



**Sales today, more tomorrow, the next day and ...**

## Executive Overview

The strong link between the overall performance of your business and the performance of your sales operation within your business is indisputable. What you sell, how much, when and at what price and margin are the primary inputs to the revenue that you can recognise each week, month and quarter. In turn, revenue drives the rest of the business and supports future growth and profitability.

The selling operation is perhaps under more pressure now than ever before, with less skilled sales people in the market, more product launches, increased competition, difficulty in differentiating products & services, the impact of market commoditisation, and a marked shift in business buying behaviour. According to our research, buyers are now far more sophisticated and accordingly expect far more of the sales person. Understanding how and why people buy is now a critical success factor for all sales people and for increasing sales.

This paper sets out to highlight key issues that many IT Software and Services companies are currently facing with revenue generation. The impact of the economic downturn has meant that many IT companies have had to lay off employees quickly to address the reduction in revenue. Two recent reports, *Software & Services in Focus, an Insight into the Industry* produced by KPMG and the CSSA's (now "Intellect") *CEO Trend Survey*, both make it clear that there is a real concern on the part of suppliers that their selling activities are not producing the required results.

As well as referencing a number of facts highlighted in these reports and the typical way in which issues in the sales and marketing department are resolved, it also identifies why these approaches typically fail to produce the right results.

Finally and briefly, it gives a high-level view of the Performative solution, what makes this approach different and why we believe it increases performance and leads to more predictable revenue streams.

## Market Issues & Trends

Over the past few years, companies across all industry sectors have felt the impact of the slowing economy, exacerbated by the terrorist activities in 2001 on the United States and the following corporate accounting scandals. This all came at a time when the IT sector was already reeling from a downturn in the market following the crash of the Dot-Coms, businesses having spent thousands and in some cases millions on eBusiness projects were reluctant to spend anymore. Plans were halted as companies were forced to look at the validity of projects and to understand when and how they would see a return on investment.

Not only may you have been impacted by a struggling economy but also by the rate of change. Business, and in particular IT based businesses, have always had to deal with a fair rate of change, but today, there is faster pace of change than ever before. There are more product launches each year in an attempt to stay one step ahead of the rest. It is now even more important for you to be aware of the changing trends in the market place and the impact these may have on your business.

For example, the introduction of the ASP model, the maturing of the World Wide Web (WWW) and the changing outsourcing landscape are just a few of the trends that may well have an impact on the opportunities available to your business today.

However, one of the major changes over the past 12 to 15 years is the way in which companies buy. The process of buyer/supplier interfacing has changed from transactional, through partnership, to relationship and currently to an enterprise model. Beyond the transactional stage, each evolution has marked an attempt by the customer to gain greater total value from you the supplier. As a result, customers are more open to, and now understand better, the benefits gained in adopting strategic relationships with suppliers. In turn, another part of this trend sees more suppliers cooperating to provide the customer with a more functionally rich and fully integrated solution.

Yet another aspect of this trend sees customers being selective in the type and number of companies that they will do business with, with more customers

adopting a preferred suppliers list that takes a more balanced “best of breed” approach. For those of you who wish to get on the preferred list, it is important to understand the changes that are happening in the criteria and selection processes used by customers to qualify suppliers for inclusion on the list.

## **The Traditional Approach to the Problem**

We have already discussed that a critical element of any business is the ability to create and rely upon a predictable and consistent flow of revenue. Most other elements of the business stem from this one source including margin, profit, cash and capital. For those of you who are in the position of borrowing, or those who have external shareholders, getting the numbers right is a critical component of business survival.

Recent challenges faced by the industry have uncovered many issues within the sales and marketing operation that need to be addressed. Typical “solutions” to problems regarding sales performance that you may recognise include:

- Removing existing people and recruiting replacements
- Regular amendments to targets and compensation plans
- Skills based sales training
- Using consultants to focus on some specific element of performance

Many companies having difficulties with revenue generation, if they don’t try to buy themselves out of trouble by firing existing team members and hiring new sales people, many provide their team with sales training in order to increase their effectiveness and increase the numbers, but, statistics have shown that 85% of training is forgotten within a month of delivery.

Essentially, these activities only focus on discrete elements of the “total” selling operation, and therefore, typically have minimal and in any event usually only very short-term effects.

## The Performative Solution

The focus of this white paper is for those of you who have specific concerns about revenue: the timing of revenue, the amount of revenue and the quality of revenue. A critical element of any business is the ability to create and rely upon a predictable and consistent flow of revenue.

The business of Performative is to help our customers improve their business performance by taking a holistic view on the total sales operation. We emphasise the “whole” operation, as many companies try to tackle problems in the selling operation by addressing the symptoms and not the root cause of the problem.

As discussed above, the typical approach to solving performance problems in the selling operation is a series of disconnected tactical or automatic reactions, generally only focussed on the people. The Performative solution is unusual, as it addresses the total problem by providing a cohesive solution that focuses on the issue of the performance of the operation, not just the people.

Our solutions address all the factors that influence the performance of your selling operation, its interactions with the people and processes throughout the whole organisation, as well as the individual people involved directly in the selling processes. We use a unique combination of organisational methodology, information products, tools and education to empower the selling operation to achieve continuously improving levels of performance.

Our ultimate aim is that our customers should consistently meet or exceed planned targets and other stakeholder expectations.

As we mentioned earlier, we are living in a world that is constantly changing and in order to survive we need to keep up and this is even more important when it comes to the way in which we sell, and how we equip the people who promote and sell our products and services.

## Buyer Behaviour

While the examples given earlier about trends are important, our research, combined with our practical experience, make it clear that the most important and most consistent trend is the change in **how** customers want to buy your products, services and solutions. It is your ability to relate to the customer, in a manner that adds value beyond the value of the solution, which provides the greatest opportunity to win in today's highly competitive marketplace. Understanding customer expectations and the way they will behave as buyers, will enable suppliers with this level of understanding to differentiate them and to build their businesses faster, more predictably and more consistently.

*A word on value, we believe that currently this is one of the most commonly used but poorly understood words in business to business selling activity. The ability to create and demonstrate real value is a critical skill that marks out a professional sale person. Many people confuse value with low price while totally failing to understand the various facets of different cost models. Total cost of acquisition and total cost of ownership are far more important in the decision process than price, so this is how the sales person must build their selling proposition.*

Beyond the stage of gaining acceptance to the list of preferred suppliers, it is important that you proactively manage the relationship, continuing to add value while providing solutions to specific and individual needs. The final stage comes about when the relationship matures to a state of seamlessness such that customer and supplier work together on "joint" activities. For this to operate at its most effective level, the supplier must be prepared to deliver assignments using costing models such as fixed price and more importantly, shared risk/reward based on the performance of the solution provided.

It is now increasingly important that you recognise that the customer will be equally concerned and interested in the engagement model as well as the product, service or solution. For example, before making a decision, it is often the case that customers will require you to produce a business case demonstrating the anticipated return on investment from the proposed project. Suppliers in a position to assist with the development and production of such a business case are more likely to win the business, and more importantly, move

up the food chain in terms of the deepening relationship with the customer. Equally, the customer will often expect you to add value through the application of specific business as well as technical knowledge to enrich the solution.

## Our Approach

Our initial approach to every assignment is to carry out a Sales Maturity Assessment, which reviews your sales operation and examines the contributing factors that influence the performance of the people. We capture an objective and holistic view of the current state and examine how it is integrated with and supported by the organisation as a whole. Our philosophy is one of continuous improvement and having captured the current state we will work with you to identify and reach a desired state.

We recognise that each customer need will be unique and so the final solution will consist of an appropriate combination of the four main elements outlined below:

- **The “Go to Market Model”** is used to create a solution unique to each situation that provides the sales and sales support people with a complete operational process covering every aspect of the selling function.
- **Tools** that are of benefit to individual sales people and their management, and include pipeline management, qualification tools, ROI tools, also using other business finance tools and techniques to support your business proposition.
- **Information products** that support the selling process by providing sharply focused information on the market segment, the individual target companies within the segment and the competitive activity within the segment.
- **Education**, incorporating interventions based on a combination of instructor led, “e” based and one on one coaching is a critical part of the total package. We talk specifically about education rather than training or learning. For the sales people to progress, training is used to trigger learning which in turn brings about a forward movement towards new knowledge as well as new skills and different behaviour.

The only way to provide you with real differentiating value is through a solution specifically tailored to meet your specific needs. However, it is not our philosophy to assume that everything you have needs to be replaced. Using the principle of components within a framework, our approach is to re-use what you have that is working well, to improve what needs some attention and to add only where there are gaps. The final solution will be presented within a framework that provides you with a complete and fully integrated solution. This education process is closely coupled with the other three elements of the total package and produces the final fully integrated solution.

In summary, our approach is designed to provide you with sustainable and measurable improvements, not short-term fixes. This is achieved by equipping the whole selling operation to engage customers, in the way in which they expect, supported by tools, and using information based selling processes.

## Performative Background

Our experience includes building and selling a number of successful companies of our own, as well as developing business performance solutions for small, medium and large companies. We have a broad range of business management experience gained both in the domestic and international market.

Our experience covers the whole gamut of activities involved in creating, building and running companies spanning the boardroom, general management, financial control, organisational development, process development and most importantly selling strategies.

Most of our experience, over the past 30 years, is founded in the IT Software and Services industry, although we also have experience within the Telecoms and Office Equipment Sectors working with companies such as Cable and Wireless, Telia, Xerox, and OKI

We are fully equipped to provide our customers with practical solutions within the context of a real practical understanding of the issues of the marketplace.

*If you would like to better understand how Performative plc may be able to help you then please contact us on 01494 582 084 to arrange an initial free consultation, or visit our web site at [www.performative.net](http://www.performative.net)*