SELLING TECHNOLOGY

Thomas Bech Pettersen
Division Director, Computas AS
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• Technology sales are complex sales
• Strategic analysis
• Buying influencers
• Wins and results
• The sales process
• The sales meeting
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INTRODUCTION

• Have you thought of yourself as a sales person?
• How can you make your ideas succeed?
• Shouldn’t it suffice with technology alone?

• Well - selling your ideas and your technology is necessary - and it’s fun, too!
ABOUT MYSELF

• Thomas Bech Pettersen
  – Division director, Computas AS
  – IDI, NTNU (well - IDB, NTH actually) 1981-1986
  – In Computas since 1986 (!)

• Computas AS
  – 270 people, employee-owned
  – HQ at Lysaker, Oslo
  – Branches in Bucuresti and Stavanger
  – Profitable and growing steadily for 10 years
You’re not only selling nuts and bolts

You sell something the prospective buyer probably doesn’t understand

Your solution is new

TECHNOLOGY
SALES ARE
COMPLEX SALES
**BUSINESS DOMAIN CONTEXTS**

**THE CYNEFIN* FRAMEWORK**

<table>
<thead>
<tr>
<th>Complicated</th>
<th>Complex</th>
<th>Simple</th>
<th>Chaotic</th>
</tr>
</thead>
<tbody>
<tr>
<td>«Good practice»</td>
<td>«Emergent»</td>
<td>«Best practice»</td>
<td>«Novel»</td>
</tr>
</tbody>
</table>

- High rate of change
- Many unknown variables
- Complex collaboration
- Unstructured business processes
- Complex business rules
- Data / Application overload

*Where is your sales challenge?*

* David Snowden, 1999
SUCCESS CRITERIA FOR A (STARTUP) COMPANY

Your Product / Services must be

• **Valuable** - identified by yourself as valuable
• **Rare** - unique, causing competitive advantage
• **Inimitable** - not easy to copy or imitate
• **Organizationally embedded** - ability to exploit

OR

the product / service must

• solve a **particular** problem
• that the target group is **aware** of;
• willing to **pay** for;
• in a **unique** way
• not easily **copied**

*The VRIO Framework, Jay B. Barney (1991)*
# THE VRIO FRAMEWORK

<table>
<thead>
<tr>
<th>Valuable?</th>
<th>Rare?</th>
<th>Costly to imitate?</th>
<th>Exploited by the organization?</th>
<th>Competitive implication</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>No</td>
<td></td>
<td></td>
<td>Competitive disadvantage</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
<td></td>
<td></td>
<td>Competitive parity</td>
</tr>
<tr>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td>Temporary competitive advantage</td>
</tr>
<tr>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Unexploited competitive advantage</td>
</tr>
<tr>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Sustained competitive advantage</td>
</tr>
</tbody>
</table>
STRATEGY: VALUE CREATION CONFIGURATIONS

• Understanding your prospective customer:
  – How do they *create* value?
VALUE CHAIN

• Traditional
• Focus
   – Cost minimization
   – Efficiency
   – Economy of scale

Value Chain - Michael Porter (1985)
VALUE SHOP

- The «Knowledge Intensive Company»
- Solving customer or client problems
  - Definitely no value chain
- Five major activities going on:
  - Problem finding and acquisition
  - Problem solving
  - Choice of problem solution
  - Execution of solution
  - Control and evaluation
- The expert might be the best sales person!

Charles Stabell & Øystein Fjeldstad (1998)
VALUE NETWORK

• Customers perceive the value as offered by the network

• Emphasizes that the real value being created is *between customers* - when they interact *facilitated* by the value networks

• Examples
  – A phone company
  – A car insurance company
  – An airline

*Charles Stabell & Øystein Fjeldstad (1998) - but other «versions» exist; e.g. from Clayton Christensen at Harvard Business School*
STRATEGIC SELLING
STRATEGIC SELLING

• Techniques developed by Miller & Heiman (only glimpses shown here)
  1. Buying influences
  2. Red flags / leverage from strengths
  3. Four response modes
  4. Win - results
  5. Ideal customer
  6. Sales funnel

A complex sale: Several people must contribute to a decision

YOUR CURRENT SPECIFIC SALES OBJECTIVE

• ...should always be clearly identified!

• The product or solution offered
• Clear and well-defined
• Quantitatively measurable
• Linked to a well-defined time schedule
• Contains a single product or solution

You want one single decision process!
1. BUYING INFLUENCES

- 4 different buying influencer roles
- Each role represents a particular influence
- A single person can play multiple roles
- Identify the influencers!
- Identify the role(s) they play!

- You’ll be much better prepared in the sales process
ECONOMIC BUYERS

• Role: Final acceptance of purchase
• Typically only one per sales case
• Can have the form of a team or committee
• Controls the budget
• Controls the resources
• Provided with a veto
• Focus: Bottom line and total effect on organization
• Typical question: «What’s the ROI* for the company?»
• It’s absolutely crucial to identify the Economic Buyer

*ROI - Return on Investment
UNDERSTANDING YOUR CUSTOMER’S FINANCIAL DECISION

• ROI calculation - you may have to have a go yourself!

Note: Depreciation not accounted for in this example
USER BUYER

- Role: Evaluate business or work efficiency
- Often a group or several individuals
- Typically a real user or user responsible for the solution in question
- Personal engagement - will live with the sales outcome
- Direct line between the success for the user and your solution
- Focus: The work to be done
- Typical question: «What does this mean for my areas of responsibility?»
TECHNICAL BUYER

• Role: Sorting the various offers
• Often several individuals with different viewpoints
• Evaluate technical specifications
• Functions as a gatekeeper
• Can almost never provide the final approval for purchase
• Can veto in technical questions (specifications)
• Focus: If specifications meet requirements
• Typical question: «Does the product meet our specifications?»
TECHNICAL HURDLES

- We don’t have that type of technology
- We don’t know that type of technology
- We believe in quite another technical solution
- We have a technology strategy and you don’t fit in
- Where’s your success stories / references?
- We require at least five years of stable product releases before we will invest

- And so on...
COACH

- Role: Acts as guide in the sales process
- You should work actively to establish at least one coach
- Can provide and interpret your proposal’s claims
- Can provide information about other influencers
- Can give feedback on your strategic analysis
- Focus: How you can succeed with your offering
- Typical question: «How can we make this happen?»
THE IMPORTANCE OF A COACH

• You can share your plans with a coach!
• They can sit in different places in the customer organization
• Selecting a coach:
  – You should have confidence in this person
  – The prospective coach should have other actors’ confidence
  – The person wants your solution
• All these three criteria should be met
2. RED FLAGS / LEVERAGE FROM STRENGTHS

**Red flags**
- Missing information
- Uncertain information
- Uncontacted buying influencers
- Any buying influencers new to the job
- Reorganization

**Strengths**
- An area of differentiation
- Improves your position
- Relevant to current sales objective
3. BUYING MODES

- All buying processes represent some change
- Buyer influencers have different views on change
- Buying Mode: The buyer influencer’s perception of the need for change
- Four typical Buying Modes
BUYING MODE 1: GROWTH

- The probability for change is high
- Desire for
  - increased quantity/volume
  - Increased quality
- Gap between current results and desired results
- Does your offer reduce this gap?
BUYING MODE 2: TROUBLE

• The probability for change is high
• Something causes the current results to have a deviation from the desired result
• Or this gap may be increasing steadily

• Does your offer reduce this gap?
BUYING MODE 3: SATISFACTION

• The perceived probability for change is low
• No perceived gap between current results and desired results
• «Why should I change when all is good?»

• What’s your plan for impact the buyer influencer to open for change?
BUYING MODE 4: SELF-CONFIDENCE

• The probability for change is zero (!)
• This perception of reality can be caused by
  – Wrong understanding of current situation
  – Short-term perspectives
  – Resistance to change in general
• Your offer is actually disturbing his perception of reality
• «Who would have the need for something like this?»

• What’s your strategy to bring this buyer influencer into the real world?
4. WINS AND RESULTS

• Wins are personal; results are for the enterprise
• Identify the personal gain for each buyer influencer
• Focus on these motivations
• Tie the personal gain and the result of your proposal to show how you meet these motivations
# Example Results

<table>
<thead>
<tr>
<th>Economic Buyer</th>
<th>User Buyer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased ROI</td>
<td>Reliability</td>
</tr>
<tr>
<td>Increased sales</td>
<td>Increased work efficiency</td>
</tr>
<tr>
<td>Reduced costs</td>
<td>Upgrade options</td>
</tr>
<tr>
<td>Increased productivity</td>
<td>Good performance</td>
</tr>
<tr>
<td>Lower operating costs</td>
<td>Solves a problem</td>
</tr>
<tr>
<td>Flexibility</td>
<td>Easier/faster work performance</td>
</tr>
<tr>
<td>Revenue possibilities</td>
<td>Flexibility</td>
</tr>
<tr>
<td>Increased cash ratio</td>
<td>Good customer service</td>
</tr>
<tr>
<td></td>
<td>Easy to learn</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Technical Buyer</th>
<th>Coach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meets specifications</td>
<td>Note: True coaches do not think of Results, only Personal Gain (except if they are also of another influencer type at the same time)</td>
</tr>
<tr>
<td>Surpasses specifications</td>
<td></td>
</tr>
<tr>
<td>Delivered on time</td>
<td></td>
</tr>
<tr>
<td>Best technical solution</td>
<td></td>
</tr>
<tr>
<td>Low price</td>
<td></td>
</tr>
<tr>
<td>Attractive buying conditions</td>
<td></td>
</tr>
<tr>
<td>Meets legal requirements</td>
<td></td>
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</tbody>
</table>
COMPETITION
BUYER’S ALTERNATIVES

- Buy from a competitor
- Use the budget for something else
- Use internal resources
- Do nothing

Competition
COMPETITION

• Focus on the needs of the customer
• Focus on your own strengths
• Focusing on the competitors
  ...demonstrates passiveness
  ...ignores customer needs
  ...is not creative or innovative
  ...ends up being «I have that too...»
5. THE IDEAL CUSTOMER

...should be well known!
...but usually isn’t...

a. Establish a form/spreadsheet for your analysis
b. Identify your best customers
c. Identify your worst customers
d. List characteristics of your best customer
e. List characteristics of your worst customer
f. Create your ideal customer profile
g. Test your current accounts
h. Revise your action list according to the findings
6. THE SALES FUNNEL

- **Lead**
  - Identified

- **Prospect**
  - Opportunity (budget exists)

- **Negotiations**
  - Among a selected few
  - Negotiating with buyer

- **Success**
  - Win, now only lining out the details remain

- Basis for most sales processes today
- Implemented in CRM solutions
- Other staged models exist - but principally the same
THE SALES PROCESS

Attention
- It’s a screaming loud world out there!

Interest
- How can you get through the noise?
- Is your value proposition attractive?

Desire
- Have your overcome the hurdles?

Action
- Can you agree on the conditions?

The AIDA Model - E St. Elmo Lewis (1898)
THE SALES MEETING

• In a successful sales meeting
  – The prospective customer talks more than the sales person
  – The sales person spends time asking questions

• But all too many
  – Talk too much
  – Ask too few questions

(Miller-Heiman, based on analysis of 60,000+ sales meeting reports)
PRODUCT SALES - WHAT DOES IT TAKE?

- Overwhelming reception by experts
- Conveying the value proposition to prospective customers
- Well-proven
- OK’ed by partners
- Downloads
- Trial version
- Training

Vision and Value Proposition

Messaging

Product Content

Packaging
SALES MEETING OBJECTIVES

• What’s the maximum result you can expect from the sales meeting?
  – In the form of acceptance from the customer

• What’s the minimum result you can accept?
  – In the form of some action from the customer

• Obtaining some kind of commitment is a goal!
SALES MEETING STRATEGY

**Situation questions**
- Providing background information for

**Problem questions**
- Making the customer reveal

**Causal questions**
- Developed by
- Clarifying problems and their consequences

**Usability questions**
- Making the customer formulate

**Indirect needs**
- Specific requirements

**Impact**
- Enabling the sales person to formulate
SUMMARY

• Understand what you are selling
• Understand the strategic situation for your prospective client

• Strategic selling:
  – Buying influences
  – Red flags / strengths
  – Four respons modes
  – Win - Results
  – Ideal customer
  – Sales Funnel

• Sales is fun!
• Good sales people understand technology
• Technologists can get their ideas to grow and make an impact!
SALES OR NOT?

Grow or Die!
QUESTIONS?
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