A Step-by-Step Guide to implementing an effective Value Selling Strategy

INFLEXION-POINT STRATEGY PARTNERS
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Introduction

According to research conducted by Sirius Decisions, today's **#1 sales challenge** for sales leaders and CEOs is the average sales person's inability to establish a clear connection between the business value of their solution and the business issues of their customers.

This inability to establish distinctive business value is resulting in extended sales cycles, lower than expected win rates and deeper than desirable levels of discounting. In the absence of clearly differentiated business value, customers are either choosing the lowest cost option or concluding that they can carry on with the status quo.

As a result, a steadily growing number of sales organisations have concluded that they need to improve their value selling skills. If you're also keen to implement an effective value selling strategy, some of the ideas in this guide may prove helpful.

We're Inflexion-Point Strategy Partners, the UK-based value selling experts. We've analysed hundreds of value selling initiatives, and we hope that you find the following guidelines helpful. If you want to learn more, our contact details are on the last page.

Chapter 1: B2B Buying Behaviour

In any high-value complex B2B sales environment involving new projects with multiple stakeholders, the buying behaviours and motivations that drive your customer's decision-making journey are inherently complicated and may be impossible for the average sales person to ever completely understand.

For anything other than inevitable purchases, your customer typically has a number of potential options - each with their respective pros and cons. Each of the individual stakeholders are also likely to have different personal motivations, priorities and decision criteria - often making it hard to establish consensus.

It's perhaps no surprise that so many apparently promising sales opportunities end with the customer either deciding to do nothing, or to postpone the project until some often-undefined future date. And it's no wonder that many studies have found that "no decision" is now the most common outcome for such projects.

There are four key factors your sales people need to be aware of when it comes to understanding B2B buying behaviour: status quo bias, loss aversion, decision paralysis and the impact of early influence. Let's consider each of these factors in turn...

Status Quo Bias

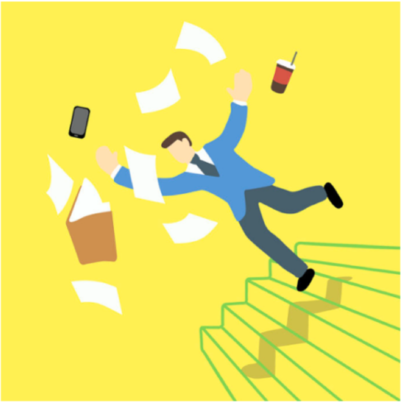
Based on ground-breaking research by Nobel Prize winning behavioural economist Daniel Kahneman (author of the best-selling "Thinking, Fast and Slow"), the status quo bias effect recognises that change is usually perceived to be risky.

So unless your customer has an urgent and compelling reason to act, they will usually prefer the comfort of the status quo. It's no wonder that so many apparently promising sales opportunities end with the customer deciding to "do nothing".

The implications for value selling are clear: if you are to persuade your customer of the need for change, you need to help them recognise that the status quo is unsafe. You need to contrast the threats, risks and consequences of their current path - the **cost of inaction** - with the potential benefits of realising the significant opportunities that lie before them - the **value of change**.

Why this is important: when your customer fails to recognise sufficient contrast between their current situation and their future potential, *they are likely to stick with what they know*.

Loss Aversion



Kahneman's research also found that decision-makers were 2-3 time more likely to take decisive action in response to the threat of loss than they were in response to the opportunity for gain. This runs counter to the instincts of many less experienced or less effective sales people, who tend to be far more inclined to focus on the opportunity for gain than the threat of pain.

The implications for value selling are clear: you need to leverage loss aversion (and challenge their status quo bias at the same time) by helping your customers to recognise all the potential current threats to their business performance.

This requires that you encourage them to confront the undervalued implications of issues they may already be aware of, as well as introducing new and previously unrecognised threats to their strategic business goals.

Why this is important: selling the upside of implementing your solution may not be enough to persuade your potential customer to place an order with you - you will significantly improve your chances if you also help them to believe that staying as they are is an *unacceptably risky strategy*.

Decision Paralysis

Research published by the CEB in "The Challenger Customer" found that the chances of a positive purchase decision declines in proportion to the number of stakeholders involved in the process. When a single individual is involved there is an 80% chance of success, but the number declines rapidly until - when six or more stakeholders are involved - the chances of reaching consensus about whether and how to act fall **below 30%**.

The CEB's latest research shows that the average number of stakeholders in a typical high-value complex B2B buying decision has steadily risen to 6.8 - and that number continues to rise. The implications for value selling are clear: if you cannot identify and support a powerful champion and help the buying group as a whole to achieve consensus around their preferred option, their decision-making process is likely to slow down, stall or be abandoned completely.

Why this is important: The most common outcome of a complex B2B buying journey is now a decision to "do nothing" - and the most common cause is the failure of a large and unwieldy decision-making group to achieve a *consensus for change*.

The Impact of Early Influence

BANT (budget, authority, need and timeframe) used to be a popular means of qualifying sales opportunities. It encourages sales people to disqualify early opportunities that are not yet formal projects. This is a thoroughly dangerous conclusion: Forrester found that the vendor that did the most to shape the prospect's vision of a solution wins 3 out of 4 subsequent purchase decisions.

Vendors that instruct their sales people to only pursue BANT-qualified opportunities put themselves at a huge disadvantage. The implications for value selling are clear: sales people need to be encouraged and enabled to proactively target and engage early with people and organisations that satisfy their "most valuable opportunity" profiles and to invest in influencing the prospect's agenda **before** the emergence of a formally-defined and funded project.

Why this is important: it's important to ignore the naysayers who claim that the average B2B buyer is 57% of their way through their decision process before they want to engage with a sales person. This has *never* been true of complex high-value first-time B2B purchases. The sales person who does the most to shape the prospect's vision of value from an early stage *emerges with a huge competitive advantage*.

Chapter 2: the Customer Decision Journey

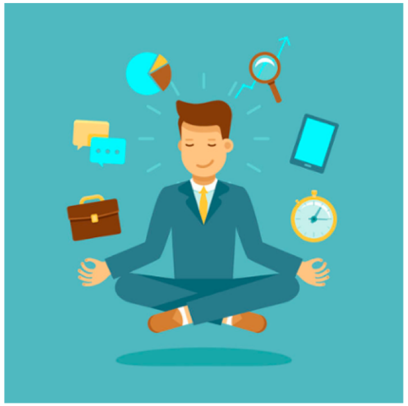
It's falsely comforting to think of selling as a process in which one step follows logically after another. But although rigidly defined processes might be the best way of running a manufacturing production line, they fail to reflect the reality of any moderately complicated sales environment.

It would be convenient if things were simpler. But the truth of the matter is that in complex B2B sales your customer's buying processes are rarely linear, compounded by the fact that they are sometimes poorly defined or even if they are well defined are often not well understood by many of the decision team.

Rather following a hypothetically straight path, many customer decision journeys zig and zag, go backwards as well as forwards, find themselves way off-piste, struggle to achieve consensus, can be redirected by a single powerful individual and can be abandoned at any stage along the way - but they at least tend to pass through recognisable phases.

Why this is important: You need to accept that your customer's decision-making journeys for significant new purchases are likely to be inherently and unavoidably complex. Rather than blindly following a rigid, linear "sales process", your sales people need to diagnose where their customer currently is in their decision journey, *and react accordingly...*

Phase 0: Unconcerned



While in this phase your customer is - by and large - currently unconcerned about any of the issues you might have chosen to target and is not yet engaged in any form of active buying decision journey. However, they are still likely to be monitoring trends that they see as relevant to their role, industry, or organisation. Most of your long-term prospects, most of the time, are in this phase.

Your goal in this phase of their journey must be to educate and inform the key influencers in your key target customers by offering genuine thought leadership and insights that serve to shape their perspectives and influence their thinking.

In most organisations, this is best regarded as a joint responsibility between marketing, sales and business development: marketing are chartered with establishing genuine thought leadership messages and materials, sales are chartered with using these to catalyse conversations with their existing accounts, and business development are chartered with getting a dialogue going with new prospects.

Why this is important: the best time to start influencing your prospective customer's thinking is before they recognise that they have a problem at all - and certainly *before* they have established a well-defined *vision of a solution*.

Phase 1: Exploring

Something - usually the result of an internal or external trigger event - has happened to draw your customer's attention to potentially significant issue, and they are now trying to establish the likely impact of the issue, what remedies might be available, and whether there might be a justifiable business reason to take action.

Your goal in this phase of their journey must be to monitor these trigger events, to be seen as a source of accessible and credible expertise, and to proactively reach out to the affected people and organisations.

While your prospective customer may now at least be aware of the issue, they may not be fully aware of all the implications and potential consequences. Rather than rushing in and pitching your solution too early, it is best to first help your customer to recognise the **cost of inaction** and the **need for change** - whilst positioning your company and its offering as a credible and trustworthy solution provider.

Why this is important: this is the period during which your prospective customer is most receptive to fresh perspectives. You will never have a better opportunity to *reframe their thinking* and establish a reputation as a *trusted adviser*.

Phase 2: Defining

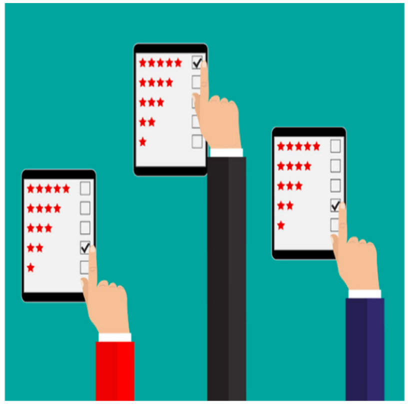
Having concluded that the issue probably requires action, your prospective customer typically now turns their attention to identifying potential options, establishing their vision of a solution and defining their decision criteria, decision team and timeframe.

It is critically important that you actively engage the customer before or during this phase - prior to their issuing a formal tender or RFP document, after which it is often too late to reshape the customer's thinking. If you do this effectively, you will dramatically increase your chances of winning their business.

But if you don't become aware of or involved in the opportunity until the next (selecting) phase - when the customer has already issued an RFP or tender document and is already shortlisting their preferred options - you need to carefully consider whether you have any realistic chance of winning on anything other than a "lowest quote" basis, and whether you really want that sort of low-profit business.

Why this is important: research by Forrester concluded that the vendor that did the most to shape the prospect's vision of a solution and establish distinctive value *prior* to the selection process ended up *winning 3 out of 4* subsequent purchase decisions.

Phase 3: Selecting



The customer is now evaluating the pros-and-cons of their shortlisted options, further refining the business case and seeking to identify their preferred option - which if the business case is not strong enough and if the stakeholders fail to achieve consensus is likely to be a decision to “do nothing”.

You need to be keenly aware of the potential for decision paralysis: In addition to promoting the merits of your proposed solution and establishing the business case, your role during this pivotal phase is to ensure that all stakeholders agree on the need for change and see the distinct advantages of your approach from both their individual and their collective perspectives.

And because your proposal may subsequently be evaluated by stakeholders that you have never met or influenced, and who may be questioning the necessity or relative importance of the project, your executive summary needs to **sell the need for change** as well as explaining the unique value of your proposed approach to the functions and departments represented by each of the key decision-makers.

Why this is important: successful proposals must appeal to every stakeholder, and promote the need for change *as well as* selling the benefits of your solution.

Phase 4: Verifying

The customer is now seeking to verify their choice, to negotiate the best possible terms, to eliminate any remaining reservations and to secure the support of their colleagues for the project. Even though you might have been selected, you are by no means guaranteed the customer's business.

This is not just about securing the best possible commercial or legal deal - it is also about getting to the bottom of any and all perceived risks or concerns that are associated with either the project itself, the chosen vendor and the chosen solution. These reservations may be unspoken - it's your responsibility to flush them out.

And it's equally vital that you enter any commercial negotiation with a clear strategy and clear boundaries - as well as ensuring that you get all of the customer's issues on the table before committing to any concessions, and managing the negotiation as a balanced exchange of mutual value and not as a series of "gives" from your side without any matching "gets" from the customer.

Why this is important: if the subsequent implementation and long-term commercial relationship is to be a success, it's important that both parties feel that they have avoided obvious risks, made the right choices and achieved a *fair balance of value*.

Phase 5: Confirming

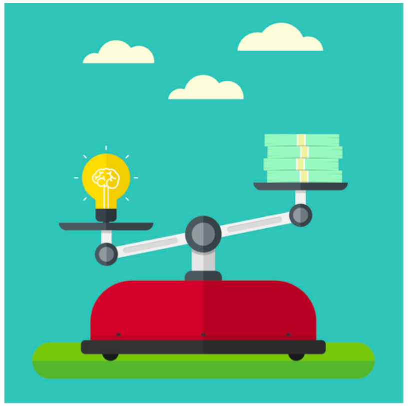
The project and its associated business justification is now being submitted to the ultimate decision authority for final approval - and often finds itself competing for funding and senior management attention against other investment opportunities.

You may have eliminated all your other obvious competitors as far as this project is concerned - but you also need to make sure that your project's business case and executive sponsorship is strong enough for it to emerge at the top of the customer's list of spending priorities. If you fail to pay due attention to this, there remains a real danger of the project falling at this last hurdle.

Unfortunately - and particularly if your sponsor is unfamiliar with steering projects of this nature through the confirmation process - they may find themselves outmanoeuvred in this final run-in by other vested interests. It is in your interest to ensure that you prepare them and support them and that you do not assume that they can make the strongest possible case without your help.

Why this is important: your strongest competitor during this final stage is the idea that they might *spend the money on another project* - or avoid investing at all.

Chapter 3: Implications for Value Selling



The implications for value selling of some of these trends are significant: when customers perceive little or no difference between the business value offered by their different solution options, they will be inclined to buy from the vendor that comes up with the lowest quote.

And when customers see little difference between the path they are currently following and their future potential, they will be inclined to downplay the need for change and to decide instead to stick with the status quo.

Neither of these can be regarded as satisfactory outcomes by any sales organisation that is determined to sell on value and not on price.

You need to equip and enable your sales people to identify and target their most valuable prospective customers, to position and differentiate your solution in a way that sets you apart from the crowd, to identify and engage their key customer stakeholders, and to progressively enable both your sales process and your customer's buying decision journey.

Let's examine each of these elements in turn...

Targeting the Right Opportunities

Many B2B sales and marketing organisations have an unfortunate habit of wasting huge amounts of time and energy pursuing "prospects" that are unlikely to ever become valuable customers, often because they have failed to establish a company-wide consensus about which opportunities marketing, business development and sales should be prioritising.

That's why defining, identifying and pro-actively targeting your most valuable opportunities is the essential foundation of any successful value selling initiative. The opportunities you choose to pursue must satisfy three critical criteria: they must have the potential to buy something that you are offering, they must be willing to buy from your organisation, and the effort required to win their business must be worth it.

The process of targeting your most valuable opportunities involves four key elements: your prospective customer's most important issues, your most valuable target organisations, the most valuable and influential roles within these organisations and the most significant trigger events that are likely to result in customer action.

Why this is important: many sales people waste a huge amount of effort pursuing "opportunities" that - with the benefit of hindsight - were *never likely to buy* from them.

Positioning Your Distinctive Value

In complex B2B sales environments - particularly ones that involve multiple stakeholders and lengthy and often complicated customer decision journeys - it's unwise to rush to propose your solution the moment a prospective customer acknowledges or implies that they may have a need that you might be able to solve.

This tendency towards "premature elaboration" has been the ruin of many apparently promising sales opportunities. If it is a significant purchase, and if your customer takes their decision-making seriously, they are going to take their time. Rather than racing ahead of their buying journey, your sales people would be far better advised to first invest in establishing your distinctive value.

You need to lead your customers on a value-creating journey that first understands the key trends affecting them, anticipates the issues these are likely to generate, identifies the obstacles that stand in their way and the consequences of failing to deal with them.

And then - *and only then* - you need to pivot to identifying the changes they need to make, recognising the options that are open to them, promoting the capabilities they are going to need and establishing the **unique value potential** of your approach and solution.

Engaging the Key Stakeholders

There's a simple but fundamental principle at play here: your prospective customers are far more likely to want to engage with you if they believe that they are likely to learn something valuable from you. Most sales methodologies stress the importance of asking intelligent questions at the appropriate time and with the relevant context.

But that's not enough - and focusing on questioning and ignoring or downplaying the other essential elements of effective business conversations can make for a very one-sided and unproductive interaction.

If you are to build meaningful rapport with your customers, as well as asking well-chosen, well-timed and high-impact questions you also need to equip your sales people to share stimulating insights, tell relevant stories and come to the conversation well-equipped to answer your prospective customer's predictable questions.

And - given that we have seen that the typical complex buying decision involves an average of 6-7 stakeholders - you need to identify and engage them, either directly or (often more effectively) with the support of a powerful business sponsor and change agent.

Chapter 4: Enabling Value Selling Excellence

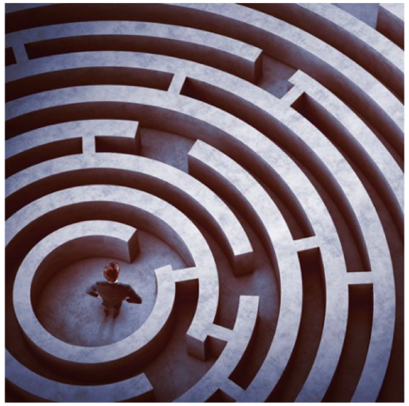
In simple one-step transactional sales environments, there are only two likely outcomes: you either win or lose the customer's business. It's more complicated in complex B2B sales, when each call or meeting can also result in a win, a loss or (more likely) either a continuation or an advance.

A continuation is much more common, but much less valuable: the customer agrees to keep talking, but fails to make any other significant commitment. An advance is far more desirable: your customer commits to invest their time, resources or political reputation to move the buying process forward in a specific and tangible way.

It's all too easy for opportunities to get stuck in "continuation" mode, in which there is continuing dialogue, but no meaningful progress - and all the evidence shows that the longer an opportunity remains in this mode, the less likely it is to close.

If you are to progressively advance every sale - or recognise as soon as you can that you are unlikely to win - you first need to accurately diagnose where your customer is in their own decision journey, have a series of value-creating conversations, successfully perform a series of critical sales plays, be clear-minded in your plans, and implement proven policies. *You can learn more in the following pages...*

Aligning Sales Stages with Buying Phases



Most traditional "sales processes" are expressed as a linear series of prescriptive steps that sales people are expected to follow to drive an opportunity towards closure. But as we have seen in chapter 2, customer decision journeys are rarely straightforward - they are characteristically non-linear and often involve large numbers of stakeholders with different and often competing priorities and perspectives.

To succeed, you have to accurately diagnose where your customer is in their journey and identify and assess the motivations of the key stakeholders. You need to align your sales stages with the customer's buying phases. Your sales people need to facilitate the customer's evolution from being unconcerned through to progressively helping them to answer the critical questions "why change", "how to change", "what to change to" and "when to proceed" - and all the while leading *towards*, rather than with, your solution.

Perhaps most important of all, you need to guide your sales people in what best practice has proven they need to know and do at each stage along the way in order to maximise their chances of success. This is not just for new hires - even experienced sales people can find themselves forgetting or omitting to do something they later recognise to be important...

Value-Creating Conversations

As we've seen, it's essential that we have value-creating conversations with the key stakeholders who are going to shape the decision process, and that asking great questions isn't enough: you also need to share powerful insights, tell compelling stories and respond to their tough-to-answer questions.

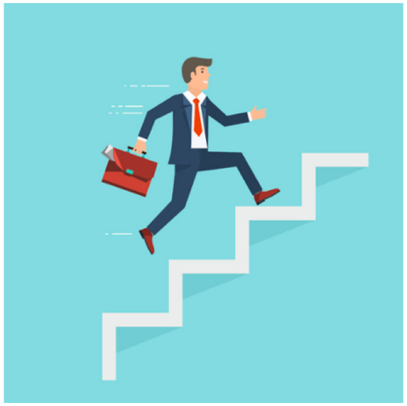
In short, every sales conversation needs to create distinctive value for your prospective customer. It must make them want to learn more, and it must persuade them to commit to a meaningful advance or next step.

This implies that your conversations - particularly in the early phases of your interaction - need to be biased towards their situation: their issues, challenges, threats and opportunities, and the respective implications of staying as they are or taking action.

It also implies that you always need to be teaching them something useful and not just seeking to learn from them. And it certainly rules out the traditional "20-questions" approach to consultative or solution selling.

Before you can realise the value of selling something to them, they need to recognise the value of having a continuing relationship with you...

Critical Sales Plays



Successful sales people consistently manage to master a series of value-creating sales plays, starting with target identification and prospecting, and moving through the initial conversation, assessing their prime contact and other key stakeholders, the discovery process, opportunity qualification, establishing their distinctive value, demonstrating their solution, proposing, negotiating and closing.

These sales plays may sometimes blur and overlap. But each has a critical contribution to make to the chances of ultimate success in a complex B2B sale. If any one of these plays are missed, rushed or mismanaged, the probability of failure increases. If multiple plays suffer in this way, the probability of failure is compounded.

That's why any successful value selling initiative needs to establish shared best practices - often contributed to by proven top sales performers - in a form that makes it easy for every member of the sales organisation to recognise what they need to do during each of these phases.

Why this is important: in the absence of shared best practice, every member of the sales organisation has to work out what to do through trial and error - something that is particularly challenging for new sales hires or partners.

Clear Sales Plans

According to Neil Rackham, author of SPIN Selling, "a consistent finding about successful sales people is that they put effort into planning - good selling depends more on good planning than any other single factor". If a territory is worth developing, if an account is worth targeting, if an opportunity is worth pursuing and if a meeting is worth having, it is worth planning for.

Planning is not an academic exercise. It is designed to clarify understanding, assess priorities and drive action. Your long-term focus should include short, simple and to-the-point territory, account and opportunity plans. These should be reviewed and revised on a regular basis to reflect the latest learning. Any long-term plan that is written once and then never reviewed or changed probably wasn't worth writing in the first place.

But perhaps the greatest practical impact comes from insisting that sales people prepare a clear plan for *every significant customer meeting*. Who are the participants, what is the purpose of the meeting and what is the agreed agenda? What insights do they plan to share, what stories do they plan to tell, what questions do they plan to ask, and how do then intend to respond to their customer's predictable questions? Perhaps most important of all, *what customer commitment do they want to achieve*?

Effective Sales Policies

Successful organisations establish simple, effective policies that set clear expectations, guide consistent behaviour and support best practices. The same is true of selling. There are usually a handful of specific areas where having clear policies can help ensure that your sales people make smart choices that are likely to result in positive outcomes.

These include how to respond to price requests, how (and when) to conduct demos and how (and whether) to respond to unanticipated requests for proposal (RFPs).

You may have others that are relevant to your particular sales environment. These are all areas where your organisation's accumulated expertise can help individual sales people to react in the most effective way when faced with a range of predictable circumstances.

Why this is important: In the absence of clear policies, sales people - particularly the less experienced ones - can find themselves making decisions on the fly that end up leading their sales campaign down an unproductive and potentially irreversible path. Clear policies enable them to *make smarter choices* that are backed by the accumulated wisdom and experience of your entire organisation.

Chapter 5: Our Approach

We've developed a well-proven, progressive approach that has been carefully designed to allow you to quickly achieve the initial benefits of implementing value selling in your own organisation whilst establishing a flexible framework that will enable you to drive continuous performance improvement.

Our highly efficient initial discovery process will rapidly assess your existing systems and approaches and identify immediate opportunities for improvement. Then we'll design and develop a custom implementation of our value selling system® that reflects your unique business environment and priorities.

We'll then work with you to ensure that every member of your sales organisation is highly motivated, fully trained and completely confident in adopting the new approach. And we'll put a plan in place to ensure that you continue to refine and improve your organisation's value selling performance.

This need not be (and typically isn't) a long and complicated process. Our approach is designed to ensure that you start to see tangible benefits from your investment in value selling as quickly as possible - and that the return on your investment continues to grow as time goes on...

About Us

I'm Bob Apollo, founder of Inflexion-Point Strategy Partners and creator of the value selling system®. Throughout a long and varied corporate career, I've had the great good fortune to work for and with many of the world's leading B2B technology brands and some of the most successful entrepreneurial tech-based businesses, and I'm grateful for the opportunity this gave me to learn from some of the smartest minds in B2B sales and marketing.

I'm now enjoying the opportunity to work with clients that represent the new generation of B2B-focused sales organisations - helping them to implement the proven principles of value selling in ways that are allowing them to differentiate their offerings, stand out from the crowd, attract and win new customers and increase lifetime customer value.

If any of the principles in this short guide have resonated with what you want to achieve with your own sales organisation, please visit our website, get in touch at bob@inflexion-point.com or book a call here: http://www.inflexion-point.com/book-a-call.

I'm looking forward to our conversation...