

Leveraging Information Technology to Transform Value-Based Selling

By Michael Moorman and Scott Sims

Investments in value-based selling are a waste of time and money if your sales force isn't ready to communicate a compelling message at those rare moments when customers are ready to listen. Understanding both the power of available tools and how the sales force should wield them is vital to success.

Increasingly, economic pressures are presenting barriers that impede success for Business-to-Business (B2B) sales and marketing leaders:

- Customers don't understand the added value of the products or services being offered
- Sales teams don't convincingly communicate that value.

Too often, the market offerings are blamed as being undifferentiated, or over-priced; or the sales force is labeled incapable. The core problem is commonly neither the market offering nor the sales force. Rather, the company has failed to provide the sales force with the tools essential to effectively tailor, communicate and prove a value proposition that's based on each prospective customer's unique needs and priorities. Successful value-based selling is a disciplined process; without the right tools and support, the sales force struggles to execute this process.

Transforming the traditional sales organization from one that's price- and friendship-focused to one that's value-focused requires software tools that support each phase of the value-based selling process. In fact, these tools are often the primary vehicles through which price sellers learn to become value sellers.

The importance of such tools lies in the unique requirements of value-based selling—requirements substantially greater than those of price and friendship selling. Value-based selling demands that a salesperson:

- Have the business acumen to identify a customer's underlying business problems

Takeaways

- Transforming a sales organization to be value-focused requires the proper technology tools, training, and practice.
- Aligning the proper tools with the sales strategy provides the means to achieve business goals.

- Develop and communicate a convincing business solution to those problems
- Develop and communicate a financial business case that proves why his product or service is better than the alternatives.
- Ensure this offering is profitable for his organization
- Quantify and reinforce the value actually delivered after implementation.

By doing these things, the salesperson strengthens the relationship and sets the stage for additional sales.

These demanding skills and capability requirements explain why so many sales organizations struggle to become effective value sellers. The right software tools have proven essential to overcoming this challenge. While these tools don't eliminate the need for strong business acumen, problem-solving and business relationship skills, they greatly improve the discipline and effectiveness of value sellers. Moreover, repeated use of these tools facilitates the learning and confidence curves fundamental to successful change.

Essential Tools for Value-Based Selling

A portfolio of interrelated software tools is essential to world-class, value-based selling. At a minimum, any organization will need specialized, relatively easy-to-implement software tools to enable:

Account profiling and needs validation: This tool will help a salesperson systematically identify key decision-makers, individual issues, and an account's needs and priorities. The best of these tools incorporate a systematic set of profiling questions—the answers to which predict the account's needs based on market research. Such tools then generate a high-quality presentation that's easily modified based on awareness of the customer's specific needs. Well-equipped reps can then use these presentations to validate and gain early commitment to these needs from the buyer.

Market offering design: This tool provides a "baseline" market offering driven by the account's needs, priorities and value to the seller. Such tools draw from a library that includes products, services, promotions and systems elements. They also let the sales rep customize the elements based on his or her specific knowledge of the account. The output of these tools is a highly professional presentation that the salesperson can use to present and discuss a solution with the account.

Value-in-use estimation: This tool lets the sales rep work with the account to quantify the value of the proposed solution. Buyer engagement in the estimation process is essential to their buy-in of the value estimate. These tools provide analytic rigor and the ability to assess value collaboratively with the customer.

Deal-building: This tool helps the sales rep and pricing analyst(s) evaluate the pricing and profitability of alternative solutions. Often, this tool is used in combination with the value-in-use estimator before presenting a proposed solution. This ensures that the solution is mutually attractive to the buyer and seller.

Account review: This tool provides a structured process by which the actual value of the goods delivered is captured,

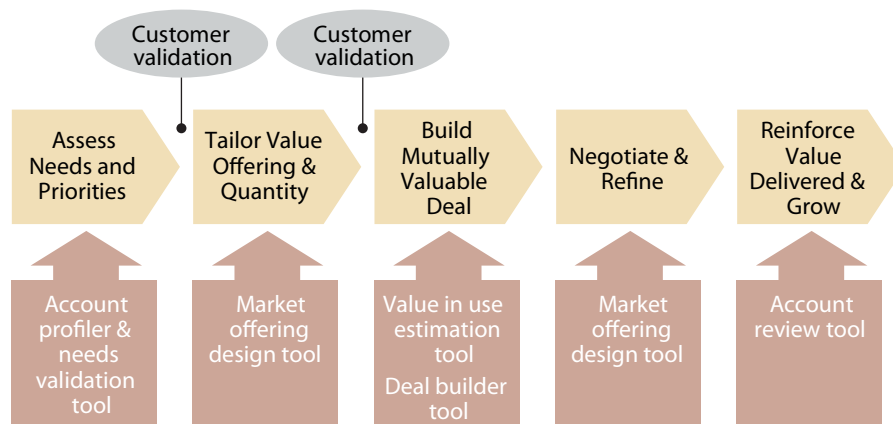


Figure 1: Value-Based Selling Tool Requirements by Stage

along with incremental opportunities for future sales. Research proves that buyers “forget” the value they’re receiving over time. Only by quantifying and reinforcing the actual value delivered can sellers ensure that the buyer’s perception of value matches actual. Doing so improves retention and provides a path to further account penetration.

Together, these software solutions enable the sales process. A clearly defined, rigorously executed sales process is the backbone of effective value-based selling. The sales process defines the series of steps and associated customer “advances” that culminate in a deal and mutual value creation. While specific sales steps, underlying activities, measures and roles are unique to each company, all value-based selling processes share a common set of components. As shown in Figure 1, each tool helps a sales rep work through different stages of the value-based selling process. World-class value sellers excel at each stage in the sales process.

The Proven Benefits

The benefits that sales organizations can realize from their information technology investments in value-based selling are substantial. The most significant are:

- Increased sales effectiveness of the middle 60 to 80 percent of performers
- Greater efficiency and selling time for the top 10 to 20 percent of performers (who may already excel at value-based selling)
- Improved ability to assess, improve and innovate market offerings
- Fewer sales reps who fail to make the transformation to value-based selling.

Together, these benefits drive the higher win-rates, retention rates, deal sizes and margins necessary for sustained organic growth.

Of course, these benefits are realized only if the sales force fully commits to and implements the value-based selling strategy. Transforming sales force beliefs, motivations and capabilities to those necessary for value-based selling is a significant challenge. Value-based selling tools also play a major role in facilitating this transformation.

Sales reps don’t fully understand or necessarily appreciate value-based selling processes until they’ve “lived” them for some time. They often agree with the process in concept, but struggle to apply it in meaningful ways in their daily activities. Figure 2 depicts the unsuccessful transformation path that many organizations experience.

Too often, the change process goes as planned right up to the moment of truth and then derails. The reason is that sales reps can’t become proficient at value-based selling through training alone. Training is necessary but insufficient. Value-based selling is a skill acquired over time. It requires a salesperson to try, learn and excel through repeated practice. Without the right tools and coaching, most salespeople won’t persevere through the difficult, uncomfortable period of change.

Investment in value-based selling tools conveys to the sales force that leadership isn’t just asking them to do the hard work of change—it’s also providing the tools necessary to succeed. Most sales representatives are eager to receive such tools. This is particularly true when the tools help them efficiently plan and prepare for their sales calls.

As sales reps begin to use value-based selling tools, they unconsciously implement—and internalize—the value-based selling process. Disciplined use of the tools helps sales reps develop competency in the sales process and experience the benefits that sustain the strategy. It also drives significant increase in pre-call planning and preparation, a hallmark of highly effective salespeople.

To maximize the benefits of value-based selling, the tools must meet several criteria:

1. They must quickly create value for sales reps. This means they must be easy to use and operate in software platforms to which an average salesperson can quickly adapt. Early wins for the reps must occur in a relatively short time. Otherwise, adoption will rapidly fall off.
2. They must be inexpensive and quick to implement. Faster transformations result in less transition cost associated with distracted and temporarily ineffective salespeople. Furthermore, the many failures with large-scale Customer Relationship Management (CRM) and sales force automation investments have taught leaders the perils of trying to do too much at once. Our experience developing value-based selling tools suggests they don't require large-scale systems investments. Rather, moderately priced tools can be quickly created around existing PC-based applications.
3. They must be easy to access, whether via the Web or on the local server.
4. They must be kept up-to-date. This includes customer-profiling attributes, market offering elements, positioning strategies, pricing strategies, and even artwork.

Effective tools that meet these criteria will generate the highest return on investment for the organization.

Final Thoughts

Transformation to effective value-based selling is rapidly becoming a key differentiator between today's sales and marketing leaders and losers. The importance of effective value-based selling will only escalate as global competition intensifies, buyers become more sophisticated, product life-cycles shorten, and competitors advance their own value-

base selling capabilities. Investments in practical, cost-effective information technology to deliver truly enabling value-based selling tools to the sales and marketing team is one of the best ways to align the IT department with the business to ensure companies maintain or gain competitive advantage. **a**

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Figure 2: Where Value-Based Selling Transformations Fail

