



In Enterprise Sales, Keep the Damned Product Behind Your Back!

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Question: What does the following sentence describe?

"Our aim is to deploy a finite set of specialized resources and know-how to help selected enterprise customers solve complex and painful business problems."

Answer:

The basic value proposition of an enterprise software/systems sales rep or account manager.

If I had turned this around and instead asked most executives in tech companies, *What is the job of a sales rep or account manager in an enterprise software/systems company?*, I would bet that the answers would look very different. The most likely response would have focused on something like 'sell products and services to enterprise customers,' which I would argue is a *consequence* of the above value proposition when executed successfully. Why bother to draw this distinction? Because, in my view, the *company-centric* definition leads vendors to make critical mistakes in the design of their approach

to customers. Furthermore, what I believe enterprise customer executives detest more than anything these days is phony consultative approach of vendor salespeople and executives who are all graduates of ‘Consultative Selling’ 101, and like to pose the famous McKinsey question to prospects: “So, what’s keeping you up at night these days?” As a well-known IT executive at Motorola, Toby Redshaw, has stated in speeches to vendor audiences many times, that question usually gets the perpetrators thrown out on their ear from his office. Having been brought up in what was regarded at the time as the world’s leading academy for enterprise systems sales and account management – none other than IBM, during the early days of the ‘independent’ software business in the seventies – I am still flummoxed by how much has been forgotten, or never learned, since those early days of the information technology business.

Following the eighties, when some vendors – including Cullinet, MSA, and to some degree McCormick & Dodge – stuck reasonably closely to the IBM style while others, such as Autodesk, Microsoft, and Intuit – decided to outsource the sales ‘problem’ to channel partners of all shapes and sizes, along came the nineties to take sales (and account management) professionalism to a new level (if that’s what you can call it). This was the era when Oracle, then SAP, PeopleSoft and Siebel, set the bar for what ‘successful’ enterprise sales behavior looked like. This was in turn followed by the Netscape and dotcom period, when Newton’s Law of Gravity was officially suspended and every management team felt entitled to overnight success. Such was the cumulative harm perpetrated on customers that we now have an industry in which most management teams still do not have the faintest idea how to apply sound business principles in the area of selling to and supporting enterprise customers, particularly in a ‘demand creation’ environment when there is no established demand for their type of product or service.

Before ending this rant, it would be wrong to omit the venture capital industry from some blame (it was taking too long to rope them in to this blame game, wasn’t it!). During the same naughty nineties, this sector grew from cottage industry to presumed masters of the universe in ten short years. Many of the new general partners left operating roles in enterprise software and systems companies as a result of successful IPOs, acquisitions, sales of stock options, etc., and their model for success was often based on the product-first approach that looks awfully like a hit-and-run selling model. Of course, VCs are now trying to arrest the sharp decline in their influence, while settling for hitting more singles than home runs (which of course stretches the ‘tornado-minded’ value proposition and business model of most funds to breaking point).

What Enterprise Sales is All About

More than any other form of sales, selling to enterprise customers is a company-wide activity on the part of the vendor organization, rather than a functional job limited to the sales rep. In other words, the sales rep should really be seen as the orchestrator of the entire company’s resources in service to the prospects and customers in their patch. Their supreme focus should be on deploying those products and services to the most

‘deserving’ customer situations. At IBM and other similar systems companies such as Burroughs, Sperry Univac, Data General, and SAS, successful sales reps recognized that their aggressive energy should more often than not be spent competing with their sales colleagues for company resources to be allocated to their customers.

When the sales process is broken, therefore, it’s rarely just about the individual sales reps or other team players not being up to par. Most of the time, it’s because of ‘design’ flaws in the company’s sales approach, starting with the impatient attitude among many management teams regarding how to conduct business with enterprise customers. So, what does the approach and process look like when they are broken, compared to when they are working?

What the sales process looks like when it’s broken

Management Mindset (Philosophy and Approach):

- **Business philosophy**: ‘Build it, and they will come.’ Although many entrepreneurs and executives feel that they consciously avoid falling into this trap, most still behave as if it’s about managing the complexity of the technology, rather than helping customers to manage the complexity they face in conducting their business.
- **Market development approach**: ‘Tornado now!’ This is when everyone – investors, analysts, and the company’s favorite customers – agree that this stuff is good, so why isn’t everyone buying at once?
- **Customer engagement approach**: ‘Customer-focused’ means ‘deal-focused’ transactions, not relationships, are the priority. Prospects are treated better than customers.
- **Holding to market commitments**: Unwillingness to make tough choices about which markets and customers to pursue.

Strategy:

- **Sales strategy**: ‘Sell, sell, sell – to any and all customers, at practically any cost!’
- **Sales resources**: ‘Feet on the street’ – in other words, it’s a numbers/coverage game.
- **Sales management**: ‘Sell a deal, then move on’; revenue-based sales quotas are the single most important metric, and sales reps are measured strictly on their ability to ‘close business.’
- **Competitive strategy**: Compete against the wrong ‘enemies’ – other vendors, as opposed to the customer’s status quo. In other words, not recognizing that the biggest obstacle is the customer choosing not to do anything.

Tactics:

- Selling style: Sell inside the normal comfort zone (IT) – start by allocating resources for presentations and demos without getting a mandate from C level executives; when meeting with executives, ask them ‘So, what are the main problems keeping you up at night these days?’
- Sales process: Heroism and black magic reign supreme: there is a relative lack of conscious or disciplined sales process, which is for sissies anyway.
- Field sales team: Sales reps and SE’s run the show and domain experts either don’t exist, or aren’t experts in the right areas!
- Virtual sales team: Management’s direct role in the field is limited to closing deals and/or doing emergency damage control.

What enterprise sales looks like when it’s working effectively

Management Mindset (Philosophy and Approach):

- Business philosophy: ‘We’re in business to help companies solve complex business problems.’ As in: ‘We may or may not have the right product to help you, and we won’t know that until we’ve seen how serious your problem is.’
- Market development approach: ‘Gain adoption in stages, aim to dominate niche market segment, then move into different segments. Look out for tornado winds, in the meantime keep building strong to dominant share in new niche markets.’
- Customer engagement approach: ‘Customer-focused’ means ‘focused on helping a select group of real customers solve complex problems,’ relationships matter more than isolated transactions; existing customers are the company’s most valuable asset, and every customer is a prospect.
- Holding to market commitments: ‘Make tough choices between competing opportunities (both markets and customers) as a matter of course. Willing to be right rather than popular.’

Strategy:

- Sales strategy: ‘Identify high-priority target customers, and set out to create the right environment in which they will find it easy to buy from us.’ Without turning away any bona fide business opportunity, handle each one on its merits – particularly with respect to allocating precious resources.
- Sales resources: ‘A players only’ – it’s a value/density game.
- Sales management: ‘Don’t sell an isolated deal, sell a multi-phased project and stay engaged through the entire implementation.’ Sales reps (or account managers) are measured on their ability to manage customer expectations, utilize company resources productively, and ensure timely deliverables.

- Competitive strategy: Target the status quo, and give your customer reasons why the status quo is unacceptable. Avoid direct point solution competitors so you don't have to waste precious energy worrying about them.

Tactics:

- Selling style: Sell *outside* the normal comfort zone (IT), i.e., develop a provocative point of view about the customer's company and its major business problems, then target specific C level executives with whom to lodge your provocation. When you have uncovered their real priorities, get aligned with them before allocating any resources to the customer's organization.
- Sales process: Make sure that each relevant functional group is involved cross-functionally in a conscious and disciplined sales management process.
- Field sales team: Sales reps are orchestrators, domain experts who understand the customer's business problem intimately lead the investigation into the size and precise nature of the customer's problem, and SE's bring up the rear to corroborate the fact that the problem can be solved by the technology and suitable services.
- Virtual sales team: Management's role is to help gain access to target executives in order to *open* a potential opportunity, i.e., qualify a customer opportunity, and to allocate resources in response to the sales team's requests.

The Key Issue: Keeping the Product Behind Your Back

At the end of the day, the key message of this article is this: If your sales teams (including executives) walk into customer meetings with the product squarely *in front* of them (as in: "We've come to see how to help *you* buy *our* product"), what else can the prospect or customer do except poke at the product, and remember, most prospective customers *hate* having to focus on the product, especially as the first order of business? In contrast, if sales teams walk in with the product (and tools, and services) *behind their back*, they can keep the customer's problem in front of them, and the business problem then becomes the focus of everyone's attention.

The Five Do's and Don'ts

In short, here are the five key sales-related do's and don'ts that I propose to enterprise software executive teams, particularly when you still need to create a market for your category of product or service:

- *Stop* defining your business by the product you make; instead, *start* defining it by the business problems that you help enterprises to solve!

- *Stop* chasing revenue in every nook and cranny (no, it doesn't make you 'customer-focused,' it makes you look desperate), and *start* distinguishing carefully between good, neutral, and bad revenue!¹
- *Stop* doing short-term transactions, and *start* building long-term relationships: virtually every customer is a prospect for more business in the next five years or more, and as we all know customers are much easier to sell to than 'cold' prospects!
- *Stop* focusing your energies on closing deals or doing damage control, and *start* opening up key opportunities, and enabling your sales teams to avoid doing damage!
- *Stop* hiring 'aggressive' sales honchos who know how to 'close' deals, and *start* developing thoughtful and disciplined consultative types who know how to ask challenging questions!

Finally, here's one extra point:

- *Stop* trying to satisfy every so-called customer request, and *start* prioritizing resource allocation ruthlessly – your customers will love you for it!

¹ *For those executives or sales reps who say they've never seen any revenue they didn't like, good revenue in my definition results from profitable business with customers in your target markets, i.e., those markets where you have a legitimate claim to some level of palpable differentiation, and it advances the cause of increasing your company's market power. Neutral revenue is acceptable as part of the business some of the time, but it usually isn't very profitable, and more importantly it doesn't move the ball forward in terms of the game of market power. Worst of all, bad revenue sometimes creates the illusion that you've won, i.e., you win the deal by buying the business, or you have to give up so much profitability that it isn't really worth, or you do a deal you can deliver on without major heartache – but it really detracts from your power.*