

Do you need more business? Part 1 of 5 - The big picture.

Philip Shipperlee - 26 Nov 04

CEO Performative plc
[phil.shipperlee@performative.net]
Founder member of ACE group 1

This is the first of five articles to be published during the next few weeks. My objective is to share my success with you and to hopefully give you some good ideas as to how you can apply our techniques to improving the performance of your business. Hopefully I will help to give your business a kick start for 2005.

Perhaps the most critical performance factor for any business is its ability to produce a reliable and predictable flow of new and repeat business, sufficient to deliver the financial goals within the business plan. Many businesses find themselves in the position of looking at the most recent month or quarter and wondering what happened. It does not matter what has already happened, it is now too late to change it. What does matter is that you have available to you the means of determining the future.

During the 30 years that I have been building and running successful businesses for myself, I have always ensured that I had in place a robust, fully integrated selling function. This is the first thing that I put in place; production, delivery, HR, etc. can wait because, if you cannot create enough customers to buy at the right price, then you do not have a viable business.

Over 50 years ago, Peter Drucker said; *“There is only one valid definition of business purpose: to create a customer”* More recently, Sir John Harvey Jones said; *“Most British companies fail not in their attempts to be innovative or creative. Most fail because they undervalue the importance of professional selling”*. Can two very different, but equally great, business leaders be that wrong?

What do we do?

The business of Performative is very simple – we help our customers to bring about long-term sustainable improvements in the performance of their businesses. Our primary focus is the structure and performance of the Go-to-Market model i.e. all of those activities associated with first creating customers and then selling your product, service or solution to those customers.

The processes that we use are based on our own methodology, Performative Structured Selling™, and this has four main elements or components. Those elements cover the key areas of; Market Focus, Prospecting for Customers and Opportunities, Creating Customers and growing them into Strategic Accounts and finally Creating, Identifying and successfully Pursuing Opportunities.

Below, I have provided a brief summary of these four critical elements and in the subsequent articles I will expand on these topics and give you tips and ideas to apply to your own business.

Market Focus (your Proposition and Target Market.)

The first element, Market Focus, creates an essential foundation to the whole Go-to-Market model. Simplistically, the Market Focus process looks at what you sell (your proposition) and who you should be selling it to (your target market).

Do you know what you sell? I can hear you say, “of course we do, this is stupid I am not going to waste time reading any more of this”. Not so fast. I know you know what you sell, but do you know

what your customers really buy? Research shows that there is often a disconnect between what a customer actually buys and what the supplier believes they have sold.

Black and Decker used to just sell drills, but not any more. Now they sell the means to make holes in any material and in any circumstances. Their adverts briefly show someone using the drill but most of the time is spent showing them putting up the shelf and displaying the family photographs, book collection or CD's.

The disconnect between your perception of what you sell and what your prospect wants or needs will lead to poor targeting, poor proposition presentation, missed opportunities and a higher than necessary failure rate on bids. All of this adds up to wasted time, wasted money, inefficient and ineffective selling activities and worst of all missed targets.

Next week's article will look at the mechanisms used to understand your proposition, through the eyes of your prospects and customers. I will also explain the parallel process that you could use to choose your market and within that market which sectors and segments to focus on. We will also start to look at the topic of qualification and quantification which are used, respectively, to create customers and to identify and pursue opportunities.

Prospecting for Customers and Opportunities

The output from the Market Focus process will be a list of companies that we call suspects. The suspects are those organisations who appear, based on external research, to have the characteristics to become customers of your company and then to be interested in your proposition.

By producing the smallest possible number of suspects, before expending expensive selling effort, all remaining activities will be more focused and therefore more effective and efficient. This will help to give you a higher rate of return on your selling effort and a more predictable outcome. This will also help you to build some leading indicators which will enable you to spot weak points in the sales pipeline in time to do something about it.

The article on Prospecting for Customers and Opportunities will look at the various options available including; direct sales, tele-marketing, tele-selling, channels and partners. It will also look at the mechanisms used to take the "intelligence" gained in the Market Focus stage and to turn it into a qualification process to drive not only prospecting but later Customer Creation.

Creating Customers and growing them into Strategic Accounts

You will already have picked up that we see the creation of a customer as a very different process from that used when creating and pursuing opportunities.

Look at your customer list and ask yourself; "are these real customers or are they just people who happen to have bought something from us?" A real customer is an advocate and more importantly, someone who sees you and your company as an essential part of their business. Most people that we call customers see us (if they see us at all) merely as a source of a quick fix or a transactional solution. The responsibility for building the relationship rests with the supplier and it is you who must take the blame if your customers are fickle and spend their time focusing on your prices and what discount they can extract from you.

The process of creating a customer, as a carefully planned activity, helps you to build your customers understanding of the value of your proposition and the value of their relationship with your company. If you are not perceived in terms of value then you will be perceived as a commodity, a price and expendable.

A subsequent article dedicated to this topic will, amongst other things, look at qualification, account planning and account networking. It will also show you how to rank different prospects in terms of their potential value to you.

Creating, Identifying and successfully Pursuing Opportunities

As already stated, this is different and separate from the creation of customers. This is driven by a process that we call quantification, which will be explained in detail in a later article.

Take note of the title; creating, identifying and pursuing. Most sales people do not create opportunities, they only react to the prospect saying "I want a ..." This is fine and it will always be a part of the opportunity process, however, the real prizes come when you create the prospects awareness that they have a problem and that you can solve it. Having helped to frame the definition of the problem, you will also have influenced the definition of the solution and you will have made it harder for your competition. Working with the prospect to develop an understanding of the problem and the format of the solution strengthens the bond between supplier and buyer, it makes the outcome more predictable and increases your chance of coming out as the winner.

The final article in the series will look at; quantification, bid planning, creating value propositions, preparing ROI models to support your bid, proposals and presentations. It will also look at different bidding regimes spanning the informal through to highly structured RFI/RFP process and government processes involving the European Journal and S-CAT. Finally, we will look at approaches to creating a sales pipeline including risk analysis and probability calculations.

Summary.

By the end of the series of articles you will have the means to create a joined up process that turns your Go-to-Market model into a value chain taking your suspects through a process of qualification and quantification. The flow of orders into your business will be more predictable and you will have a series of leading indicators enabling you to take remedial action if problems are brewing in future months and quarters.