

Schneider's shift to a global account management strategy essay

[Business](#)



The primary driver for moving from a local to a global account management strategy would be Schneider's foresight to recognize the changing tide of the modern business structure. As a major objective in its transition, Schneider's global business approach would be based on the prospect of expanding the business interest and involvement of global clients. These would be strategically identified as parties possessed in the capacity to achieve a high standard of individual growth and expansion.

Essentially, this would denote a global industries where the growth potential of individual clients is greater and more elastic. The basic premise would be that a changing marketplace had made it necessary for Schneider to become more directly active with those clients that had a need and an opportunity to seize on an expanding market context. The imposing force of globalization “ refers to an extension beyond national borders of the same market forces that have operated for centuries at all levels of human economic activity— village markets, urban industries, or financial centers. (IMF, 1) Thus, we can see that the major drive behind this strategic reorientation would be the prospect of expansion. And as the decision to make this transitional move evolved through the early 1990s, initiating in earnest with the creation of the Schneider Global Business Development organization, Schneider would increasingly be justified in its transition as the rest of the domestic marketplace has begun to deduce global orientation as an absolutely necessary means to securing competitive footing. Considering such formerly singular market contexts as the United States, we can see why it is necessary to explore more expandable operational contexts.

In the forum of globalization and, “ with [developing] countries now graduating more college students than the U. S. every year, economists are increasingly uncertain about just where the U. S. has an advantage anymore.

” (Bernstein, 1) Therefore, companies such as Schneider must begin to seriously invest in the larger global marketplace. While this would not replace, but would parallel the domestically-bound operation that had previously defined the whole of Schneider's operation, the immediate degree of focus necessitated from organizational resources by the transition would suggest that the drive for international expansion had come to assume a dominant part in the overall strategic orientation of the company. This is an impression which is furthered by the success experienced by the Schneider and one of its first trial clients in the new global market scheme. With its client, Copiato, long a partner of Schneider's, it would take the first leap into the global management strategy.

Here, by taken a proven partner—and one to whom Schneider itself had already been proven, there would be at least the certainty that the relationship between parties was a good fit and that there was an assurance of fertility in the refinement of this relationship. In the set of actions which would define its adoption of a global orientation with the trial client, we can see that the primary interests in this process is coming to more intimately influence the way that the client has postured itself. For instance, in the intercession of Schneider and Copiato, “ the two companies identified mutually beneficial initiatives in product development, reduction of project cycle time, improvement of productivity, minimization of down-times,

savings in maintenance costs and reduction of inventory and purchasing costs. (390) The approach taken with this first client would generally reflect the major challenges which would be inherent to this change and, in turn, underscore the imperative created by such drives as the expanding global market, its reduced barriers to interaction and the overall expectation on the part of Schneider's most important clients that the supplier would ultimately help them to make the move into this changing but unavoidable market condition. We can also see that a clear and determinant driver is the heightened need of Schneider's clients for all manner of complex operational reorientation in consideration of the changing economic scheme. Indeed, the prospects of global operation have fallen upon many clients as a distinctly uncharted territory with a host of implications that have demanded its partnership with a more experienced global entity. For Schneider, this has represented nothing less than the outright need to make itself available to its clients in that way, in lieu of watching the changing marketplace cause its extinction.

Thus, to the question of its impetus for making a change, necessity must be the first and foremost of answers. Thereafter, we may address the fact of the opportunity also there present. Here, we can suggest that the reason for making the change in the manner it has is Schneider's recognition that certain clients with changing needs and a higher latitude for growth could help to enter the supplier into a global marketplace with an unlimited ceiling. Still, with the retrospective view that we are enabled today, it is fair to note that competition in this capacity is now commonplace.

Therefore, it must be resolved that the early transition to a Global Account Management strategy by Schneider would not just be a preemptive shift toward the flux of international trade and inter-corporate collaboration. Instead, it would prove a necessary step in ensuring that Schneider and its clients could prepare themselves for a 21st century distinguished by diminishing international trade barriers and heightened demands upon companies to effectively manage a distinct array of marketplaces. 2. In considering the implementation of its new strategy, we can see that Schneider is faced with a core dilemma of strategic innovation in the era of globalization, insofar as its approach " must encompass both the supply of a new technology by its producers and the demand for that technology by its users or adopters. " (Barras, 1986; p. 1) To evaluate whether this is true, we consider the company's trial effort.

The example of Copiato is useful to our understanding of how best to facilitate a successful implementation of the Global Account Management strategy. The accelerated focus provided to the client would help to demonstrate how best to shift into this new and broader context. Here, it is clear that client will expect and require an additional level of support and attention from the provider, especially as this concerns the interest of attending to demands specifically created by the global context. Indeed, for each client case, " the institutional environment - and in particular, corporate governance stakeholders - will shape firms' globalization patterns.

(Aguilera et al, 56) Here, new operational conditions, a host of trade laws, the diversity of market contexts and the new geographical pressures levied

upon service organizations all require that a client such as Copiato be given the opportunity to both provide and receive the incite that will factor into key operational actions. Namely, the Schneider case study has shown that a close collaboration between supplier and client is a necessary point of execution through which both parties can help to identify those aspects of an operation which must necessary be altered or refined in order to meet new expectations. We must understand, in examining the prospects and demands which inclined Schneider thusly, that the transition anticipated would come with an extremely high level of demand with regard to the needed changes in operation for the supplier and its most receptive or suitable clients. Namely, those clients deemed appropriate for this type of heightened attention and operational refinement will ultimately require Schneider to take on a set of challenges which is unique to each individual client. Such is to say that the inherent complexities of global trade, which include but are not limited to the varying legal and cultural demands of operational locales, the vagaries of distinct politics or marketplaces and the nuanced properties the pricing differences attendant thereto, are all ultimately business problems of which Schneider must enter its strategic reorientation with a clear understanding. This is particularly true because these factors represent only one half of the business problem inherently created by Schneider's ambitions. Namely, these are merely incidental to the fact of its global orientation. The notion of providing an engine for the globalization of its clients means that in addition to these challenges, Schneider will also be taking on the distinct challenges unique to each organization.

Indeed, the notion of customization is core to this strategic change, contingent upon the logic that “ companies must understand all the outcomes employees and customers are trying to achieve when engaged in a customer/company interaction. (Ulwick, 2005; p. 4) As the case study denotes, among the most significant of practical obstacles would be the “ large degree of customization the company wanted to provide the client and the shift from standardized manufacturing to client-led manufacturing. In responding to favored customer's needs, for example, Schneider had to invest in special equipment to design the product to the client's requirements. (390) Naturally, such an arrangement renders a client directly beholden to the supplier in the effective pursuit of its global operations to the degree that an extremely high level of communication and involvement in client actions is absolutely necessary. This is a challenge to both the practical approach and the human resource availability for implementation of client needs. Based on this discussion, we can conclude that there are certain actions which Schneider must take if it is to effectively make the leap to this type of strategy.

We can already recognize a clear demand for genuine and intimate awareness of client conditions. Such is to say that “ by specifying a resource profile for a firm, it is possible to find the optimal product-market activities. ” (Wernerfelt, 117) This has a real impact on the demands placed upon Schneider's account managers. In particular, because of the added expense, manpower, time consumption and customization which are all a necessary part of this process, Schneider must consider scaling back its stable of

clients. Its strategy as a domestically-based operation must be in some capacity reduced lest such clients be unfairly given the short-shrift.

There is a defined threshold of client importance that is already denoted by the eligibility requirements for Schneider's Global Account Management strategy. To this end, " Schneider had set a requirement for companies that wanted to be considered as a strategic global account: the client had to offer the potential of sourcing at least 50% of its global business from Schneider. This allowed Schneider to recover the startup costs of the relationship over time.

(390) This practical consideration should be accompanied by an active reduction of the domestic roster of clients, with the lowest tier of users given the opportunity to increase vested interest in the supplier or be considered for account termination. Ultimately, this would be considered an opportunity cost decision, with the far greater expandability of a company in the global marketplace (accompanied in no small part by its greater than 50% interest through Schneider) easily eclipsing that which is lost in either sales or good will through such a move. The ultimate resolution is that in order for this necessary transition to succeed, Schneider must clear the way for an undiminished focus on its core clients. As time passes and its global strategy becomes the norm, it may be possible to reconsider the domestic markets as priorities. At this juncture though, company transformation requires a shift in focus that necessarily highlights those clients of definable and clear relevance to the new set of strategic aims.