

THE SALES ENGINE

A SALES MODEL FOR A HIGH VELOCITY INDUSTRY



White Paper

Successfully selling complex, high-involvement high-velocity solutions where long sales cycles are a given, requires an elegant sales engine

By Peter Glashoff

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Introduction

The era where IP is replacing IT has dawned. Today, IT companies that (A) don't help the client leverage his business' intellectual property, or (B) maintain very competitive rates when selling commodity products, will go out of business. It is therefore essential the goods and services that you offer be relevant to the business of the client. Also, all those involved in the selling process (including the buyer) should have accurate knowledge the clients *business* and *problem*, so that a solution that actually addresses the need can be presented.

Essentially, if your IT solutions or services can help the client sell more widgets, make better or faster widgets or retain clients for longer – you become very valuable.

Alternatively, if your business is about helping clients ensure that their systems and tools remain up and running and have the stability, availability and capacity to deliver what they're supposed to, then you are effectively offering insurance – a grudge purchase that has become a commodity item. Here quality is expected and price is the differentiator.

To compound the problem, information technology is a notoriously complicated 'thing' and difficult to sell at the best of times – often requiring long sales cycles. Add to this the fact that it is a high velocity industry (fast changing) and one quickly realises that traditional sales, marketing and product management rules may not be effective enough.

It is therefore our hypothesis that a new broader sales model is required for IT service providers; effectively a 'sales-engine' that includes all the necessary facets to ensure that you have access to a great deal more potential business than is currently the case.

The process described below has been crafted to ensure that all those employed within the 'sales engine' understand the clients, their respective businesses and know how to address their business needs and anxieties exactly. This is the basis for consultative selling – a key approach to professionally selling IT services.

Exhibit 1 below highlights in a simplified fashion what should constitute the sales discipline in a high velocity services business.

EXHIBIT 1 End-to-end sales engine



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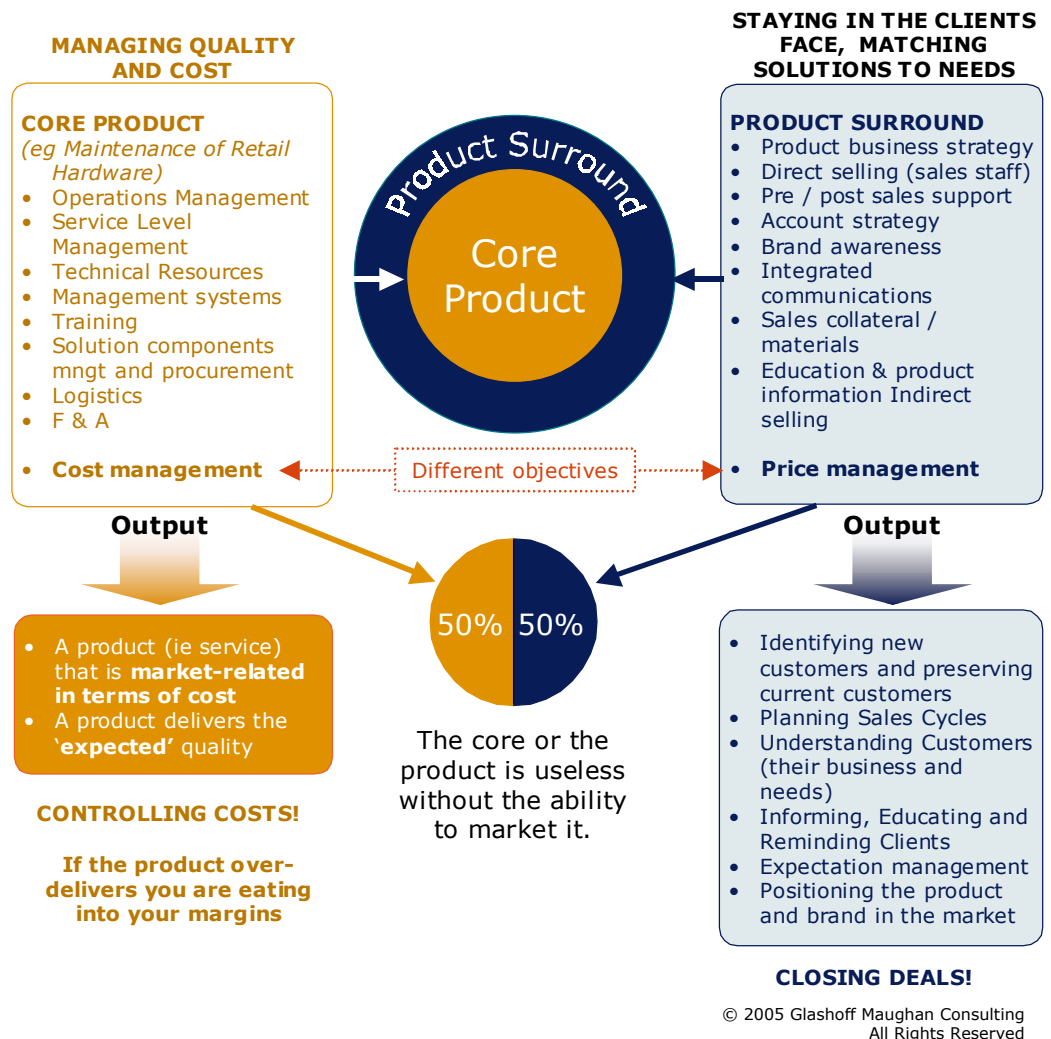
The 'Go-to-market' Product Strategy

Working without a product strategy is as bad a working without a strategy for your clients. Planning ensures that all aspects of the sales process have direction, ensuring that the company does not become opportunistic in its endeavours, ending up doing work that does not "fit" your activity system and operational structure.

Sales, and the associated sales support model, are components of a greater communications and promotional discipline that form key elements of the product itself. In other words, it is self-limiting to have a great product or service without the ability to attract clients and conclude sales. The converse – where a company has a powerful selling ability but the product is somewhat inferior – is not as limiting.

EXHIBIT 2

50% of a successful product lies in the product surround



Can the company gear itself correctly for competitive advantage that can be sustained?

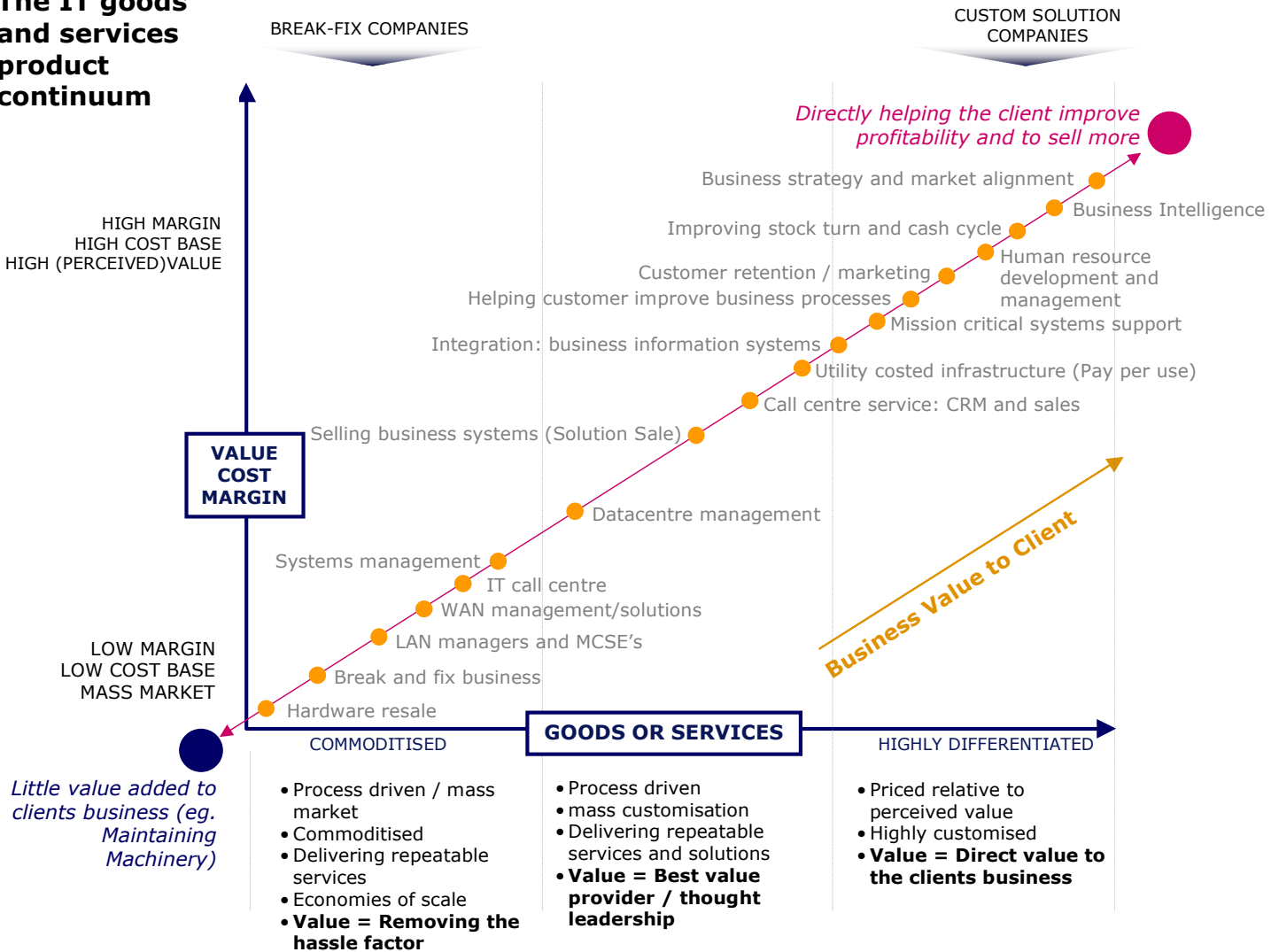
The IT sector is yet to realise that many companies are playing in a me-too industry where little opportunity exists for differentiation within the core product or service. Few if any have used the product surround to differentiate themselves.

THE SALES ENGINE : ENSURING SUCCESS

The success of any product (goods or services) is greatly dependent on the "go-to-market strategy" for that product. The strategy defines what business needs to be addressed, with what services, and to which client types. It is essential that the products (or services) offered are complimentary to one another – not so much technology wise, but in the infrastructure, resources and processes required to deliver the service or solution. This exercise would normally be undertaken first, to establish which products belong in your product portfolio.

EXHIBIT 3

The IT goods and services product continuum



For example, Exhibit 3 clearly illustrates that one cannot structure an organisation to successfully deliver mass-market-low-cost type products (Break-fix business) at the same time as offering high-value-high-cost products such as business intelligence consulting. This is because of the types of people, personalities, buildings, tools, and processes for each service category is completely different.

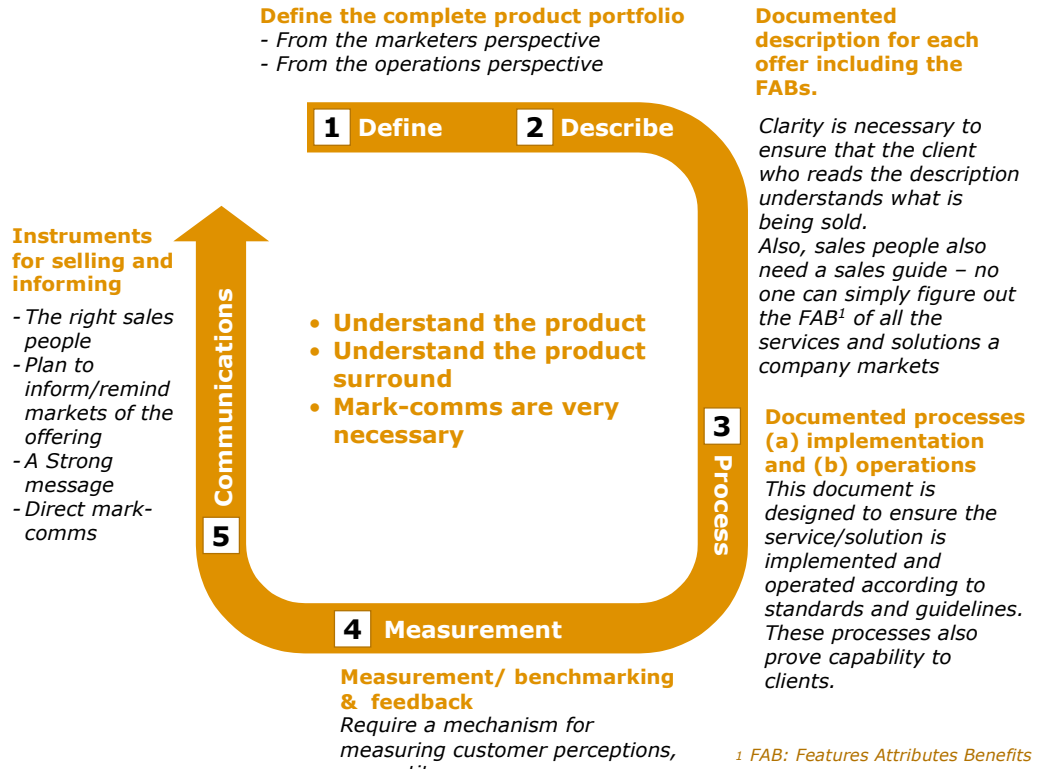
A good example that illustrates this concept is eating at McDonalds vs. The Westcliff Hotel. The staff, buildings, processes, personalities cannot be the same, simply because both restaurants serve food, or can they?

The Product Portfolio Analysis

What are you doing with your products or services? The purpose of the product portfolio analysis is to stop for a moment and to check whether all the components needed to successfully sell your service or solution 'product' are in place – and in some cases to identify services/solutions (as is often the case) that are hidden under the umbrella or branding of another solution or service. An analysis of the make-up of the product set is also needed. The diagram below illustrates the methodology that would be required, as specifically applied to IT services.

EXHIBIT 4

An IT product suite is more than a bunch of goods or services – its goes beyond the tangible components



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The portfolio analysis should therefore at a minimum include two distinctly different analyses, one from a service delivery/operations perspective and the other from a marketing/product management perspective:

1. Identify the complete service/product portfolio from a service delivery perspective. (To be undertaken in consultation with operations management)

- Identify products/services actually being delivered at clients.
- Review any operations manuals/guides
- Identify Gaps relative to the market/competitors

2. Classify the go-to-market offering from the marketing collateral

The output from this analysis should include:

- A detailed list (scope) of what the marketers say is provided
- Review 'glossy' materials and presentations
- Review the text used in proposals (Company I.P.)
- Identify the existence (or not) of price models/tools

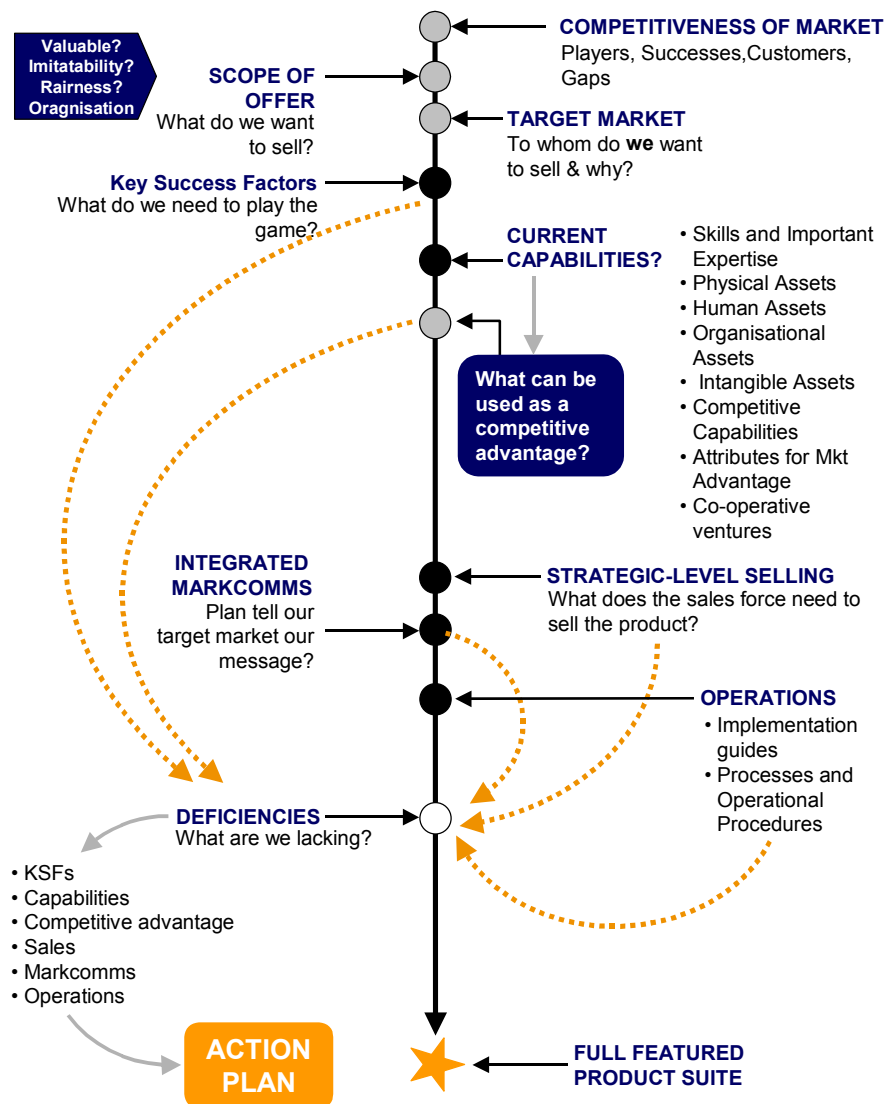
- Is there an overall model/view/philosophy upon which the various service offerings are based (the storyline / model)

Product Design

Products are new or improved – not both. Improved products will usually have undergone a redesign of some elements associated with the product. This could range from new packaging, new brand image, new process, or new mechanics – through to a new price model. A new product is just that... new!

EXHIBIT 5

New or improved products (and services) are the result of a rather formal process, rather than dumb luck



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Product Elements Redesign: The product elements design task is a set of activities designed to “fix” any missing or incomplete aspects of the product set discovered during the product portfolio analysis. Essentially, each service product should comprise at a minimum the items listed in Exhibit 4.

New Product Design: New service and solutions products should be rolling off the product “production-line” continuously. This however requires a process that should be followed to ensure viability and that all product elements have been included.

Both redesign and new products follow slightly different processes. The starting point however is exactly the same. It is the market that ultimately dictates how it will look, what it will cost and how it will function.

When it comes to IT services, the following items are the elements that, at a minimum, comprise a service product. It is then these that will illustrate the completeness of an IT service product:

A Services Model: The way company does things – this is the storyline – the overview. Most companies in the infrastructure services sector are to some extent, basing their models on an ITIL foundation – a 'me-too' product¹ scenario that is worsening.

A Service Description: A Generic document that clearly describes the elements of the service. This document is used in proposal writing and includes the "FAB" (features attributes and benefits) along with simplified processes and methodologies.

The Glossy: This is a piece of copy that is generally a highly summarised version of the service description and as a rule would be used in the glossy service catalogue or flyer.

The Presentations: A Relevant and easily customisable presentation set is always needed. Generally this is developed together with your marketers and product line managers on paper. Once the story line and message is agreed, the slideshow can be developed - often using the PowerPoint presentation tool.

The Implementation Manual: This is a document that should reside with operations. The implementation manual is at times used in the response to Requests for Tender, but its practical use is in the implementation of the service at new clients.

Operations Manual: As with the implementation manual, this document is used as the basis for the Site Manual as is used by operations personnel and account directors to run the services at a particular client. This manual includes processes, procedures and standards.

Trained/experienced personnel: Without skilled technical personnel having some hands-on knowledge of implementing/operating this service, the chances of selling it are slim. Quite simply the client will see through the words.

Measurement and benchmarking methods: Business metrics tools are becoming essential in the IT services sector where many services offerings are fundamentally exactly the same as the next company. Clients therefore want visibility from a quality and pricing perspective so that they can compare company A with company B.

A Sales Guide: A booklet/document that assists the sales person in understanding what the product is, how it works, and what value it brings to the client's business. The sales guide should clearly inform the sales person how to spot an opportunity, and what actions to follow thereafter.

¹ **Me-too product:** A product that is almost identical to the products offered by competitors. Baked beans and IT break-fix are both me-too products

Client intelligence & account strategy

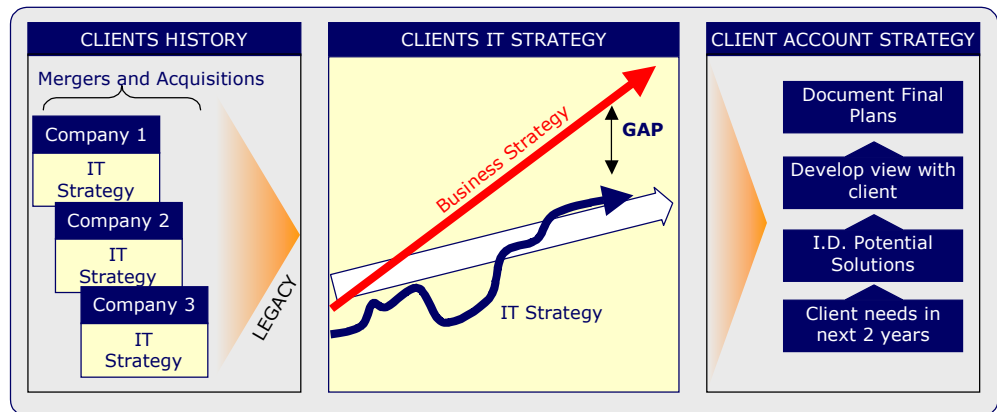
It will harm your business relationship if, for example, you try to sell an ERP solution into an environment that is still standardising its OS layer – and where the IT management may only look at enterprise and integrated financial management solutions in 24 months time.

To become a trusted advisor (and supplier) requires far more than simply opportunistically trying to sell services and solutions. It is essential to have a sound understanding of the clients business, where it has come from and where it is headed.

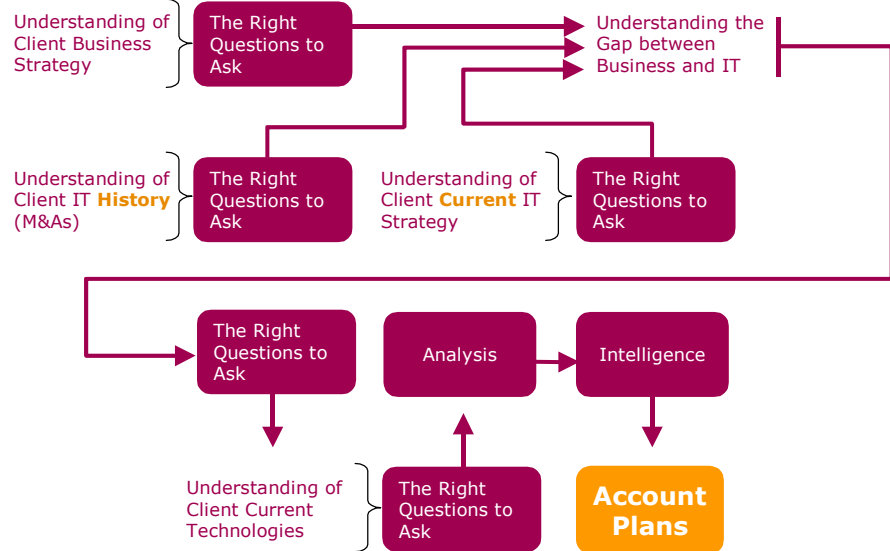
In most cases companies don't know enough about the business of the client to design a workable sales strategy. The starting point therefore is to design a process for collecting valuable (strategic) client information.

EXHIBIT 6

Account strategy goes a lot deeper than an annual sales target and regular golf games with the client



The concept is to **only sell what the customer needs**, when they needs it (over a 24 month cycle)



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Knowledge of the client's business history and strategy moving forward, combined with a detailed understanding of where the IT systems and infrastructures have come from (eg mergers and acquisitions) and where the technologies are headed in relation to the business strategy provides sufficient information to build an account strategy that the *client* is comfortable with. Most sales people however, have not

been taught how to do this and are not equipped to gather or analyse information of this nature.

A solid account strategy means that sales person will only propose services or solutions when the client needs them – thus ceasing the costly and often wasted effort of developing unnecessary solutions at inappropriate times. In following this model the client is encouraged to dispense with other service providers who continually try and sell their wares at any opportunity.

Therefore management needs a formal methodology to develop practical account strategies, and this consists of two key activities:

1. Analysis of Client Business

- Access to client business strategy
- Access to client IT history (where has the IT come from?)
- Access to client IT strategy (where is the IT going to in relation to the business strategy?)

2. Account Strategy Development

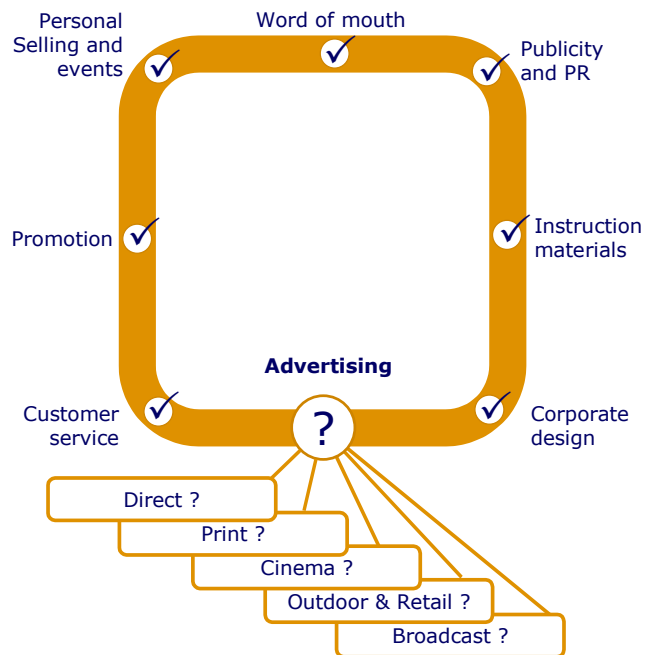
- Develop a 12 to 18 month account plan, in consultation with the client.

Integrated brand communications

Integrated brand communications is the method for informing, persuading and reminding your potential clients of the value that your company and its products can bring to their business. The aim is to improve brand name awareness and product knowledge, and to remind and encourage potential clients to consider you when they need services such as those that you can provide.

EXHIBIT 7

A clever use of communications vehicles can ensure an efficient investment that provides large returns



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Effective communications that build brand-name awareness and inform potential customers of your value will bring sales leads to the business. Conversely, without name recognition in your market space is like rowing a boat upstream. The

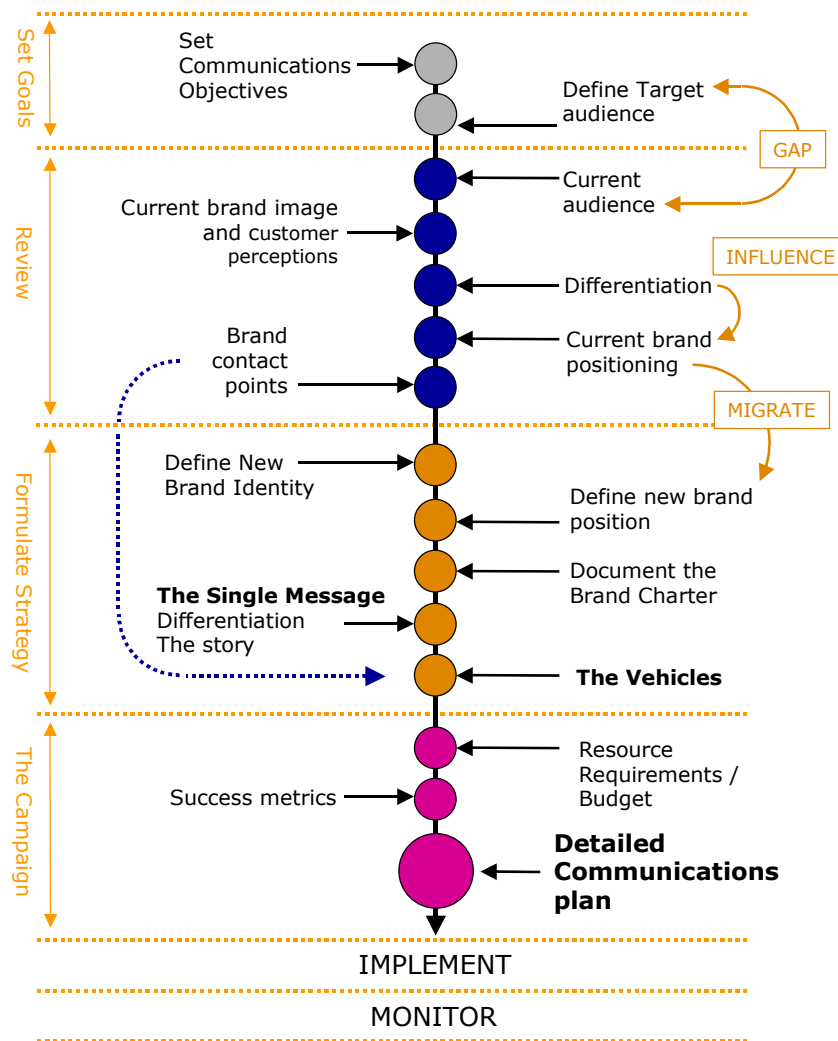
objective of this undertaking is therefore to raise the awareness of your company or product brand so that it is included in the target markets' evoked set (top of mind) when they consider potential suppliers.

It does not have to cost a fortune, and it all starts with a single message...

Experience has shown us that anything less than a 12-month integrated brand communications effort diminishes the expected returns. Your message needs to be repeated often and consistently over a long period using the right vehicles to break through the clutter to reach your target audience. And this is a lot less costly to accomplish than one might imagine – especially when the size of the target audience is considered.

EXHIBIT 8

A properly conceived and implemented communications plan can itself become a differentiator



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At minimum your integrated brand communication plan should provide you with:

- A defined target market
- A core message to be communicated in support of the brand and products
- Agreement regarding communication vehicles that will be best utilised for the 'campaign'

- (Possible) selection of brand communications agencies to assist with the aspects such as design, media planning etc.
- A calendar-based action plan covering the next 12 months

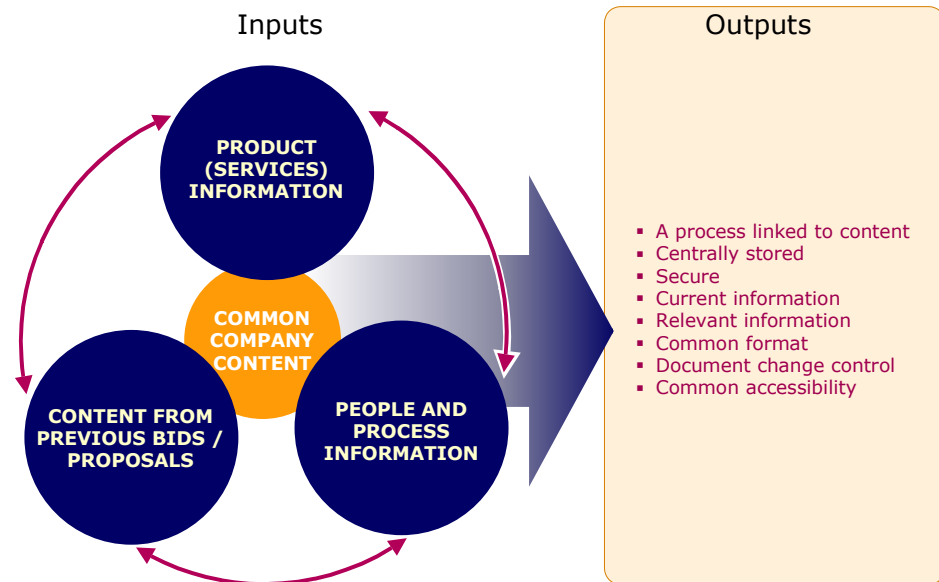
Managing intellectual property and proposal content

IT services is a complex product environment to manage. The task then of architecting solutions and managing the development professional proposal documents becomes very reliant on textual and diagrammatical content.

In order to become more efficient, it is essential to have all the relevant information at hand – logically stored and easily accessible. This should apply to corporate information along with information specific to the service products of each business area.

EXHIBIT 9

Intellectual property is valuable and should be properly looked after



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Therefore, the intellectual property (IP) of BSS Specialised Services must be sorted and stored for easy retrieval. Essentially, this means that all current IP must be checked and laid out in a reusable format and stored in an electronic library of useful information. Further to this, the information contained in previous bids and proposals should be reverse-engineered down to a topic-level. These specific topics should be centrally stored under a standardised naming convention – thus allowing for a quick and easy method of searching and retrieving the requisite information.

The bottom line is that clients need details when you propose solutions, and they need it quickly. There is simply insufficient time to continuously write solutions from scratch, and besides, the hidden cost of working this way is exorbitant.

Crafting Proposals is a Complex Process and should be formalised

To build a formal process-based *proposal crafting* system requires a number of specific actions that will involve quite some effort from the management and marketers within the organisation. The results of these efforts however are worth it when one considers that a formal process almost always ensures a better win rate than an informal process.

Essentially one needs to commence by identifying and mapping all the informal steps in current process. This also highlights any tools or automated mechanisms currently used for analysis proposal writing. At the same time the ultimate or ideal formal process must be crafted (see Exhibit 8), which will allow a gap analysis – defining what’s missing from the current process.

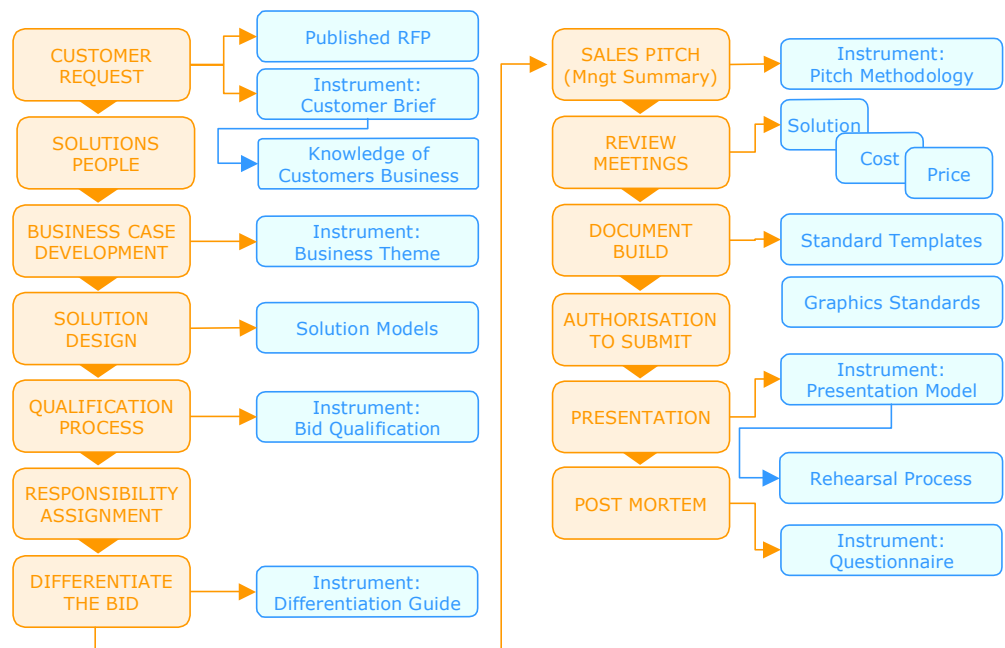
Once the gaps are identified it become a relatively simple task to craft processes and solutions to fill the gaps. Often one is able to use and modify existing processes or tools to meet the requirement.

Once a process has been formalised and implemented it is essential that the staff tasked with crafting proposals be properly trained to use the formal process.

At various South African companies creating an interactive intranet web-based process rather than using the traditional paper documents or booklet has enhanced success. Here, the process should be interactive and accessible to all. We

EXHIBIT 10

The crafting of proposals is a science, albeit one with a bunch of art thrown in



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Cost and price: Management and tools

It seems to be a recurring theme: build a new price model every time a proposal is crafted – for what is ostensibly the same solution as last time. This method of working is costly in terms of time and effort, and since in many companies no tool exists for costing and pricing repeatable solutions, the IP tends to reside within an individual rather than within the organisation. This is risky.

It is a straightforward exercise to develop a set of tools that will do the pricing for you. The return on investment is phenomenal – do the numbers.

We therefore suggest that this be considered as it will not only do away with reliance on individuals, but will be a more scientific approach to a much needed and often required business activity.

Tools may be as simple as interlinked spreadsheets, or as elaborate as web-enabled database-driven systems.

EXHIBIT 11

Cost and pricing tools may be as basic as interlinked spreadsheets

The screenshot shows a Microsoft Excel spreadsheet titled "PRICING TOOL Ver02-4.xls". The spreadsheet is organized into several sections:

- DESKSIDE MAINTENANCE:** Contains buttons for "Computer Maint.", "Peripheral Maint.", "Printer Maint.", and "Standby Rates". A yellow box contains a "PLEASE NOTE:" stating "Only edit fields coloured in yellow And use the pull-down tabs".
- PERSONNEL COMPUTERS:** Contains several input fields:
 - Profit Margin ? (27% Margin, DEFAULT = 26%)
 - Geography ? (One Building in One City)
 - Environment ? (Clean (eg. Office Environment))
 - User Skill ? (Average Users)
 - Is Operating System Support Required ? (Yes, DEFAULT = YES)
 - Is Microsoft® Office Support Required ? (Yes, EXCLUDING MS-ACCESS SUPPORT)
 - Is MS Exchange Client Support Required ? (No, EXCLUDES EXCHANGE BACKOFFICE SUPPORT)
 - Service Level (8 Hour MTTC (6hr respond x 2hr fix))
- Select Model:** A table with columns for "Quantity", "Unit Price", and "Sub Total".

Select Model	Quantity	Unit Price	Sub Total
PC - Desktop - CLONE - P4	200	R 77	R 15,466
PC - Desktop - CLONE - P4	150	R 77	R 11,599
PC - Desktop - Acer - Pre PII	50	R 131	R 6,550

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Summary

A formal sales engine will not be the best solution for every organization; however, it is a viable approach in most situations.

It is not easy to sell complicated IT services or solutions where very often the cost is exorbitant and the decision to purchase may well lie at board level. It is therefore essential that we do not assume that sales people can cope alone – they cannot. The competition is simply too fierce and the bar is being raised all the time.

The sales engine concept is simply a model that has been designed to hopefully clarify what can be done to improve the competitiveness of your selling organisation. There are quite a number of very key activities that we believed are required to successfully participate and compete in the IT sector. Your company will most likely have some in place and some not.

If you choose to invest in building a sales engine, your chances of success will increase and your staff will spend less time building solutions and proposals that often appear to be hit and miss affairs.

GMC can assist you in building the missing pieces.

Contact GMC:

Peter Glashoff: 082 376 4566
Chris Maughan: 083 267 8675

About Glashoff Maughan Consulting

GMC helps companies build and implement strategies, focusing on the disciplines of IT, marketing and sales, and outsourcing relationships. We help you to sell more, deliver value and improve performance.

Our consultants are all highly trained and experienced, having paid their dues in the IT sector.

At GMC we strive to always leave more value than we take. The relationships we have with our clients tend to be ongoing.

About the Author

Peter Glashoff is one of the founders of GMC. Starting life in the 'technical' fast lane Peter switched over to the marketing and sales discipline in the late 1980's. The 20 years experience in the IT game at companies such as Olivetti, Usko and Getronics plus the academic grounding from Hull University UK where Peter obtained his specialist MBA in strategic marketing, ensures that he has a well rounded view of the world – one that makes sense to technical and sales people alike.

Peter is responsible for the development of the marketing and sales methodologies used by GMC to assist their clients.