

Do you need more business? Part 2 of 5 – Your Proposition & Target Market.

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Last week, I started this series of articles with “The Big Picture” and now I am looking at the first of the four major elements of the complete go-to-market model.

Market Focus.

Simplistically Market Focus is a process of defining what you sell (your proposition) and who you should be selling it to (your target market).

The Market Focus process is all about striking a workable balance between what you are able to supply and what the prospects and customers need and will be willing to buy. This moves us immediately to the topic of value. Most people in the role of buyer will be looking for an explanation of the value that they can derive from any particular purchase. No longer is it good enough to have the best features and the latest wiz bang technology. If it does not add value from the customers perspective, then it will probably be perceived as surplus to requirement and will probably also be perceived as unnecessarily increasing the price.

It is of course good to be proud of what you do and how you do it, but don't be trapped into thinking that a detailed explanation of the minutia will excite the prospect as much as it does you. Even when required to submit to a “technical” evaluation, don't forget you must also create and present a well structured business case to support your proposal.

Proposition – What is it that you have to sell?

When defining your proposition, you need to consider what your prospects and customers actually need and want rather than simply focusing on what you can supply.

When presenting your proposition for sale, you need to be able to communicate to your prospect the value they can derive from making the purchase from you. They need to know that you understand their business issues and you must demonstrate this by presenting your proposition in a format that says “*we know and understand your problems, and this is how we solve them for you*”. This not only enables you to present your proposition in an attractive manner, it also enables you to differentiate yourself from the competition without directly saying detrimental things about them (never a good move!).

Whoever does your selling must therefore be able to articulate the value of your proposition to your prospects. The technique that we use to achieve this is called Feature, Benefit, Incentive (FBI). You take the features of your proposition, present them in a format that identifies a clear benefit to the customer and this will then provide the customer with the incentive to proceed further with you. When defining a benefit, it is the customer's opinion that matters not yours.

If you fail to present your proposition in terms of the value the prospect will derive from the purchase, they are likely to make a decision based mainly or solely on the price. Consequently, the person doing the selling has the job of understanding the customer's real needs and wants through a process of careful structured questioning and listening. For the sales person to do this effectively, the value propositions of the supplier, its products and services must be clearly defined. Creating a qualification process will provide a framework and structure for the questions that must be asked.

Presenting value propositions is a whole subject in its own right, which can involve presentational techniques such as Total Cost of Acquisition, Total Cost of Ownership and Return on Investment models.

Target Market - Who should you sell to?

There are a multitude of different inputs to answering this question, many of which are specific to particular market sectors and segments. For example, if you sell something that is of value to small insurance brokers your view of your market is very different to someone who sells fleet car services to large corporations.

Looking at the wider market and cutting it down to meaningful sectors and segments is key to effective and efficient selling. If your plan says, for example, that you need 12 new customers in 2005, you need to start with a list of suspects of no more than 80 – 100.

With a little desk research you can probably get that down to an even smaller list. But why do this? Simply, the smaller the list of suspects, the more focused you can be with your selling effort. The use of concentrated fire power on a small number of suspects will give a higher return for your sales effort. It is about rifle shot rather than buck shot. If you have a list of suspects in the multiple 100's then you will spend a lot of dead time talking to people who are not interested or ready to buy from you.

To determine your target market, you need to decide where you want to sell, who is most likely to buy from you, when and why. The characteristics of the target market containing those suspects who could derive value from your products and services provide further input to the qualification process. The bottom line is focus, focus, focus.

Process.

The process that I recommend typically involves two brainstorming sessions with some individual activities between the two sessions. The brainstorm sessions should involve a cross-section of people from your business, for example; the CEO, head of finance, some sales people, marketing and product development. It may also be valuable to add an external specialist i.e. someone who knows the market that you address, from a business viewpoint.

Using white boards, flip charts, meta-planning, breakout groups and other brainstorming techniques, you progressively tease out everything that your team think you have that someone might want to buy. Other tools which can help include the classic SWOT analysis and later the Boston Matrix to rank the various elements of your proposition in terms of their value and importance to your business.

You will also use the brainstorm to start to look at the potential market and begin the process of cutting the wider market down to sectors and segments that match your “ideal”.

Following the first brainstorming session various members of the group should be tasked with specific “mini projects” involving desk research and some trial telephone calls to test the assumptions made during the brainstorming session. During this stage why not make use of a very valuable source of real information – your existing customers? Go and ask them what they get out of buying from you and what you could do better. Do not assume that you know why they buy from you – ask them. You may also look at relevant industry and business sources for other supporting information.

The next step is to run the second brainstorming session with inputs from the first session and the work done since.

What you will now have is a reasonable description of your proposition, its features and benefits and the value that you can deliver to your prospective customers. You will also have a list of suspects i.e. companies which look from the outside to have the characteristics to become customers.

Remember that what you provide may only be one part of a larger project the customer is putting together. Understanding where your solution will fit in the greater scheme of things is very important. Unless you understand the bigger picture, you will not be able to define and present the complete value of your solution to the customer.

A valuable tool used to organise the thinking around the value of your proposition is the “elevator pitch”. You have 30 seconds, hence the elevator trip, to answer the question “*what does your company do?*” You must be able to answer this question in a manner which says, *we can do this for such and such for you and the benefits to you will be ...* Also your elevator pitch should last for only 10 – 15 seconds so that you have the time to ask “*is that of interest to you?*” And “*may I call you to discuss this further?*” To make good use of your 30 seconds, you need to have ready good Feature Benefit Incentive (FBI) statements, some times called Unique Selling Propositions (USPs).

In creating your FBI or USP statements you must be mindful of the job role of the prospect and therefore their specific areas of interest. Establish where the person you are speaking to comes from; finance, marketing, production, legal, HR, etc.

Preparation for later stages.

You now have your proposition and target market clear in your mind. You also have a list of suspects, so that you can start prospecting with a view to creating customers and then selling them your propositions. In next week’s article, we will look at the various mechanisms available for prospecting in different markets with different propositions.