

# CRM *OUTSIDERS*



## **The Evolution of Professional Selling**

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**Professional selling** to corporate and enterprise customers is changing faster than ever. Buyers today are able to learn about products on their own, and this can disempower sellers of commodities while forcing sellers of complex solutions to invest at higher levels to differentiate. This polarization means that the return on investment ‘sweet spot’ for both buyer and seller is shrinking. New strategies and cost-effective sales models must therefore be created.

Sales people continue to be the key differentiators in winning complex and competitive opportunities because at the heart of every good business transaction is trust and value. In the past, the sales person’s job was to build rapport and communicate value, but today he or she must gain insight and create value, or be replaced by lower-cost sales models or the competition. Customer Relationship Management (CRM), multi-channel marketing, business intelligence, personalized web and Internet technologies are all creating new opportunities and redefining the role of field sales.

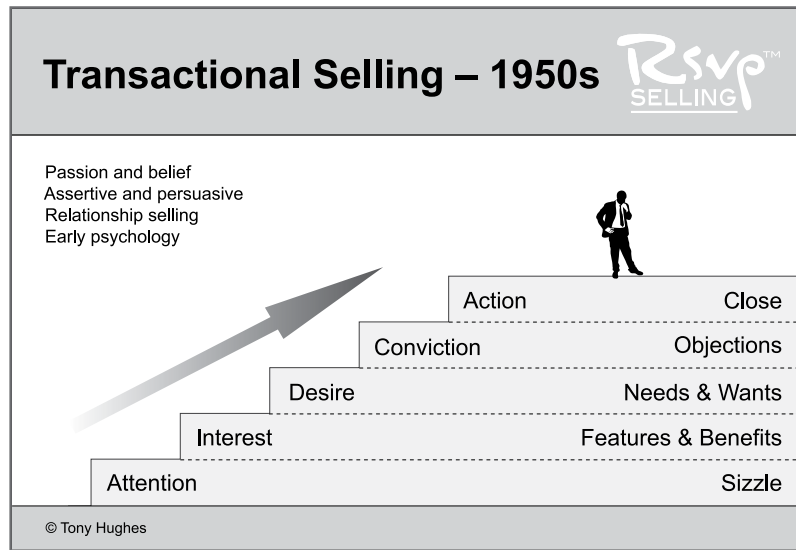
Relationships alone are not enough in complex enterprise selling; strategy and value creation must also be the obsession of sellers. Yet ‘value’ is best defined by the customer, and push selling—seeking to manipulate and project value in the form of features and benefits—belongs in the past. Professional sales people must evolve to become ‘value engineers’ who competitively differentiate. For this reason, let us take a brief journey through the history of modern selling and then consider trends that create market opportunities for those willing to adapt and invest.

## History

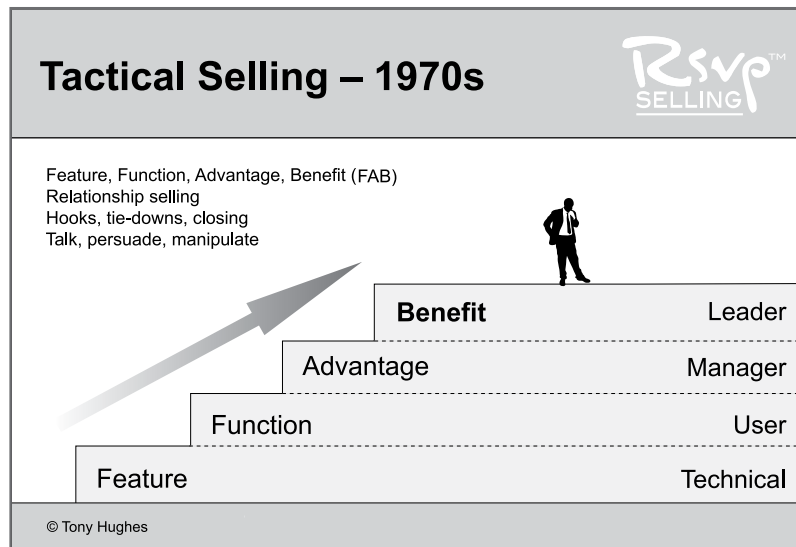
In the 1950s, two forces—psychology and process methodology—combined to forever change the sales industry through Dale Carnegie’s five-step AIDCA methodology. It works best in commodity, retail and direct consumer selling but fails to address complexity and strategy. The AIDCA five steps are:

- Attention—through creating ‘sizzle’
- Interest—aroused through features and benefits
- Desire—by linking the product to needs and wants
- Conviction— from the seller in overcoming objections
- Action—by actively and assertively closing for commitment to purchase

The acronym was later abbreviated to AIDC, with the C standing for Close.



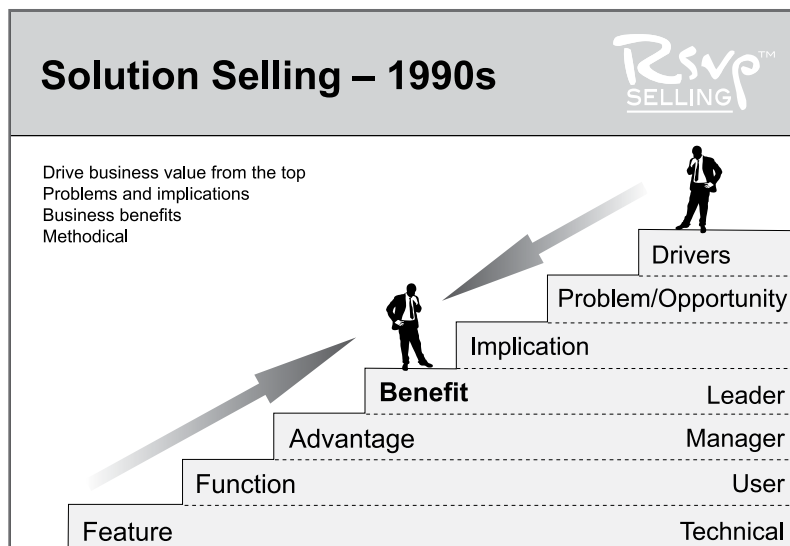
By the late 1970s product marketing departments were creating a new approach focused on Features (and Functions), Advantages and Benefits—FAB—and trained sales people to deliver ‘value’ messages. But vendor or product ‘benefits’ don’t always translate to tangible business value, and the sales person’s FAB audience often consisted of recommenders and influencers only. Features are of most interest to technical and compliance buyers, functions are relevant to users, and advantages are relevant to supervisors or managers. Sales people often struggled to identify a customer’s unique



problems and connect ‘benefits’ with tangible business value. This resulted in an inherent disconnect between sales people and the real decision makers—economic buyers and business leaders.

During the 1970s and 1980s, corporate buyers made considerable advances in how they managed procurement processes. They devised buying practices designed to foster supplier competition and thwart charismatic sales people. Sales techniques that worked in the past increasingly became barriers to success, especially in more complex environments. Professional buyers became more sophisticated and did not respond favorably to clumsy or manipulative selling behaviors. During the 1980s there was greater awareness that aggression from the sales person created defensiveness while trust and understanding created cooperation. In this context, the psychological practice of Neuro-Linguistic Programming (NLP) came to the forefront of the sales training industry. Although not invented by Anthony Robbins, he popularized NLP and applied the principles to assist sellers with personal success and in building trust subconsciously to influence the buyer.

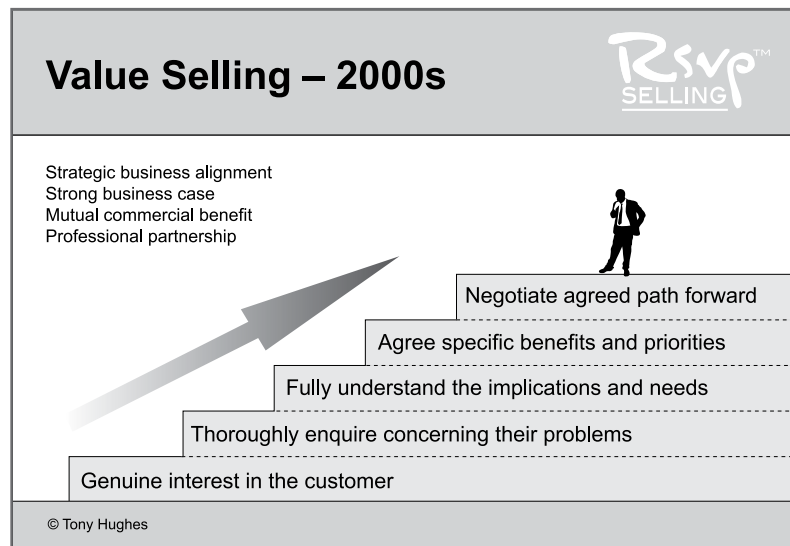
During this period, serious researchers examined successful sales behaviors from the perspective of professional buyers. This research was led by Neil Rackham from Huthwaite, who developed SPIN Selling, the forerunner of today’s value-based approach to professional sales. He documented a methodology that revolutionized professional selling by focusing on problems, the implications, and the specific business benefits of resolving them by implementing solutions. Rackham’s influence and contribution to professional selling is second to none. Yet even with his revolutionary approach, many sales people continued to operate below the level of real power. The vast majority persisted with their feature, function, advantage and benefit mantras. Old habits really do die hard, but things were changing.



In addition to SPIN Selling, a number of sales process methodologies emerged in the late 1980s and 1990s as best practices for qualifying, managing and strategizing complex sales opportunities. They remain relevant today and promote a top-down approach aligned to the political and economic power within a buying organization. These sales methodologies include Jim Holden’s eFox and Power Base Selling, Miller Heiman’s Strategic Selling, Keith Eades’ Solution Selling, David Maister’s Trusted Advisor, Art Jacobs’ Strategy, Target Account Selling (TAS), Rick Page’s GPS RADAR and The Complex Sale, The Sandler Selling System, Wilson Learning’s Counsellor Sales Person, Value Selling, Lambert & Dugdale’s Smarter Selling, and more.

As the new millennium arrived, these methodologies encouraged sales people to see themselves as professional problem-solvers who developed trust and understanding before proposing solutions. In this values-based paradigm of solution selling, there is a methodical approach for taking genuine interest in the customer, and thoroughly investigating their problems and opportunities to fully understand

business needs. This naturally leads to identifying specific benefits and priorities while negotiating how to proceed and implement high-value solutions. Values-based selling is in stark contrast to the AIDC and FAB methods from last century and facilitates an ethical approach which is focused on cooperatively creating value and alignment with the customer.



Value Selling is a more recent concept which is built on a values-based approach for partnering with the customer to develop and business case and engineer solutions delivering tangible return on investment. It is not dissimilar to SPIN Selling but is effective in stimulating business conversations with senior people in the customer's organization.

### The Value Gap

Buyers engage with sales people to assess comparative value and any risk in purchasing something that affordably meets their requirements. But there is often a serious gap, or disconnect, within the buying organization which is perpetuated during the evaluation and procurement processes. The gap exists between perceived value for money and the delivery of business value. This disconnect is present when value is defined in terms of features and functions rather than the achievement of measurable business outcomes.

The value gap can be bridged by sales pros working with senior customer stakeholders, who are driven by the attainment of tangible business benefits while managing risk and ensuring best return on investment. The commitment required from both buyer and seller to create value in this model is warranted where there is complexity. There are, however, products and services that rightly belong in the low-value or commodity category, and new selling models are needed to cost-effectively meet the needs of buyers who seek better value with a focus on securing a lower price.

Buyers are empowered with an abundance of market information, and competition is forcing margins to be squeezed at every level for sellers. Misalignment occurs when buyers demand higher levels of sales investment from their suppliers while concurrently seeking to commoditize the product or service they are procuring. Complex enterprise selling is undoubtedly becoming more expensive—recent research reveals that, on average, it takes three times longer to lose a deal compared with winning (research by Hugh Macfarlane: The Leaky Funnel). In enterprise solution selling, it has therefore never been more important to move toward value. Any strategy for bridging the value gap today must take into account the following trends:

1. Buyer polarization of commodities versus solutions: Mature procurement operations are categorizing vendors as either commodity or strategic. In commodity procurement, buyers disempower sellers by focusing on price, features and terms while denying access to key information and relationships that could enable seller insight and support for creating business value. At the other end of the spectrum, purchasers of strategic or complex solutions are demanding ever-increasing levels of pre-sales investment to mitigate risk. This imposes significant investment of time and resources on sellers.
2. Convergence of sales and marketing: The trend toward either commodity or strategic procurement is forcing selling organizations to segment their markets and sales channels. Marketing is driving cost-effective selling in the commoditized or low value segments, while field sales begins to engineer value to differentiate and protect margins. In the past the marketing department 'created' value and the sales people communicated it, but now the sales and marketing functions are being merged to allow sales models and channels to cost-effectively align with the market. The intrinsic value and price points of products or services, compared with the complexity and business value of solutions, is determining the choice of sales channel.
3. Acceleration of Information Technology: Buyers today have unprecedented access to information providing competitive awareness and choice well before engaging with sales people. The information age is also causing many sellers to reassess their business models and the roles of expensive field sales people. Where customer relationships are the key to unlocking or creating customer value, the leading sales organizations are investing in transformational information technology tools which enable unprecedented sales productivity. Information can become intelligence and technology can deliver efficiencies and competitive advantage. Website initiatives offer broad yet targeted reach. Multi-channel e-mail and campaign marketing platforms can be tailored for targeted and cost-effective Business-to-Consumer (B2C) communication and lead nurturing. Customer Relationship Management (CRM) systems can deliver productivity and insight for Business-to-Business (B2B) engagement while making customers the centre of an organization's activities and systems. VoIP (Voice Over Internet Protocol) and web capabilities offer cost-effective interfaces for conducting remote virtual meetings, presentations and demonstrations.

## Recommendations

Regardless of the channel to market, sales success depends upon the seller offering intrinsic value with unique competitive differentiation and the ability to create genuine business value. These prerequisites, combined with current trends, challenge those engaged in complex enterprise solution selling to evolve their business models. A sales leader willing to accept the challenge should consider the following for their organization:

1. Transition to value for complex solution selling: For complex or high-value solutions, carefully target potential market segments. Embrace complexity and scarcity (skills and expertise) and invest more than the competition to create industry specific domain expertise. Adopt the maxim that 'less is more' by investing heavily in fewer, yet better qualified, opportunities. Create and engineer value by combining customer insight with unique capabilities that deliver compelling and measurable business outcomes while recognizing that only the customer is qualified to describe something as a 'solution'. Even the largest vendors with brand dominance need to position themselves as niche specialists and also develop partnerships and alliances to satisfy end-to-end requirements.
2. Merge marketing and sales for cost-effective sales engagement models. Segment industry verticals and categorise products, services and solutions to cost-effectively differentiate and align sales resources with the market. For commodity segments: the marketing department should drive Internet e-commerce linked with inside (telephone) sales to transact lower-value and lower-

margin business. For high-margin, complex industry solutions: field sales should adopt a value engineering approach supported by marketing. In this paradigm of selling, the focus is on the customer's business case, process improvements and use-cases that deliver tangible return on investment and competitive advantage evidenced by relevant case studies. In summary; create a culture where 'marketing sells' and 'sales people market.'

3. Leverage proven technologies to improve sales and marketing execution. A merged sales and marketing function can create closed-loop demand generation, lead nurturing and sales execution. This can be achieved utilizing marketing platforms such as e-mail marketing and campaign management tools integrated with CRM systems to generate 'sales-ready leads' for inside sales or field sales. Ensure that your CRM system is easy to use and serves the sales people, providing insight and intelligence while embedding your specific sales process methodology with mobile access and integration to your internal business systems and social media.

### Summary

Technology and the abundance of online information is transforming business. Any product or service that has been commoditized—by low margins or poor differentiation—can only be sold cost-effectively and profitably by businesses with inside sales and/or leveraged sales channels. The latest technologies must be employed to create differentiation and efficiency for sellers.

Although new technologies and new sales techniques are causing a seismic shift in how selling is done, the role of professional sales people has never been more important in complex solution selling. While the technology now exists to efficiently build relationships with customers and potential customers, only sales people can translate that potential into closed sales and increased revenues. To maintain margins and grow market share, you must equip your sales pros with the right tools to create customer intimacy and harness industry domain expertise if they are to create solutions that deliver tangible business value. Sales people must understand those tools, then develop effective strategies and build relationships at senior levels to create value and achieve customer alignment.

Doing all of this is not easy and requires commitment from management and flexibility from your sales team—but if they embrace technology to create competitive differentiation and transform information into intelligence, they will give your business a significant edge over your competition.

## About The Author

Tony Hughes is the creator of RSVPselling™ and author of the book, *The Joshua Principle, Leadership Secrets of RSVPselling™*. He has three decades of business experience in Australia and North America in start-up and large multi-national environments and has a proven track record in sales and management. Tony is not an academic or theorist; he is regarded as a leader on the cutting edge of complex enterprise selling.

As a sales person, Tony consistently rated in the top 5% as he progressed from telecommunications services to IT hardware, to IT services and then business application software. He was the number one Sales Executive for BellSouth Corporation in Asia Pacific and the highest ever sales performer with record performances that remain unbeaten decades later. He has achieved President's Club and been recognized in the top 1% of sales people globally. He has sold products and services to IBM and other tier-one organizations and worked for industry stalwarts including Digital Equipment Corporation (Hewlett Packard) where he earned Asia-Pacific Account Manager of the Year. Tony also worked for Fujitsu Australia where he delivered their largest ever OEM contract and he also sold at the highest levels for SAP and other software companies in complex enterprise environments.

As a business leader, Tony operated his own successful manufacturing business in Australia which he launched in the USA, leading to the sale of the company. In more recent times he was Managing Director for Hummingbird Corporation in Australia and New Zealand and used his RSVP principles to deliver three of the four largest contracts globally and achieved the status of highest performing operation worldwide with record revenue and profit. He currently is the Managing Director of SugarCRM Australia Pty. Ltd.

In 2005 he trade marked RSVPselling™ as a unique sales methodology and in 2006 he was invited by The University of Sydney to teach his own business communication and negotiation course centered on his unique RSVP concepts. The course received the highest ever rating from attendees of a first time course.

Tony is an accomplished and proven trainer, presenter and public speaker specializing in business communication, strategy, sales, negotiation and leadership. Tony lives in Sydney, Australia and is married with two children. He has a passion for success in selling and a genuine desire to make a positive difference in the lives of others.

For more details: <http://rsvpselling.com/content/about-tony-hughes>