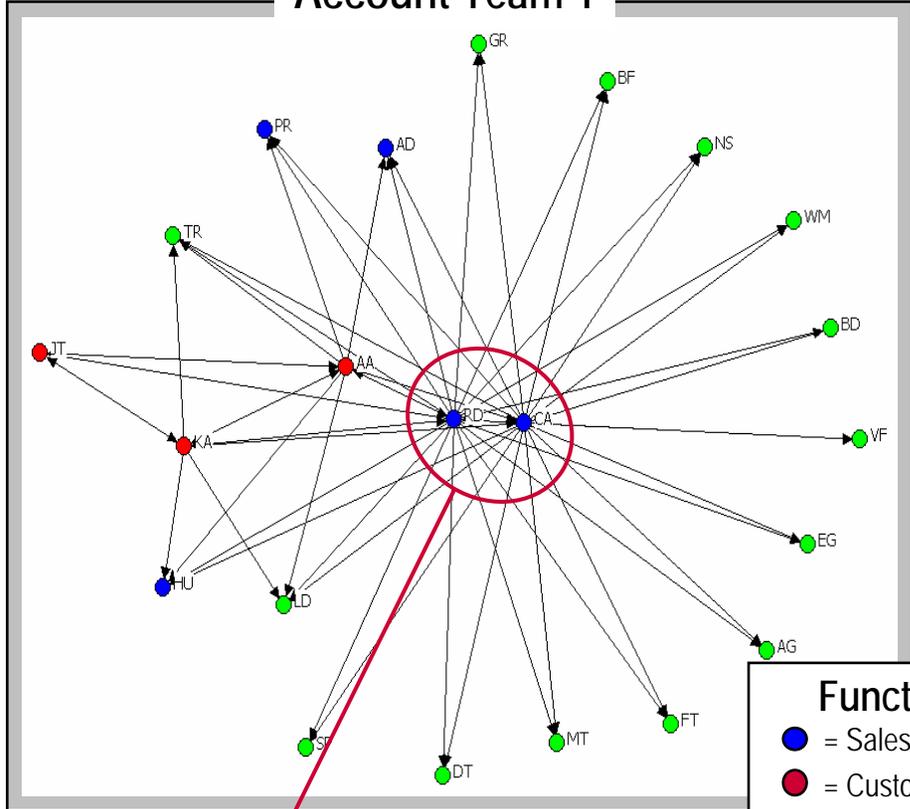
- Team practices and business drivers are more aligned at Account Team 2.
- Communications in Account Team 1 are much more structured than those in Team 2.
- The senior account leader on Account Team 2 encouraged the category leader to develop deep client relationships.

# The Two Sales People are By Far the Most Central People on the Team. This Creates Vulnerability and Diminishes Flexibility.

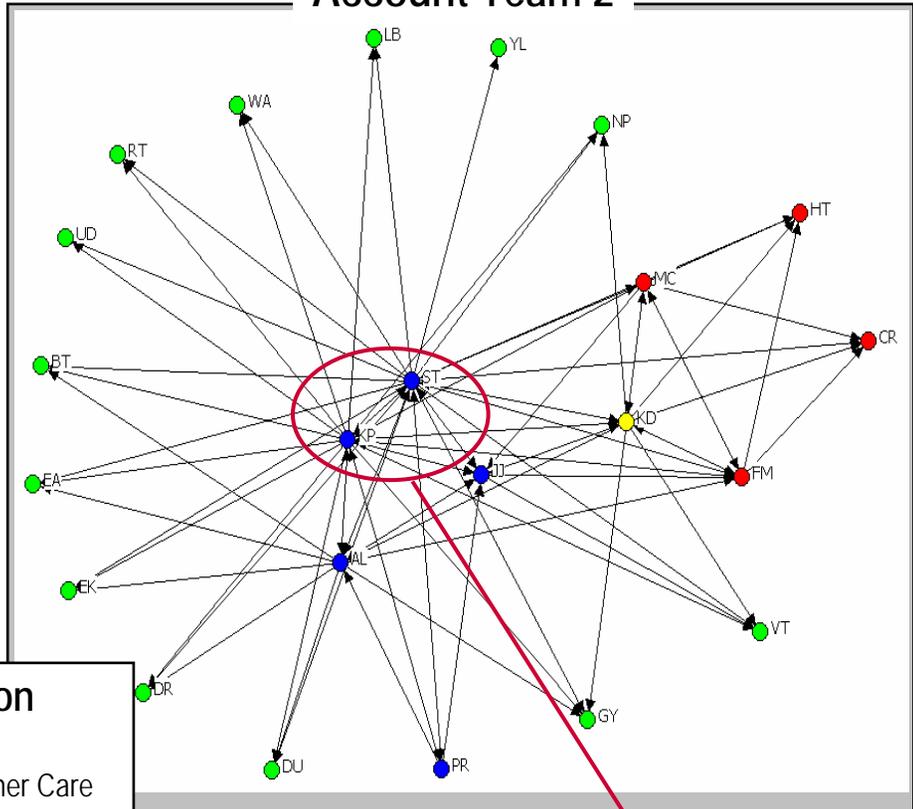


"I understand this person's knowledge, expertise, and capabilities. This does not necessarily mean that I have these skills or am knowledgeable in these domains but that I understand what domains they are knowledgeable in and the areas of their capabilities." Responses of agree and strongly agree.

### Account Team 1



### Account Team 2



**Function**

- = Sales
- = Customer Care
- = Customer Logistics
- = Client

**Most Central People**

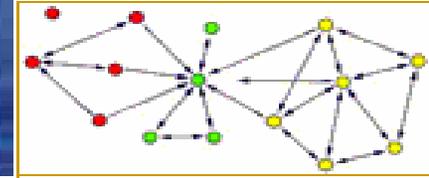
- RD - Sales (21)
- CA - Sales (20)
- AA - Cust. Care (9)

**Most Central People**

- ST - Sales (22)
- KP - Sales (16)
- KD - Cust. Logistics (11)

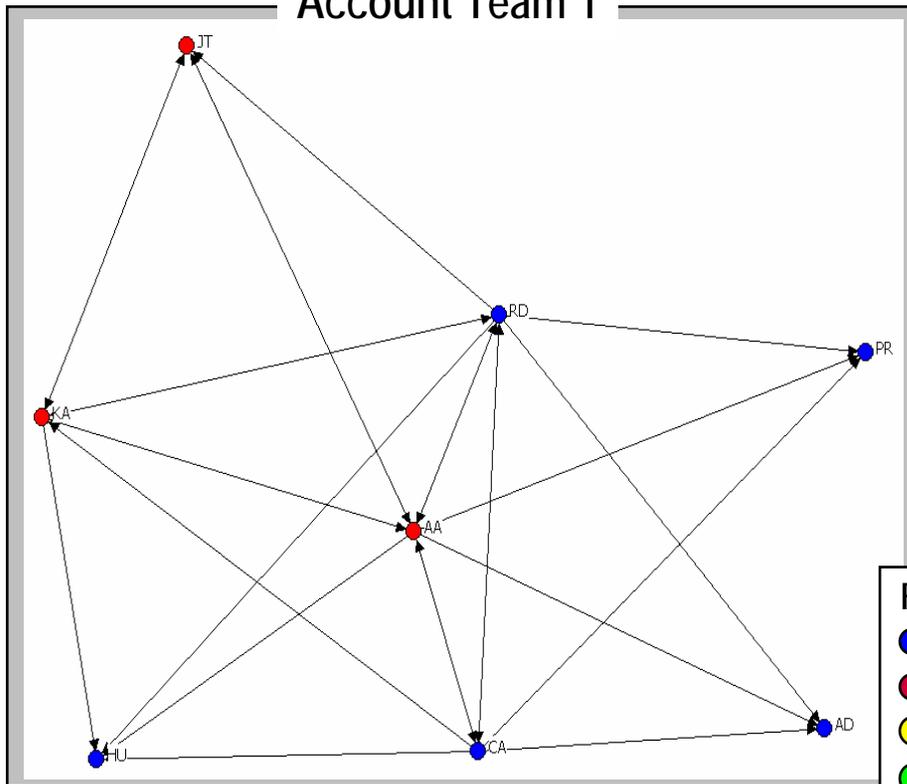
**These sales people have much greater awareness of other's capabilities (# of people whose skills they know in parentheses). Awareness drops considerably after the top two.**

# Given That the Teams are Relatively Small, the Levels of Awareness Within the Account Teams (Without Clients) is Fairly Low

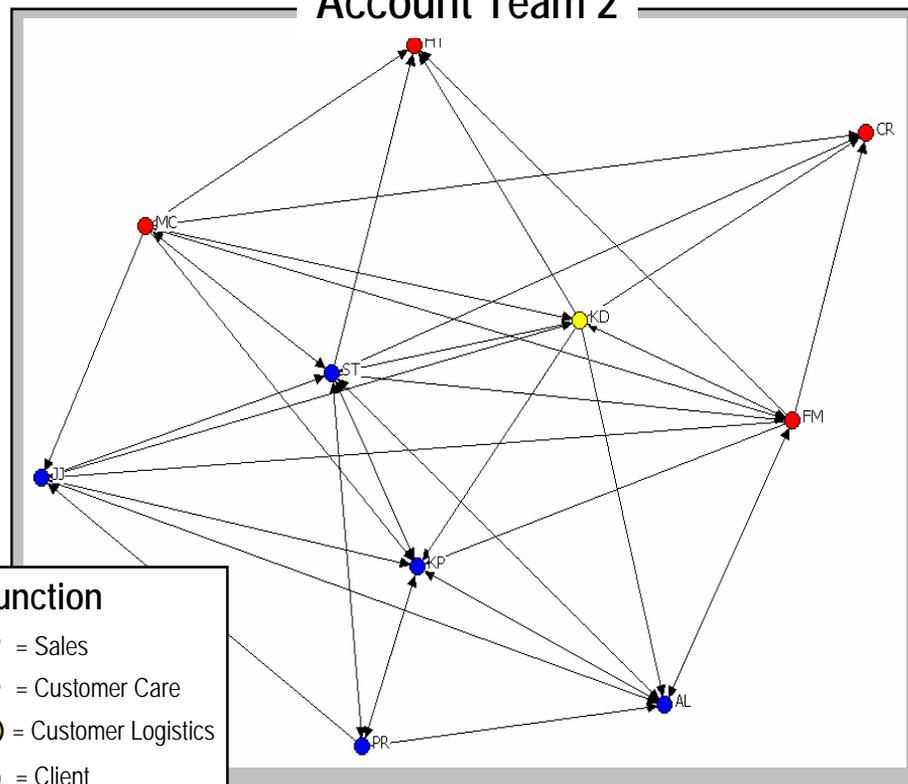


“I understand this person’s knowledge, expertise, and capabilities. This does not necessarily mean that I have these skills or am knowledgeable in these domains but that I understand what domains they are knowledgeable in and the areas of their capabilities.” Responses of agree and strongly agree.

Account Team 1



Account Team 2



**Function**

- = Sales
- = Customer Care
- = Customer Logistics
- = Client

## Network Measures

Density = 46%  
Cohesion = 1.3  
Centrality = 3

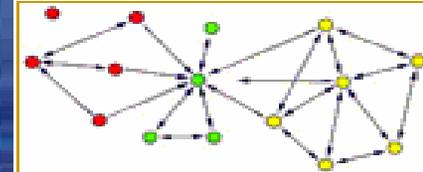
## There are three key network measures worth evaluating:

- **Density:** Percent of existing relationships (out of 100%). More connections means quicker and more accurate info flow.
- **Cohesion:** Average number of steps to reach any other person in the group. Shorter distances mean faster and more accurate sharing.
- **Centrality:** Average number of relationships per person.

## Network Measures

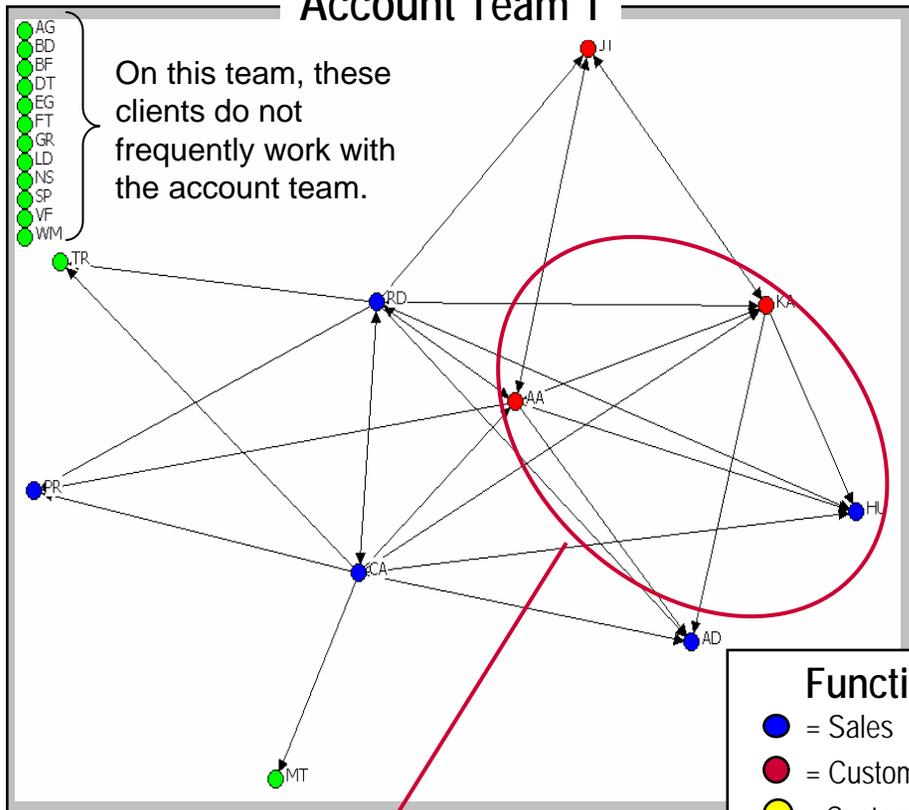
Density = 50%  
Cohesion = 1.4  
Centrality = 4

# People in Account Team 1 Go to Each Other for Information, Whereas Those in Team 2 Also Go to the Client



“Please indicate the extent to which you turn to each person listed below for market or product expertise or information to service this customer.” Responses of somewhat frequently to very frequently.

## Account Team 1

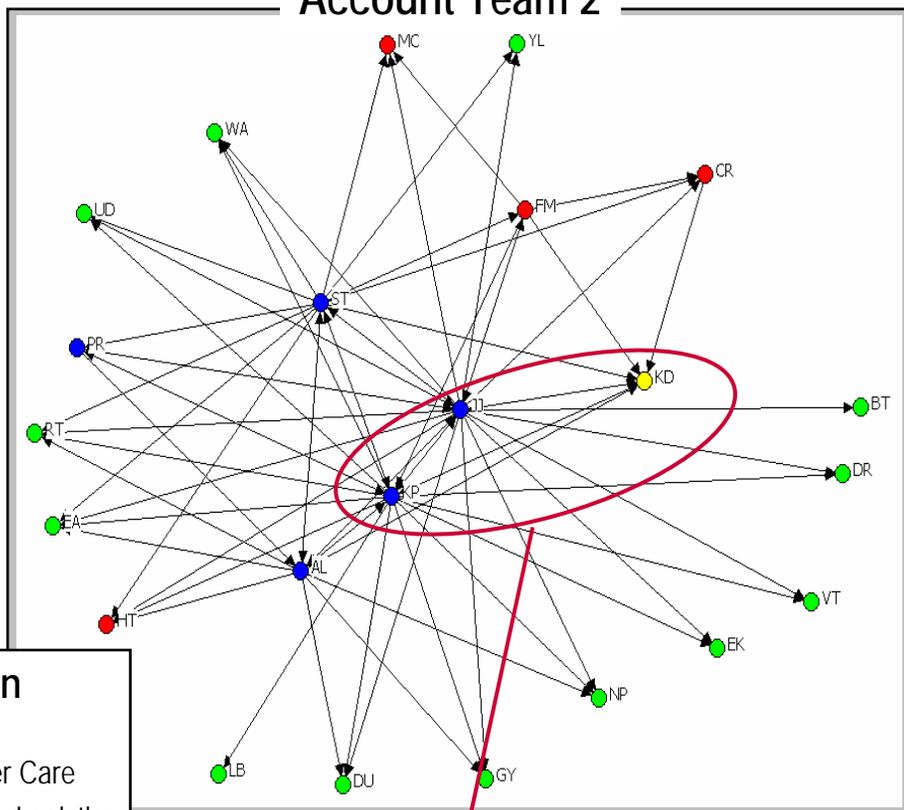


**Central People**  
 AA – Cust. Care (4)  
 KA - Cust Care(4)  
 HU - Sales (4)

### Function

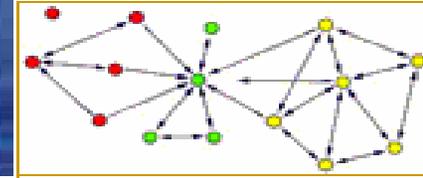
- = Sales
- = Customer Care
- = Customer Logistics
- = Client

## Account Team 2



**Central People**  
 JJ - Sales (6)  
 KP - Sales (6)  
 KD – Cust. Logistics (6)

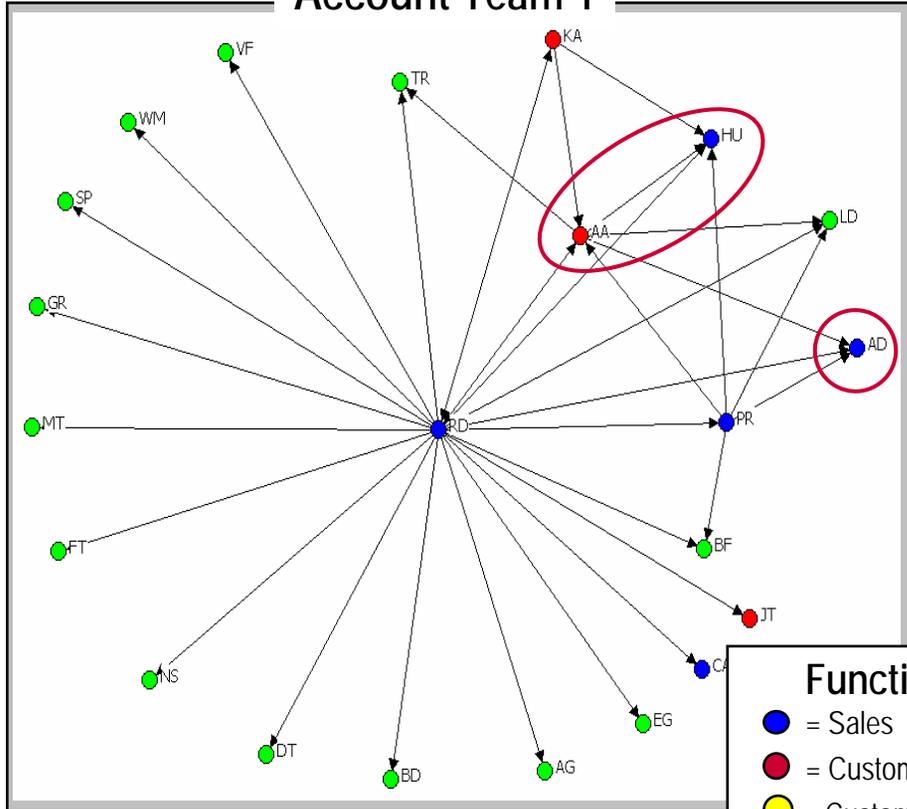
# People in Account Team 1 Want to Collaborate More With Each Other, Whereas Those in Team 2 Want to Collaborate More With the Client



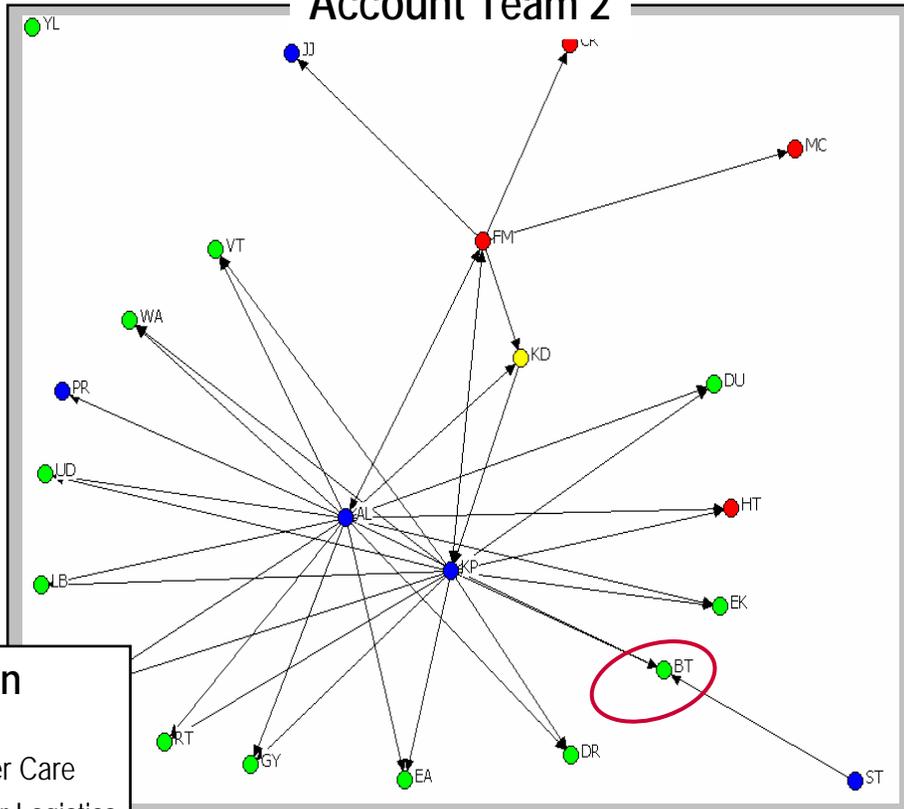
“I would be more effective in serving this client if I were able to collaborate with this person more.”

Responses of agree and strongly agree.

## Account Team 1



## Account Team 2



### Function

- = Sales
- = Customer Care
- = Customer Logistics
- = Client

### Central People

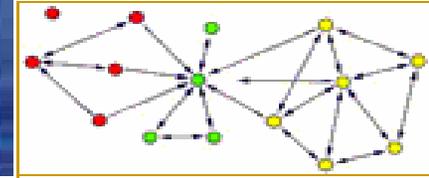
HU - Sales (4)  
AA - Cust. Care (3)  
AD - Sales (3)

### Central Person

BT - Client (3)

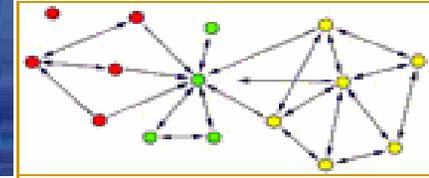
Some people on Account Team 1 indicate they have limited access to other team members). Account Team 2 has access to each other and wishes to have increased collaboration with several clients.

# Distributing the Relationships of the Highly Connected People Would Strengthen the Network



- The two most central people in both networks have a high number of relationships and most people are aware of their skills. They are key to holding the network together:
  - In the Account Team 1 network, if the 2 most central people were removed, connectivity falls off by 76%.
  - In the Account Team 2 network, the effect is also pronounced—losing the 2 most central people reduces connectivity by 55%.
- The central people should leverage their relationships across the network for improved performance. This would also help to balance network responsiveness and reduce vulnerability to any one person leaving. There are three actions which help to correct this vulnerability:
  - Improve connectivity around the central players to provide access and knowledge of their key relationships. Require them to take other company employees with them on sales calls (both those within the account teams and those in the broader company that might be able to add value to the relationship).
  - Employ account planning practices that help to create multiple connections with many of the team members and the account.
  - Use visioning sessions in account meetings to determine how leveraging expertise in the team (that is currently unknown) could provide unique value to the accounts.

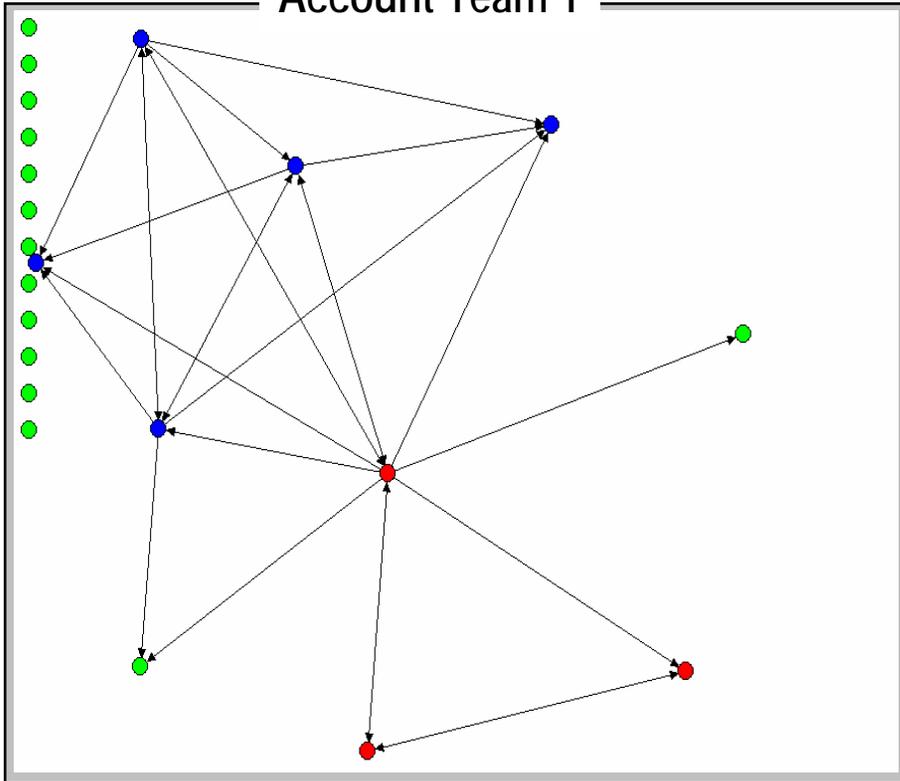
# The Levels of Trust on Account Team 2 are Much Higher



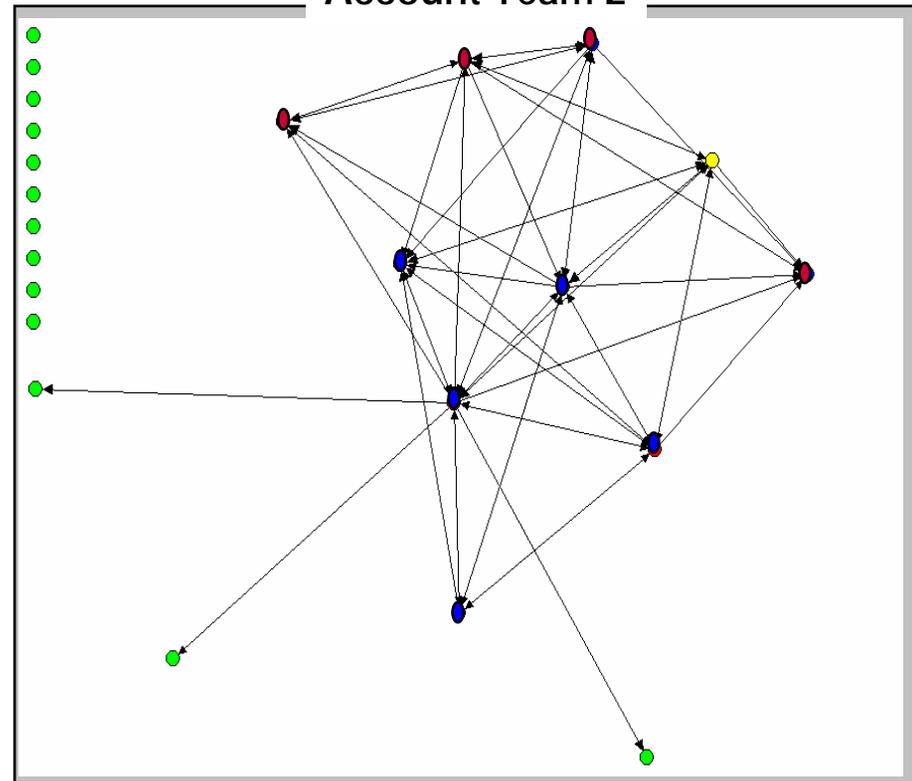
“I trust that this person will keep my best interests in mind.”

Responses of agree and strongly agree

Account Team 1

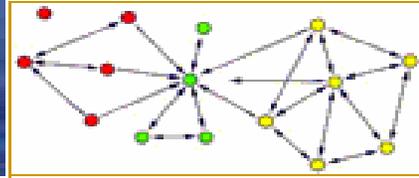


Account Team 2



**Account Team 2 has built collaborative, trusting relationships, whereas Team 1 appears to be much more fragmented.**

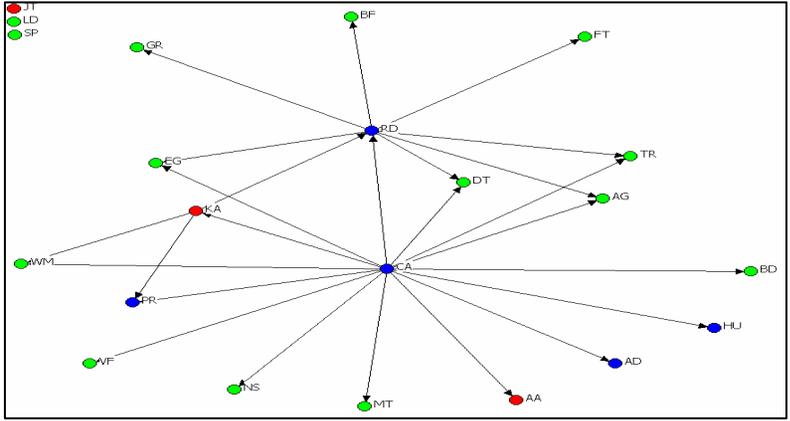
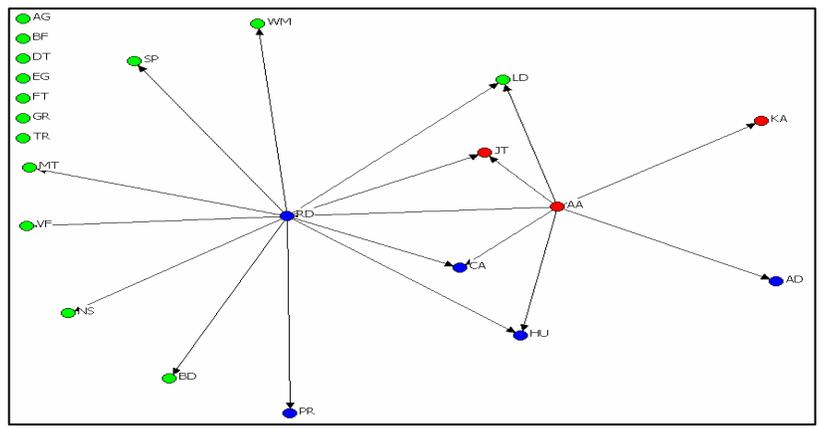
# Account Team 1 Interactions With Their Client are Largely Via Telephone Calls and Planned Meetings



“Please indicate your most frequent method of interaction with each person.”

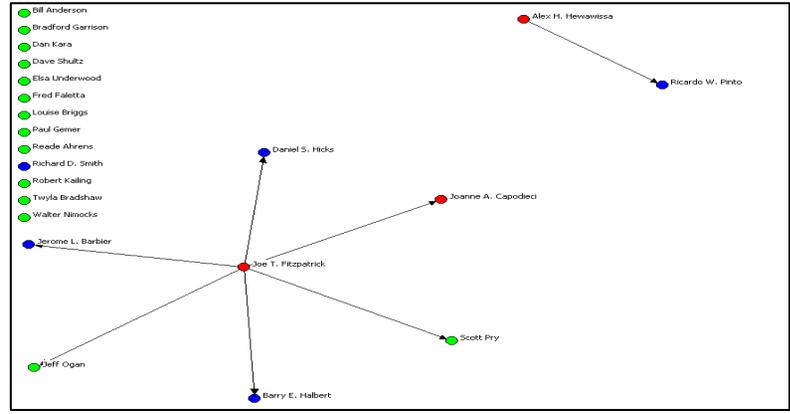
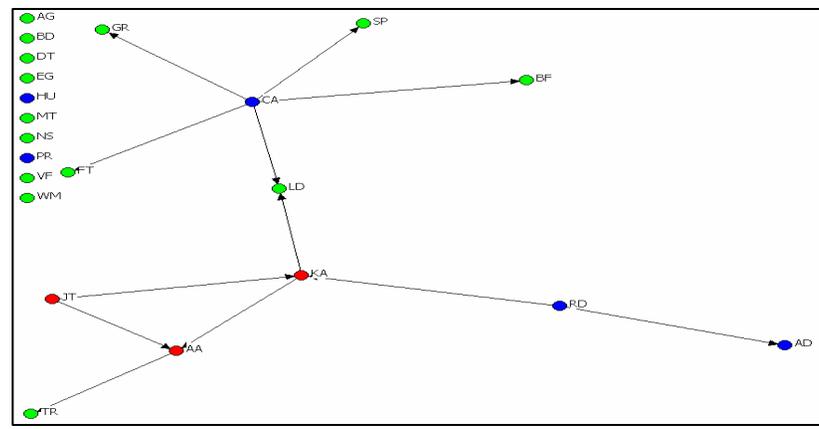
➔ Planned face-face meetings

➔ Telephone



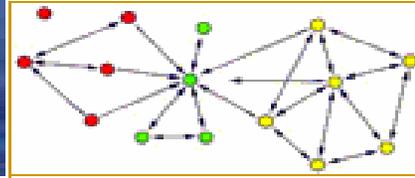
Email

Instant Messaging



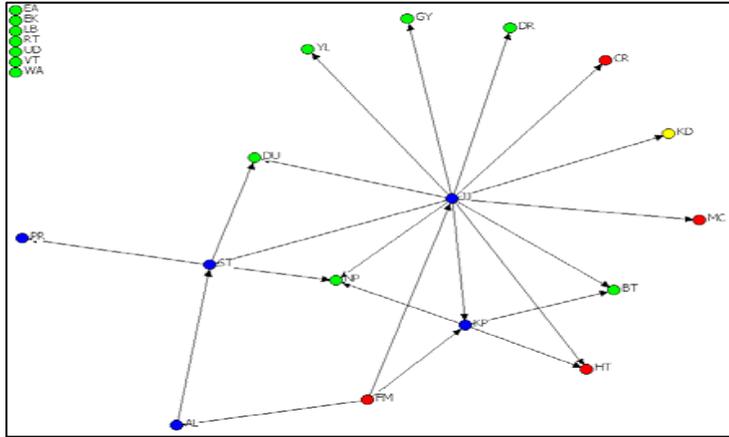
**This suggests that the relationships with the client as well as those on Account Team 1 are formal and structured.**

# Account Team 2 Interactions are More Informal With a Significant Number of E-mail and Unplanned Face-to-Face Meetings

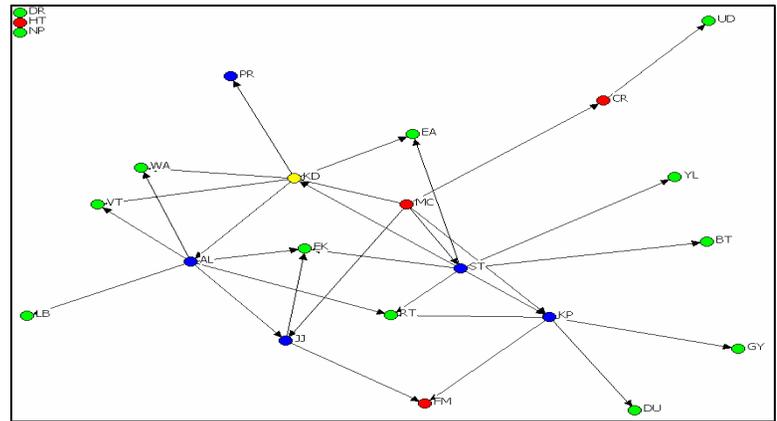


“Please indicate your most frequent method of interaction with each person.”

Planned face-face meetings

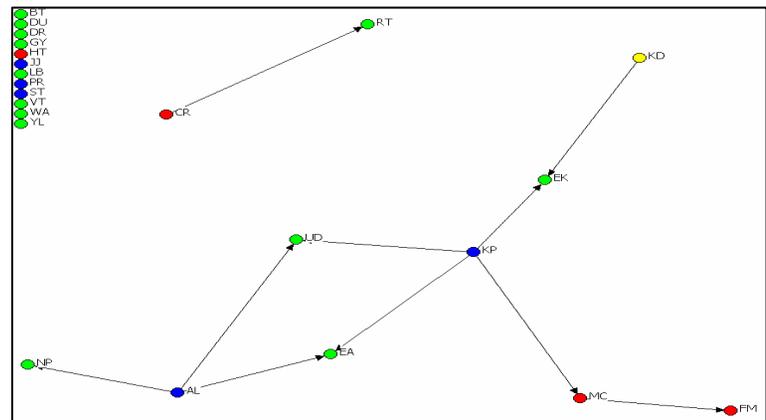
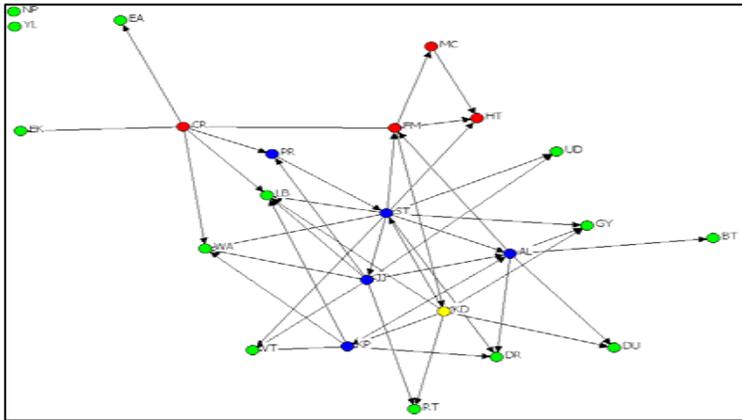


Telephone



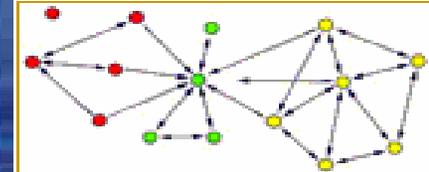
➔ Email

➔ Unplanned face-face meetings



**Account Team 2 also makes use of structured communications, but uses e-mail extensively and also has a more informal relationship with their clients as seen by spontaneous meetings.**

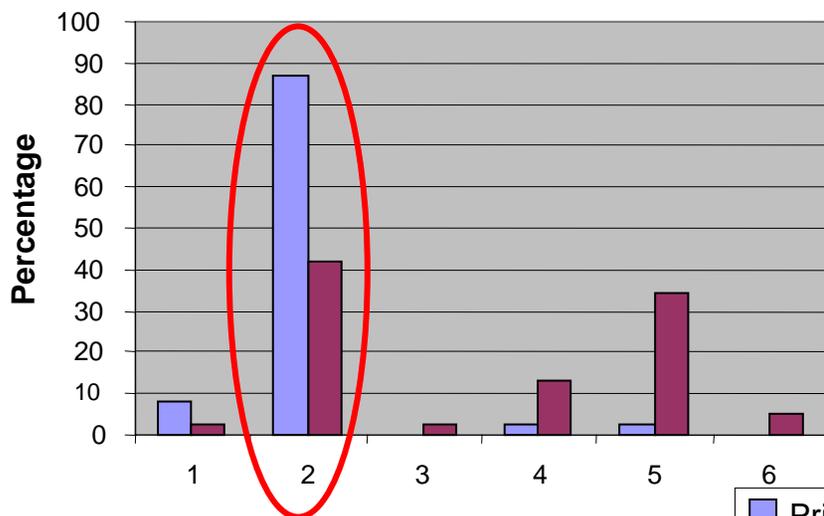
# Account Team 2 Relies Much More Heavily on Their Extended Network for Contacts – A Key Indicator of Higher Performers



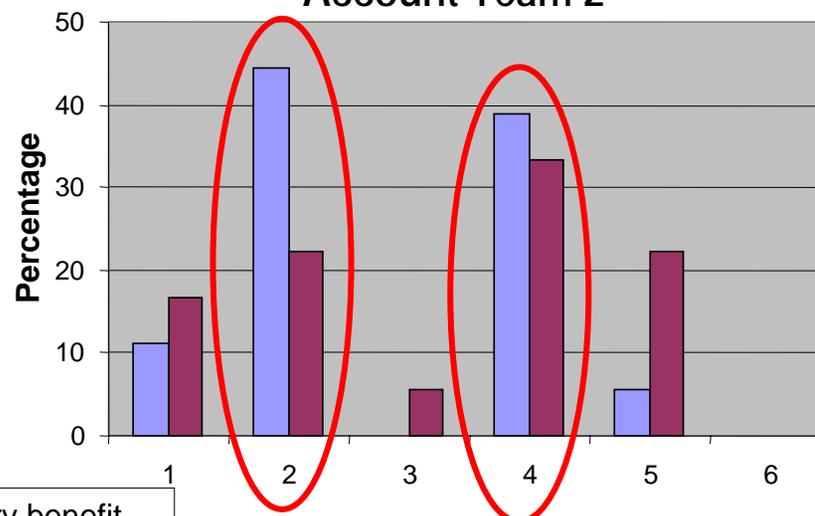
Now please identify up to 15 people who are not within the specified core account team or key customer contacts, but who are important in providing a high quality of service to the customer.

**Please indicate the primary and secondary benefit you receive from each person.**

Account Team 1



Account Team 2



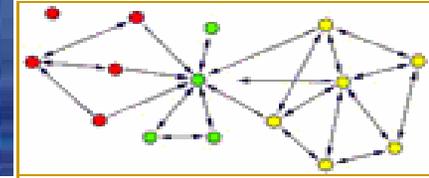
Primary benefit  
 Secondary benefit

**Benefits:**

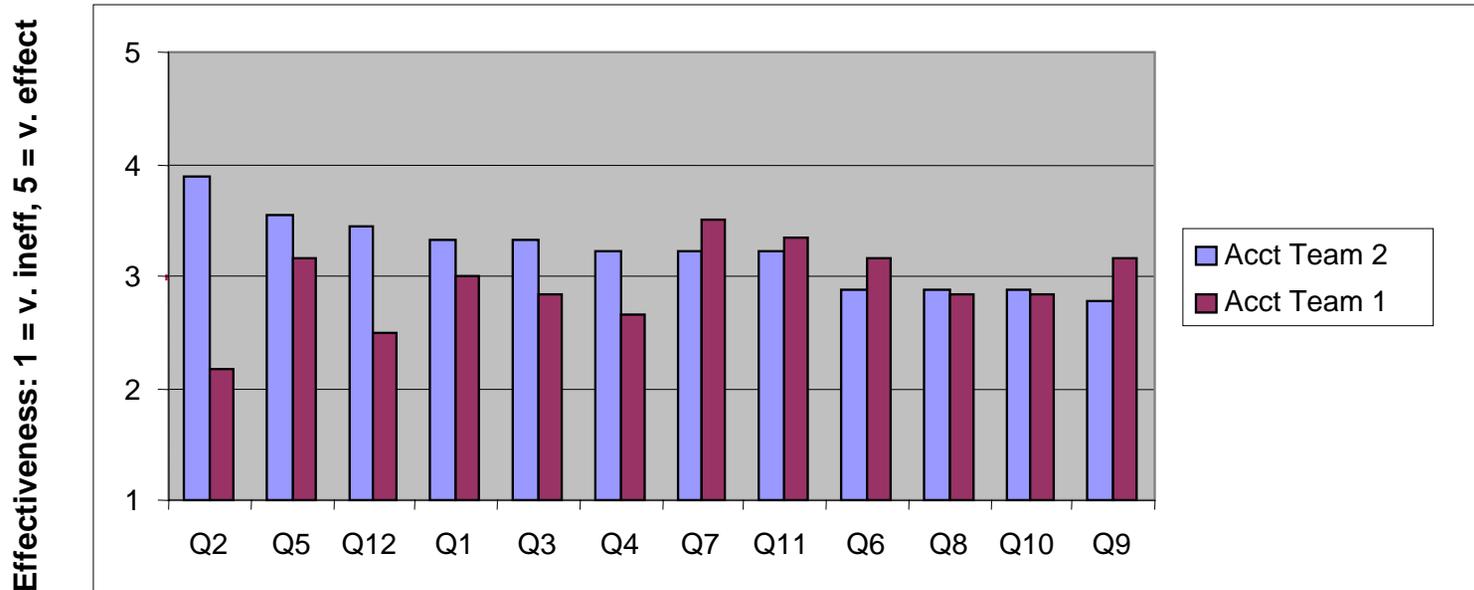
1. Industry or market trends that suggest opportunities with the customer
2. Specific opportunities that exist (or could exist) at this customer
3. Political awareness in terms of who is influential or things to avoid in conversation
4. Contacts to other relevant parties in the organization
5. Activities of organizations similar to the customer
6. Activities of competitors to the customer

**The most significant benefit that both account teams received from their extended networks is the ability to assist with specific opportunities. An almost equally important benefit cited by Account Team 2 are their “Contacts to other relevant parties in the organization.”**

# Both Teams Indicated that Team Structure Should Be Changed to Enable Collaboration

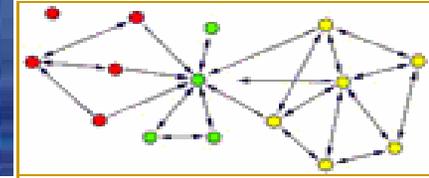


Please indicate your opinion of the current effectiveness of each practice.

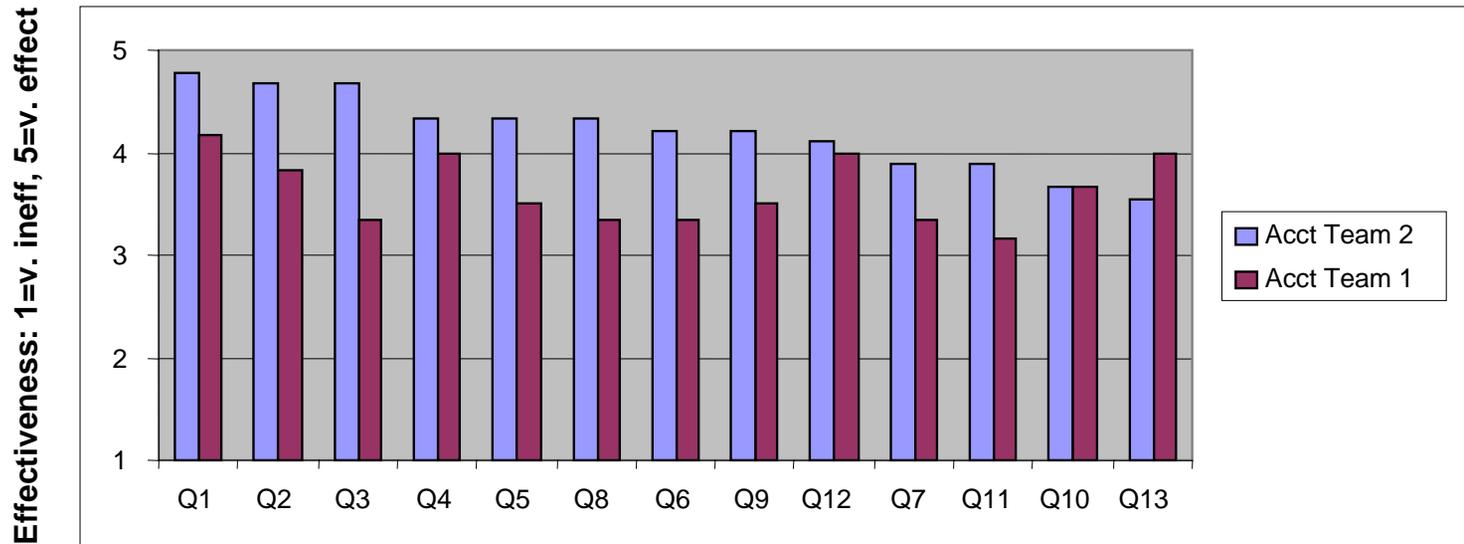


1. It is easy to contact people directly in other parts of the Mars organization or at higher levels of seniority without going through a formal process or chain of command.
2. Teams are structured to ensure collaboration and smooth functioning across divisional and functional boundaries.
3. Clarity in decision-making responsibilities and processes means that decisions on important client issues can be made quickly and effectively.
4. There is internal flexibility in work processes so that complex tasks are usually performed by the staff with the most relevant expertise and experience.
5. Communication and collaboration technologies are readily available and are used effectively by distributed teams.
6. Systems exist to identify and contact the people that have the most relevant expertise in the organization.
7. Formal and informal structures and activities assist individuals in building their personal networks within the organization.
8. Collaborative behavior within the organization has a significant positive impact on bonuses, remuneration, and promotion.
9. We hire people who collaborate well in teams.
10. Leaders envision and structure work as a collaborative activity across divisional boundaries.
11. Leaders willingly share their personal networks and encourage people to make contact directly with others rather than acting as an intermediary.
12. It is safe to fail occasionally, to report bad news, and to acknowledge lack of knowledge outside your core competence.

# Team Effectiveness is Higher on Account Team 1 on All but One Area

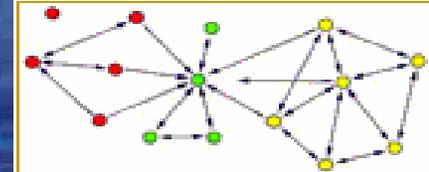


Please indicate your opinion of the current effectiveness of each practice in your account team.



1. The membership of the account team for this client is clearly defined.
2. All potentially relevant product/service lines are represented in the account team.
3. The role of the account team leader is clearly defined.
4. The roles of each of the account team members within the relationship team are clearly defined.
5. Potential team members' background, expertise, and fit with the customer, customer executives, and other team members are considered in selecting the client relationship team.
6. There are regular face-to-face meetings of the relationship team.
7. There are regular virtual (voice, video, web) meetings of the account team.
8. A clearly defined client strategy and action plan has been established.
9. Everyone in the account team knows the customer objectives and strategy, and the actions they need to take to further the customer strategy.
10. All members of the account team are involved in setting client strategy.
11. There are clear communication processes in place that result in all team members being aware of any significant activity on the client account.
12. Team members are open in discussing things that are not going well in the client relationship.
13. Tensions between team members are recognized and addressed by the relationship leader and other executives.

# There are Several Opportunities to Align Team Behaviors With Important Business Drivers



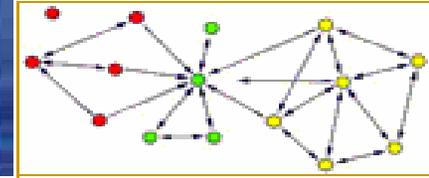
The teams rated the business drivers and effectiveness of organizational and team practices. There were several business drivers identified as important but with significantly low effectiveness.

## Effectiveness of These Practices Should Be Improved

Both teams cited this as *the most important* business driver.

	Account Team 1	Account Team 2
<b>Organizational Practices</b>	<ul style="list-style-type: none"> <li>• Teams are structured to ensure collaboration and smooth functioning across divisional and functional boundaries.</li> <li>• Leaders envision and structure work as a collaborative activity across divisional boundaries.</li> <li>• It is safe to fail occasionally, to report bad news, and to acknowledge lack of knowledge outside your core competence.</li> </ul>	<ul style="list-style-type: none"> <li>• Clarity in decision-making responsibilities and processes means that decisions on important client issues can be made quickly and effectively.</li> <li>• We hire people who collaborate well in teams.</li> <li>• Systems exist to identify and contact the people that have the most relevant expertise in the organization.</li> </ul>
<b>Team Behaviors</b>	<ul style="list-style-type: none"> <li>• Everyone in the account team knows the customer objectives and strategy, and the actions they need to take to further the customer strategy.</li> <li>• The role of the account team leader is clearly defined.</li> </ul>	<ul style="list-style-type: none"> <li>• Account Team 2 team behaviors are well aligned with the business drivers.</li> </ul>

# Initial Recommendations



## Relationships Between Account Team and Client

- Establish process for targeting influential client parties with multiple kinds of expertise.
- Use existing contacts to get to more influential client buyers.
- Hold problem solving sessions that improve collaboration and help client learn about varied expertise.

## Relationships Within Account Team

- Distribute responsibility for nurturing specific client relationships.
- Raise awareness of colleagues' skills and how they could be leveraged on key accounts.
- Engage those on the periphery.
- Identify points where greater collaboration could yield benefits through best practice transfer.

## Relationships Between Account Team and Company at Large

- Develop knowledge of “who knows what” at select points.
- Develop a specific plan for reaching out to experts that could help expand the value provided by the account team.

## Team Structure, Behaviors and Practices

- Build organizational processes and incentives around collaboration to improve overall team effectiveness.
- Create an action plan to align important business drivers with team practices and behaviors.
- Foster a team culture that values collaboration.

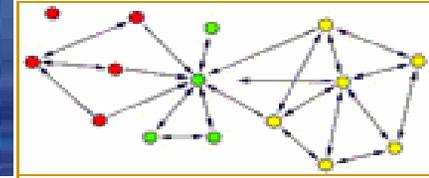
RECOMMENDATIONS

# Appendix



*The* **NETWORK ROUNDTABLE** *at the* **UNIVERSITY OF VIRGINIA**

# Why We Should Focus Our Attention on Organizational Networks



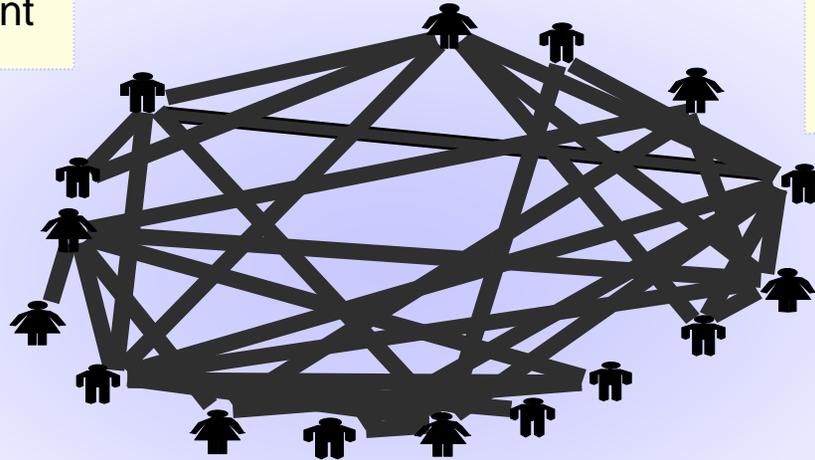
## Key Reasons Why Organizational Networks Are Important

### Where Work Happens

- Lack of boundaries
- Informal networks increasingly important

### Where People Engage

- Join and commit to people
- Trust accrues in networks of relations



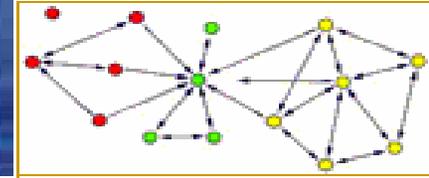
### Where Knowledge Lives

- Rely on people for information
- People can provide more than databases

### BUT...

- Invisible
- Complements formal structure

# How to Interpret a Network Diagram



- **Central People**

- Are an important source of expertise
- May become bottlenecks

- **Peripheral People**

- Are underutilized resources
- Feel isolated from the network
- Have a higher likelihood of leaving

- **External Connectivity**

- Provides balanced and appropriate sources of learning
- Holds relevant influence with key stakeholders

- **Brokers**

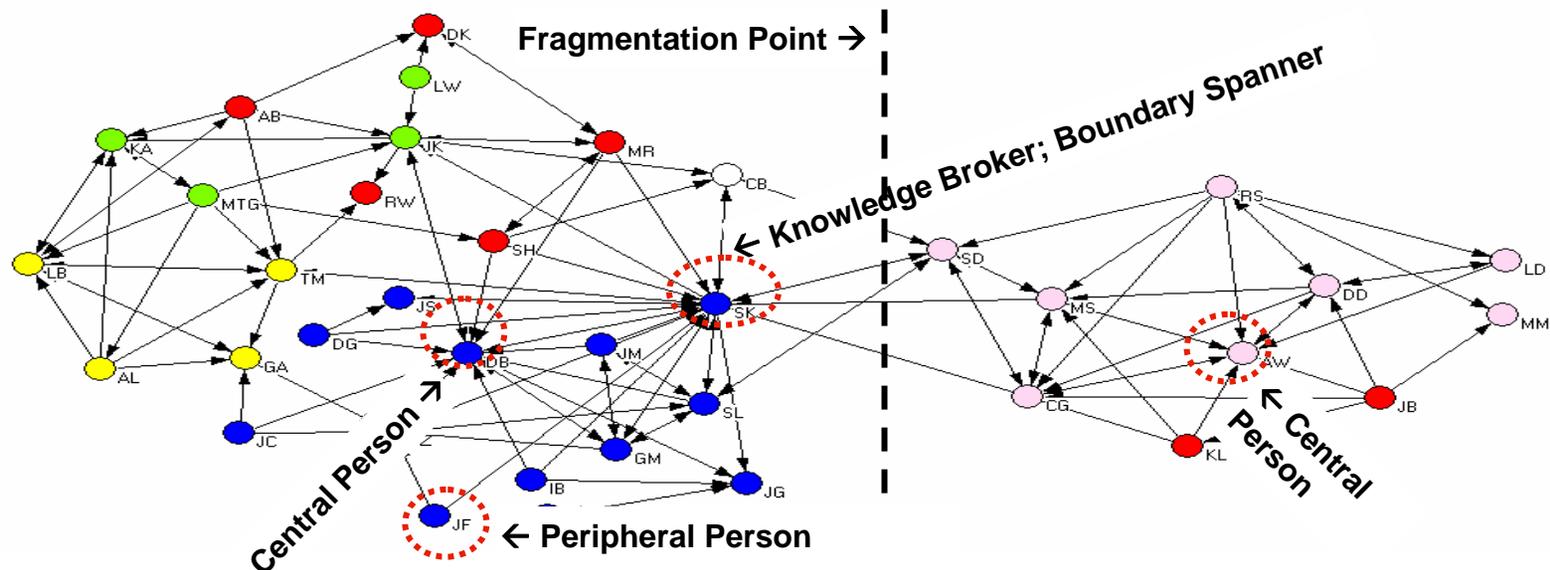
- Are critical connectors between diverse information sources and specific kinds of expertise. High leverage points.

- **Fragmentation Points**

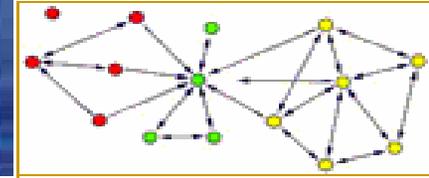
- Affect information flow across boundaries (e.g., cross functional, hierarchical, geographical, or expertise)
- Provide targeted opportunities

- **Personal Connectivity**

- Improves community leader effectiveness
- Enables grass roots network development efforts



# Key SNA Terms—Quantitative Metrics



## Density: Robustness of network (group measure)

- Number of connections that exist in the group out of 100% possible in that network.
- **Bottom Line:** More points connected means quicker and more accurate information flow.

## Cohesion (Distance): Ease with which a network can connect

- Shows average distance for people to get to all other people.
- **Bottom Line:** Shorter distances mean faster, more certain, more accurate transmission/ sharing.

## Centrality: Identifies influential people (individual measure)

- Number of direct connections (ties) that individuals have with others in the group.
- **Bottom Line:** Individuals with more ties to others may be in more advantaged positions and may have access to more of the information or knowledge in the network.