

Is Your Global Account Sales Strategy Truly Global?

A majority of technology companies say thinking beyond regional borders is their biggest challenge in executing on an effective global account management strategy.

One of the biggest challenges for multi-national companies' sales operations is executing on an effective global account strategy. Global accounts— defined by a multi-national customer, complex buying requirements, and significant buying potential— are a key revenue source and yet difficult to nurture because of their complex arrangements.

Most global account sales strategies aim to lock out the competition across the globe. There's no need to design and execute a local (e.g. country-specific) strategy when you can do it on an international scale. Of course that's easier said than done. Aligning different geographic territories around a common global goal can be challenging, and having the right structure in place to facilitate that arrangement is essential to facilitate execution of the strategy.

So what is the right structure? Radford surveyed 28 global technology companies in the fall of 2014 to assess how those companies design a global account management approach. The survey included questions on coverage model and job roles, sales quota and crediting policy, and sales compensation. Our results revealed that only about 60% of these companies recognize a Global Account Manager (GAM) in their sales organizations. Of those companies with a GAM, only two have the role responsible for global revenue. Instead, most companies with a GAM organize and compensate the position similar to that of a regional or territory field sales representative. While these results aren't surprising— in our consulting work we often find companies struggle with bridging regional boundaries— we find the companies that are the most successful in global sales have a strategy that is scaled to the full selling territory. However, tying sales goals to the global selling territory is just one piece of the puzzle. This paper will discuss the top issues that can make or break a successful global account selling strategy.

Structural Considerations

Having worked with many international organizations on global account selling strategy, we believe a key first step is to establish a GAM role. In Radford's job architecture, the GAM is the primary point of contact for a single, strategic account. The job's responsibilities include:

- Developing an overall account sales strategy
- Developing and maintaining a high-value working relationship with senior customer personnel

- Serving as the lead to a virtual, global sales team that is providing regional support
- Identifying short- and longer-term sales opportunities
- Being accountable for sales execution in the account globally
- Collaborating with the company's marketing, product development and professional services colleagues to ensure a close-loop feedback mechanism for ongoing solution development, account penetration and customer loyalty

Those who are effective in this role have keen insights into the customer's business, industry and strategy. They can comfortably work with multiple functions and levels at both the customer organization and their own company, across different time zones, and cultures. They leverage the talents of others without having to rely on formal reporting lines.

Nonetheless, reporting structures are critical and not just as a formality. The reporting structure has far-reaching implications, including revenue and expense responsibilities. Our preference, based on experience, has the GAM reporting up to the global head of sales instead of a regional head. However, in our study, only one in four companies had a VP-level role dedicated to global accounts. This underscores the challenges companies have with making the GAM a truly global position: if the foundation is shaky, the execution can collapse.

The accounting component represents the biggest hurdle for the adoption of a global account management strategy. We often observe the global accounts function as a cost center, with no discernable revenue unique to its contribution. Indeed, it's a big leap to carve off a portion of revenue previously part of a geographic region and assign it to a global entity. But without a separate P&L, the company can't adequately measure the incremental benefits of a global sales strategy.

For companies that aren't willing or able to carve out regional revenue for the GAM, there is a hybrid approach that maintains a separate, global account P&L within each region. Regions without a headquartered global account receive sales credit and allocate the cost to the global account proportionate with their local contribution. While the hybrid approach can get tedious in practice and is inferior to having a separate P&L for the global account, we find it's ultimately more effective than organizing global accounts within a regional structure.

Target Pay Practices and Quotas

Following the structure of a global account sales strategy— including roles, reporting lines and accounting— the next pertinent decision is the compensation structure of the GAM or equivalent position. The [Radford Global Sales Survey](#) designates global account selling roles at the Professional Individual Contributor and Management levels. Of the 17 companies in our study with GAM roles, 11 matched their GAM roles to the Radford GAM survey roles for purposes of competitive benchmarking. The remaining companies benchmarked to regional jobs that typically accommodate titles such as territory account manager or relationship manager.

Target pay for the GAM varies considerably based on the job level. At the Professional level, GAMs earn median total pay of around \$200,000, which is on par for a career-level account manager in the software industry. Director-level GAMs can earn \$260,000 or more. For the relative skill required, we are surprised to learn that

GAMs earn target pay similar to that of regional sellers. Just one-third of the companies in our study with a GAM assign the role one level higher than a regional seller, and 13% have the GAM two levels higher.

Also surprising is the pay mix and degree of at-risk pay given the unique nature of the GAM role. Using Radford Global Sales Survey data, we find a GAM base-salary-to-target-incentive ratio of 55/45. Here, again, compensation is on par with a regional account rep. We believe a more appropriate mix is 65/35, which provides a base salary premium over a regional selling role to account for the higher-skill requirement, and still provides some variable-pay leverage.

We also advise companies to adjust their pay mix for circumstances that impact the individual’s selling influence, such as length of the sales cycle and composition of the selling team. In addition to the role’s inherent complexities are factors like currency fluctuations and political instability that can impact results but are out of the GAM’s control.

Median Pay for Global Account Managers

	Total Target Pay	Base Salary	Pay Mix
Director of Global Accounts	\$258,165	\$168,958	65%/35%
Manager of Global Accounts	\$188,000	\$119,000	65%/35%
Individual Contributor - Global Account Manager (Direct)	\$197,313	\$112,170	55%/45%
Individual Contributor - Global Account Manager (Channel)	\$192,259	\$131,383	70%/30%

Source: Radford Global Sales Survey; US-based companies (Note: Amount totals represent all US-based companies at the median and, therefore, may be less or more than regional pay practices.)

As is evident from the chart above, there is an outlier in the base-bonus mix. The Global Account Manager Channel role, used by about half of the companies in our study with a GAM, has a median pay mix of 70/30. The reduced leverage accounts for the indirect nature of selling through a channel-partner organization.

Any discussion of pay is typically accompanied by performance expectations, and continuing with our theme, we find a lack of consistency in aligning the GAM role with a global strategy. While we would anticipate the GAM’s quota to cover all sales for the account globally, only 17% of the companies in our survey did this. We do, however, spot consistency in performance metrics. All of the companies with a GAM role in our survey tie quota to revenue. Only 9% use a margin-based measure and 27% use non-financial measures, such as management by objectives (MBO).

Many organizations split the sales credit between global and regional sellers. The logic is that two or more sellers must share in the credit based on each person’s relative contribution. However, there’s an inherent danger in this approach: it can create behavior counter to team selling that is so critical in global account coverage. Typically regional sellers don’t have a large portion of their quota tied to global account goals; therefore, they may not make

it a priority to engage with the GAM. Management can counter this through the use of an explicit global goal, based on what's required from the region to support the global account.

Next Steps

Global accounts are a unique market segment requiring a dedicated sales coverage approach with goals and compensation aligned to the particulars of a Global Account Manager. As the results of our study remind us, market practices are not always representative of best practices. The GAM role is evolving. We believe the following best practices for the GAM role will set this position up to successfully deliver on a company's global sales strategy:

- Job structure that enables global influence and accountability
- Target pay that accounts for the job's required skills and experience
- Pay mix that accounts for the job's relative influence on sales growth
- Performance measures, goals and incentive mechanics that align with the strategic nature of the job

To learn more about participating in a Radford survey, please [contact our team](#). To speak with a member of our compensation consulting group, please write to consulting@radford.com.

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