

# REDUCING THE RISK OF FAILURE IN COMPLEX HIGH-STAKES B2B SALES



10-Aug-17

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Hi. I'm Bob Apollo of Inflexion-Point Strategy Partners, the UK-based B2B sales performance improvement specialists, and I'm delighted that you've chosen to join me for this on-demand webinar.

You've probably heard the statistics: the most common outcome of even apparently well qualified B2B sales opportunities is that the customer ends up deciding to do nothing. And the next most common outcome is that the customer buys the cheapest option because they can't see any significant difference between competing solutions.

It would be surprising if you haven't suffered from one or both of these two trends recently, and you've probably been wondering what to do about it. I hope the next few minutes will help you to form a strategy.

If we want to establish the true value of our solution, if we want to win on something other than price, and if we're fed up of being defeated by that silent but deadly competitor, the status quo, we're going to have to systematically eliminate the points of potential failure in complex high-stakes B2B sales. And that is what this on-demand webinar is all about...



## WHAT IS A "COMPLEX SALE"?

**A SERIOUS PURCHASE DECISION THAT  
IS THOUGHTFULLY MADE, TAKES TIME  
TO COMPLETE AND INVOLVES  
MULTIPLE STAKEHOLDERS...**

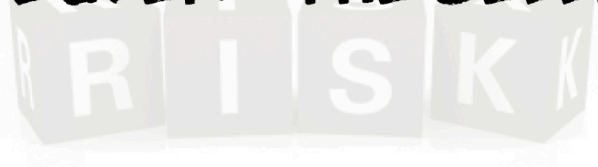
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It's probably worth explaining what I mean by a complex high-stakes sale. It's a purchase that often has the potential to make a significant change to the buyer's business. Unlike transactional purchases, which often simply perpetuate a proven pattern, these are typically strategic purchases that imply changes in behaviour - and because they are seen as serious decisions that have to be thoughtfully made, they typically take time to complete, involve multiple stakeholders and have to progress through a number of phases before any buying decision can be confirmed...

**BUYING ANYTHING NEW IS A  
POTENTIALLY RISKY PROCESS  
FOR EVERYONE INVOLVED - BOTH  
THE BUYER + THE SELLER...**



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Let's face it, any significant change always involves some form of risk, and buying anything new - particularly if it is regarded as a complex, high-stakes and strategic purchase - can become a particularly risky process for both the buyer and the seller...

<b>BUYER RISKS</b>	<b>SELLER RISKS</b>
<ul style="list-style-type: none"> <li>- <b>Buying a “solution” that fails to solve the problem</b></li> <li>- <b>Solving the obvious problem but failing to deal with something even more important</b></li> <li>- <b>Doing nothing and suffering negative consequences</b></li> <li>- <b>Earning a reputation for making bad decisions</b></li> <li>- <b>Many more examples...</b></li> </ul>	<ul style="list-style-type: none"> <li>- <b>Pursuing “Opportunities” that we have no chance of winning or will never do anything</b></li> <li>- <b>Making bad decisions that lose an otherwise winnable sale</b></li> <li>- <b>Being forced to discount because we failed to differentiate</b></li> <li>- <b>Earning a reputation as an unreliable forecaster</b></li> <li>- <b>Many more examples...</b></li> </ul>

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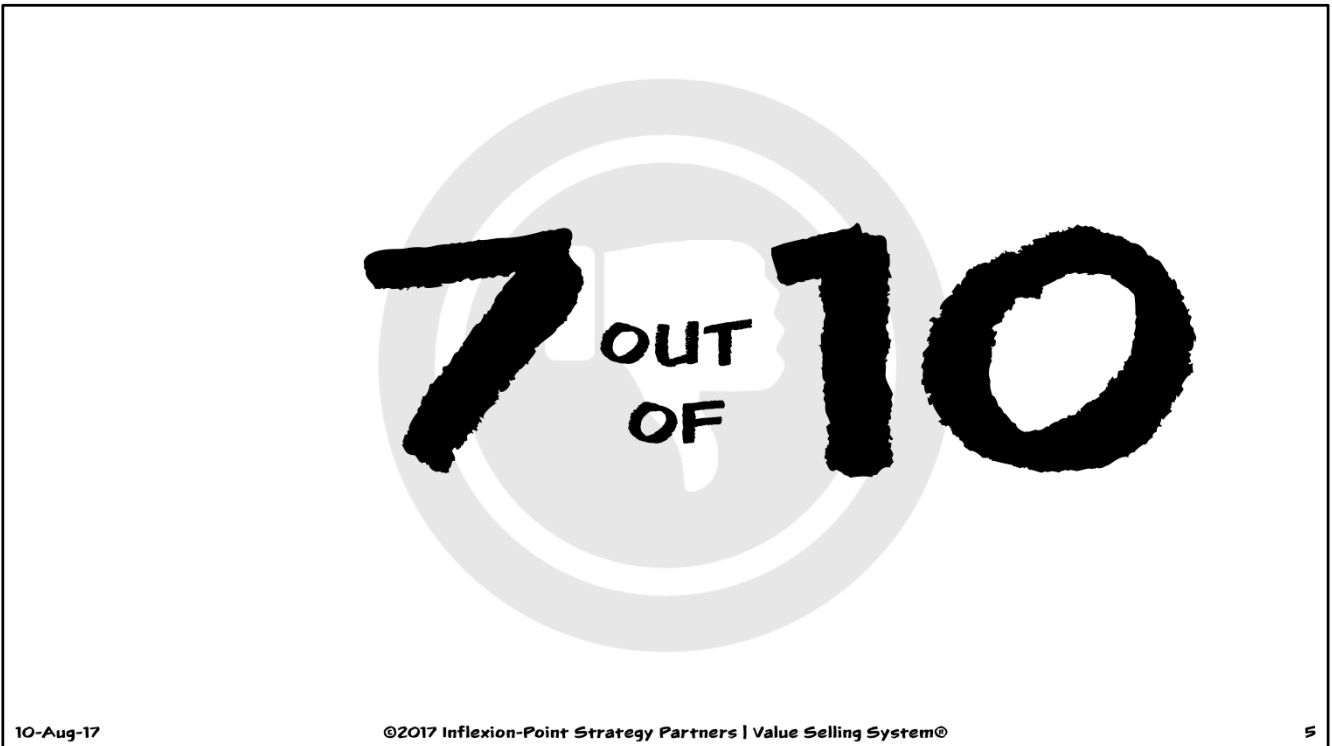
As a buyer, the obvious risks include:

- Committing to a “Solution” that fails to solve the problem
- Solving the obvious problem but failing to deal with something even more important
- Doing nothing and suffering negative consequences
- Earning a reputation for making bad decisions
- I am sure that your customers are aware of many more examples...

But as sellers, we face an equally daunting set of risks:

- Pursuing “Opportunities” that we have no chance of winning or will never do anything
- Making bad decisions that lose an otherwise winnable sale
- Being forced to discount because we failed to differentiate
- Earning a reputation as an unreliable forecaster
- And I’m sure that you can think of many more examples...

There’s no doubt that whether we’re a buyer or a seller, we are exposed to risk factors whatever we decide to do...



In fact, stakeholders find it so hard to achieve consensus and buyers have become so risk averse - as we'll see in a moment - that nowadays 7 out of 10 complex high-stakes buying decisions end with the customer concluding that the easiest (if not always necessarily the safest) thing to do is simply to stick with the status quo.

But, of course, in the meantime, both prospective customers and hopeful vendors have wasted literally millions of hours on apparently promising projects that just ended up going nowhere...



**THINGS EVERY SALES PERSON  
NEEDS TO UNDERSTAND ABOUT  
HOW PROSPECTIVE CUSTOMERS  
MAKE BUYING DECISIONS...**

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So perhaps we should start by identifying a few key things that every sales person needs to understand about how their prospective customers typically make high-stakes buying decisions...

## **Status Quo Bias...**

**Unless organisations have a compelling reason to change,**

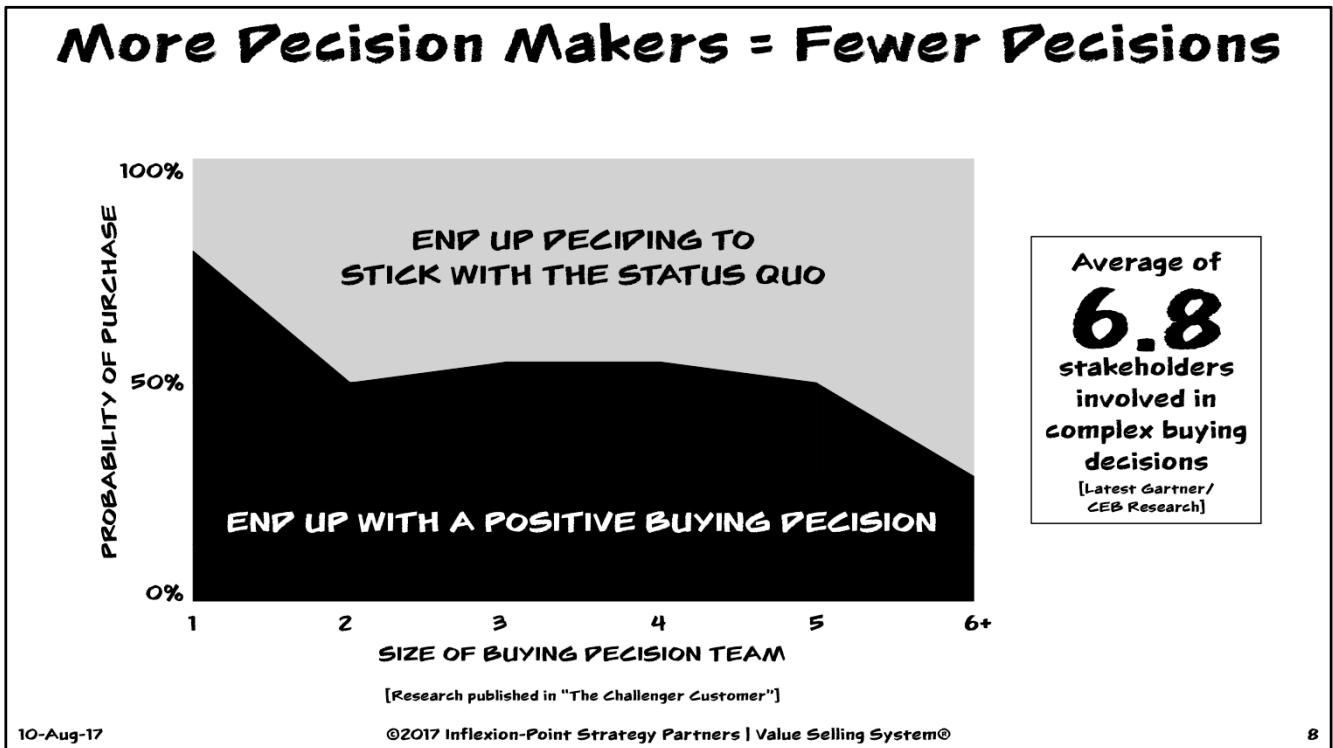
**they are typically inclined to stick with the Status Quo...**



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The first factor we need to recognise is the “Status Quo Bias”. Simply put, when faced with potentially high-stakes strategic decisions, unless organisations have a compelling reason to change, they are typically inclined to stick with the Status Quo...



This Status Quo Bias is further amplified by the number of active decision-makers in the process. Where only one person is involved in the buying team (a vanishingly rare occurrence in most strategic decisions), there is an 80% chance they will make a positive buying decision. When a small number of active decision-makers are involved (2-5) this figure drops to around 50%.

But in deals with larger decision making groups (the average figure in complex high-stakes B2B sales is currently running at 6.8 and rising), the chance of a positive buying decision plummets below 30%. In other words, 7 out of 10 apparently serious buying journeys end with with the prospective customer staying as they are and deciding to do nothing.

This is often because the prospective customer does not have an effective decision-making process that serves to clarify the objectives of the exercise and to drive consensus amongst a group of stakeholders that frequently have conflicting priorities and agendas...



## Loss Aversion Effect...

When organisations do recognise the **need for change**, the risk of loss is **twice as powerful** a motivator as the **potential for gain...**



[Research by Kahneman & Tversky]

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When organisations do decide to make a positive buying decision, the motivation to avoid a loss is twice as powerful as the motivation to achieve a gain. And yet the vast majority of sales campaigns still focus on promoting the potential gains from using their solution, and pay scant regard to articulating the risks associated with the prospective customer sticking with the status quo.

When sales people can convey a powerful sense of risk associated with staying with the Status Quo together with a high confidence in the success of their proposed changes, their chances of sales success increase dramatically, and I'll show you how in a few minutes...

## Similar Solution Effect...

EVERY  
SOLUTION  
SEEMS  
SIMILAR

<b>OBVIOUS PROBLEMS</b> Issues that the prospect is already likely to be aware of	<b>OBVIOUS CAUSES</b> Causes that the prospect is already likely to be aware of	<b>OBVIOUS IMPACTS</b> Consequences that the prospect is already likely to be aware of
<b>OBVIOUS NEEDS</b> Needs that all vendors are likely to be able to address	<b>OBVIOUS SOLUTIONS</b> Capabilities that all vendors are likely to offer	<b>OBVIOUS BENEFITS</b> Benefits that all vendors are likely to promote

**When all solutions appear similar, confused buyers will either decide to stick with the status quo or end up going with the safest/lowest-cost/lowest-risk option**

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The last factor is the “Similar Solution Effect”. If customers cannot distinguish between competing vendors because they all seem to be proposing to approach the same problem in a similar way and are promoting what appear to be very similar solutions, you can hardly blame the prospective customer for either deciding to do nothing or for choosing what appears to be the safest/lowest-cost/lowest-risk option. It’s impossible for vendors to differentiate themselves using me-too tactics under such conditions...

## **Consequences**

- **Organisations are biased towards maintaining the status quo**
- **Stakeholders struggle to make complex, strategic decisions**
- **Risk of loss is a stronger motivator than potential for gain**
- **When solutions appear similar, organisations will chose the least risky option [which often appears to be "do nothing"]**

### **TO BREAK AWAY FROM THIS, VENDORS MUST:**

- **Build up the costs, risks + consequences of inaction**
- **Promote both the risk of loss and the potential for gain**
- **Help facilitate consensus across the buying decision group**
- **Establish clear differentiation vs. every other option**

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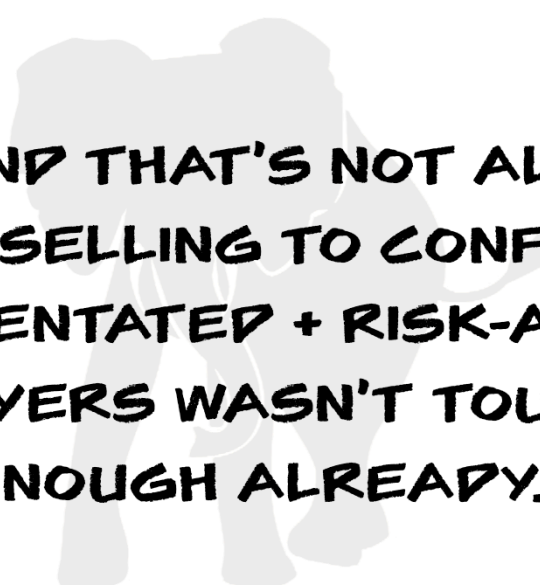
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The consequences for high-stakes complex sales are painful:

- Organisations are biased towards maintaining the status quo
- Stakeholders struggle to make complex, strategic decisions
- The risk of loss is a stronger motivator than the potential for gain
- When solutions appear similar, organisations will chose the least risky option [which often appears to be to "do nothing"]

If we as vendors are to have any chance of breaking away from this, it's essential that we:

- Focus on the costs, risks and consequences of a "do nothing" decision
- Promote both the risk of loss (if the prospect does nothing) and the potential for gain (if the prospect accepts our proposal)
- Help to facilitate consensus across what may be a fragmented buying decision group with conflicting agendas and priorities
- Establish clear differentiation between our approach and that being proposed by all other options



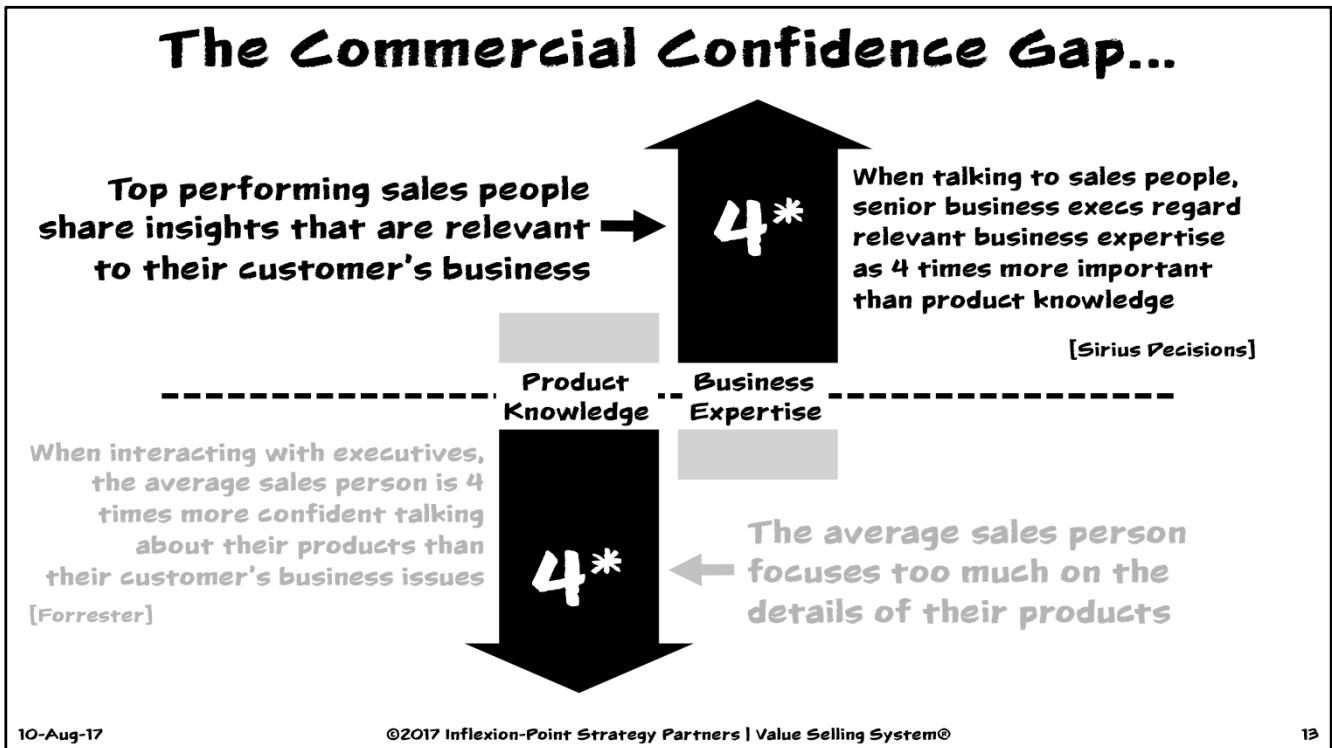
**AND THAT'S NOT ALL:  
AS IF SELLING TO CONFUSED,  
DISORIENTATED + RISK-AVERSE  
BUYERS WASN'T TOUGH  
ENOUGH ALREADY...**

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But that's not all - as if selling to confused, disorientated and risk-averse buyers wasn't tough and complicated enough already there are still two more elephants in the room...



First, there's a huge gap between the skill sets of most sales people and the expectations of most senior customer executives.

According to research published by Forrester, when talking to executives, the average sales person is 4 times more confident talking about their products than about their customer's business issues

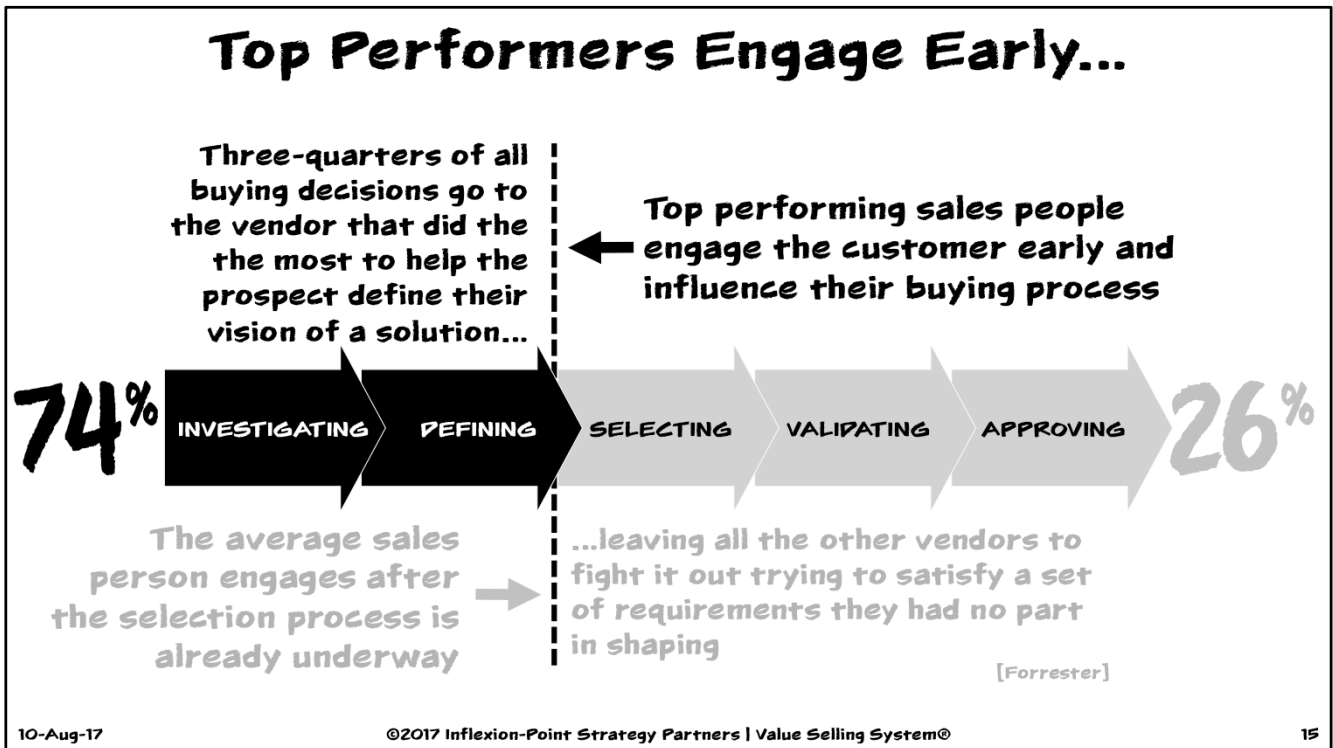
And yet - according to end-user research by Sirius Decisions - when talking to sales people, senior business executives regard relevant business expertise as 4 times more important than product knowledge

The average sales person tends to focus far too much on the detail of their products, whereas the handful of top sales performers have learned to share insights that are directly relevant to their customer's business. It's no wonder that the performance gap between the best sales people and the rest is so wide in complex sales...



And there's another critical factor: according to more research conducted by Forrester, three-quarters (74%) of all buying decisions go to the vendor that did the the most to help the prospect define their vision of a solution - leaving all the other vendors to fight it out trying to satisfy a set of requirements they had no part in shaping.

In other words, if we arrive late, we lose...



But the average sales person typically tends to get engaged only after the selection process is already underway.

The handful of top performing sales people find ways - through sharing relevant business insights - to engage the customer early and are able to influence the prospective customer's buying process.

Early engagement is critical to success: marketing and sales must collaborate together to encourage prospective customers to want to start a sales conversation as early as possible in the buying journey - because they believe that they will learn something to their advantage (and won't, at the same time, expose themselves to a crude and unsubtle sales pitch)...

**SUCCESSFUL  
STRATEGIES FOR  
REDUCING THE RISK  
OF FAILURE IN  
COMPLEX SALES**

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So, what can we do about the situation? Quite a lot, as it turns out.

I'd like to conclude by introducing five successful, field-proven strategies for de-risking the complex sale. They don't necessarily offer the complete answer, but I hope you'll agree that they represent a promising start...



**[1]**

**WE NEED TO ENABLE OUR  
CUSTOMERS TO MAKE MORE  
EFFECTIVE BUYING DECISIONS...**

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First, it is dangerous in the extreme to assume - particularly if they are buying a new category of solution - that our prospective customers know how to conduct an effective and successful buying process.

Given that most buying processes tend to end in a decision to “do nothing” because a consensus for action has not been reached, we need to help our prospective customers to make more effective buying decisions - even if that means recognising that under current conditions, the buying decision journey they are currently embarked on is unlikely to result in a positive outcome, and we would do best to politely qualify out of the exercise if we cannot help them craft a path to success...

## Typical Successful Buying Process...

PHASE	THE CUSTOMER'S FOCUS	KEY MILESTONE	THE SELLER'S FOCUS
INVESTIGATING	Determining whether this issue is significant enough to justify an in-depth evaluation	The prospective customer concludes that there is a compelling reason to act	Persuading the customer that the pain of same is far higher than the pain of change
DEFINING	Establishing what criteria + process they are going to use to evaluate short-listed options	The primary project sponsor defines a clear decision-making criteria and process	Influencing the customer's view of the problem + vision of a solution in our favour
SELECTING	Deciding which of their available options they are going to choose as their preferred solution	The decision-making group aligns around their preferred solution option	Convincing the customer that our approach offers <u>by far</u> the most valuable outcome
NEGOTIATING	Negotiating the best possible commercial and legal terms with their preferred vendor	The negotiating team agrees acceptable contractual terms with the chosen vendor	Emerging with a "win-win" commercial + legal agreement that satisfies all parties
APPROVING	Seeking final approval to go ahead with the project from the ultimate decision authority	The final decision authority formally approves the project + an order is raised	Reinforcing the compelling case for why the customer must invest in the project now

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Summarised on a page, this is how successful complex B2B buying decisions tend to get made. They follow an intentional pattern, and each phase represents a clear advance on the previous one. You'll observe that the customer's focus, the key milestone and our primary focus evolves throughout the process. Attempts to short-cut or bypass any of these phases or milestones tend to result in an unsatisfactory outcome. As well as advancing, the prospective customer can of course (and often does) choose to pause the process, move backwards or abandon it altogether.

If the prospective customer already has a well-defined, formalised buying process, we must adapt to it whilst seeking to influence it. If we arrive late in their process, and if any of the decisions that have already been made (or not made) are unhelpful to our chances of success, we must attempt to persuade the prospective customer to revisit the previous phase(s) by introducing previously unconsidered implications, and if we cannot, we should carefully consider whether we should pursue the opportunity when the odds of a success are stacked against us.

If (as is often the case) the prospective customer does not have a clearly defined and well-thought-through buying decision process, we must seek to guide them in what a successful buying process involves.

This is not just about whether the buying environment is favourable to us: it's about whether the buying environment is likely to result in a positive outcome for any of the involved parties...

**[2]**

**WE NEED TO ALIGN OURSELVES WITH  
A CHANGE AGENT WHO IS CAPABLE  
OF BUILDING A CONSENSUS...**

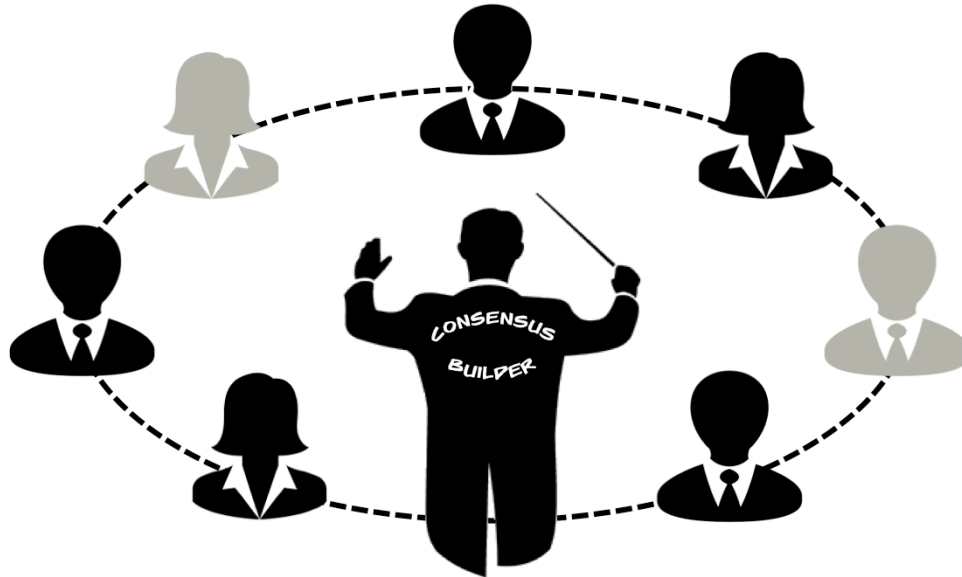
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Next, we need to identify and align ourselves with a change agent who is capable of building a consensus across the buying decision group...

## Aligning With a Consensus Builder



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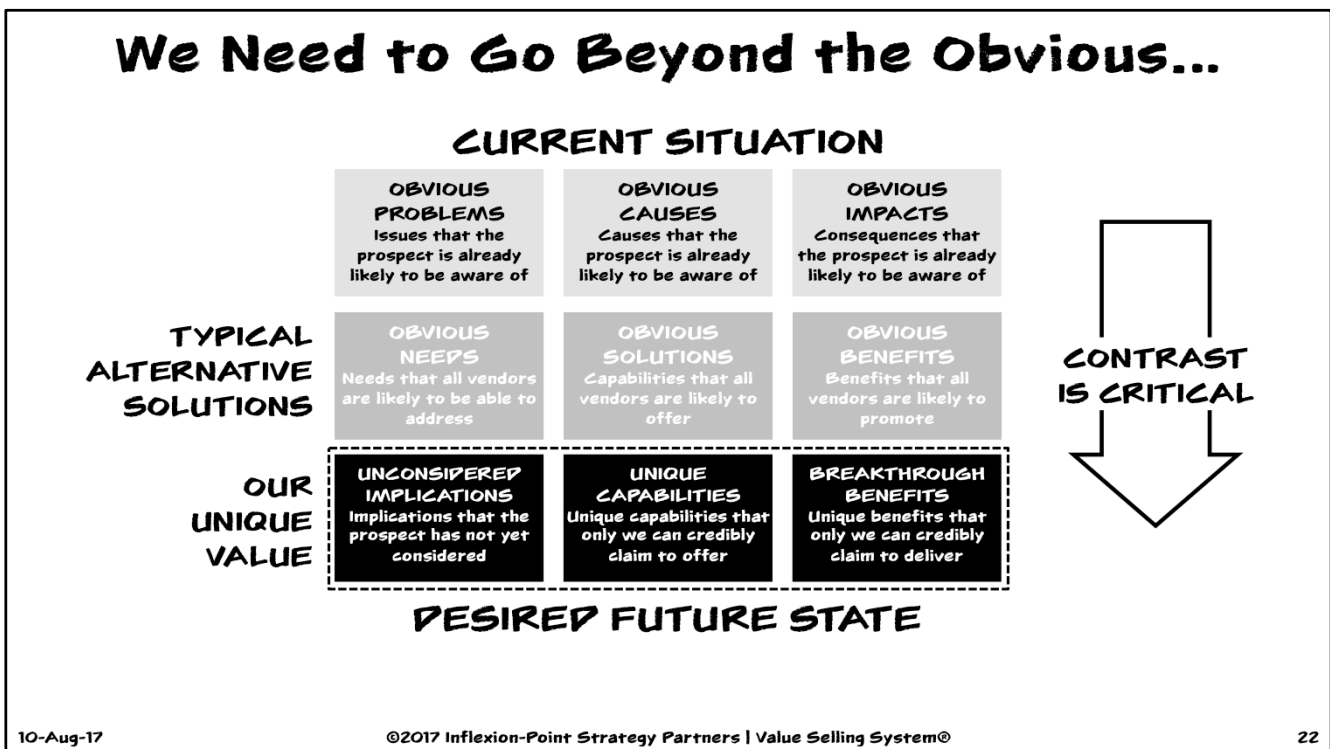
We've seen how the chances of any purchase decision being made declines as the number of stakeholders grows, but it turns out that even if we could identify and engage them all individually, it would not improve our chances of success - in fact, research by the CEB (now part of Gartner) shows that it can actually cause the decision team to become even more fragmented.

Instead, we need to find a change agent - a consensus builder - inside the customer organisation who has the ability, authority and skill to align the different members of the decision team around a consistent common cause and a commitment to act...

**[3]**

**WE NEED TO LOOK BEYOND  
THE OBVIOUS SOLUTION TO  
THE OBVIOUS PROBLEM...**

Next, if we are to stand out from all the other options under consideration, we need to look beyond the obvious solution to the obvious problem...



Remember the “Similar Solution Effect”? It predicts that if customers cannot distinguish between competing vendors because they all seem to be proposing to solve the same problem in a similar way and are promoting what appear to be very similar solutions, they are likely to either decide to do nothing or choose what appears to be the safest/lowest-cost/lowest-risk solution.

If we want to avoid a race-to-the-bottom on price, we need to clearly differentiate our approach from all other options. In short, we need to “go beyond the obvious”. We need to establish **clear contrast** between our approach and all the other options that the prospect may be considering (including a decision to stick with the Status Quo).

We need to establish our own **unique value**, by focusing on:

- Previously **unconsidered or undervalued implications** of the prospect’s current situation
- That are addressed by **unique capabilities** that only we can credibly claim to be able to deliver
- And which result in **breakthrough benefits** for the customer

**[4]**

**WE NEED TO EMERGE  
AS THE LOWEST-RISK,  
HIGHEST-GAIN OPTION...**

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But it's not just a matter of being distinctively different: we need to emerge as the lowest-risk, highest-gain options available to the customer - and that includes "sticking with the status quo"...



To become their safest choice, we need to:

- Give them a clear reason to abandon the status quo by establishing the significant costs and risks associated with inaction
- Offer a credible approach that shows how we will lead them from their current situation to their desired future state
- Show how our approach has been proven to deliver the level of change and type of payback they are looking for
- Establish clear positive differentiation against every other option they might seriously consider (including “do nothing”)
- Support our story with credible customer case studies and anecdotes



**[5]**

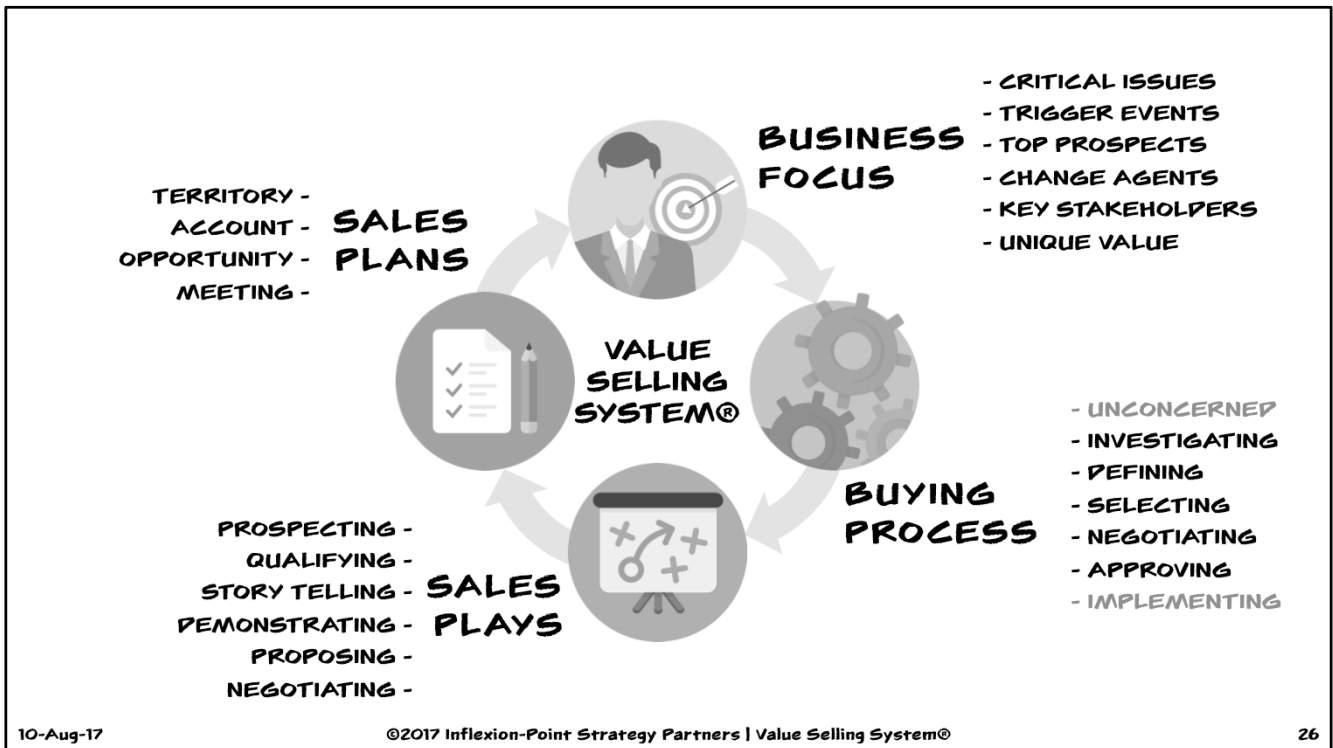
**WE NEED TO EMBED ALL  
OUR BEST PRACTICES INTO  
A REPEATABLE SYSTEM...**

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And finally we need to embed all our best practices into a repeatable, scalable and predictable sales process - one that is capable of uplifting the performance of every employee and in particular of dramatically reducing the performance gap between our best sales people and the rest...



The detail of how we do that is a subject for another presentation, but it is based on focusing on the right opportunities in the first place and then executing effective sales campaigns that reflect a combination of your organisation’s accumulated wisdom and the latest industry best practices

in summary our recommended approach combines a clear business focus with a customer-aligned buying process, effective sales plays that guide sales people in what to ask, say and so during pivotal moments during the process, and a set of short, simple, clear and actionable plans to help sales people manage their territories, accounts, opportunities and meetings...

## **In Conclusion...**

- 1. Enable our customers to make effective buying decisions**
- 2. Align with a change agent who can build consensus**
- 3. Look beyond the obvious to establish differentiation**
- 4. Emerge as the lowest-risk, highest-gain option**
- 5. Embed these best practices into a repeatable system**

So - to - summarise - we can reduce the risk of failure in complex, high-stakes sales by systematically:

1. Enabling our customers to make effective buying decisions
2. Aligning with a change agent who can build consensus
3. Looking beyond the obvious to establish differentiation
4. Emerging as the lowest-risk, highest-gain option
5. Embedding these best practices into a repeatable system

**FIND OUT MORE**

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If you'd like to find out more about how these principles could be applied in your organisation, please contact me by phone or email using the details above...