

Issue Paper

Building the 'R' into CRM

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1. New Business Relationships

Good business relationships mean good business; but in every profitable relationship, there was a time when there was no relatedness. A structured relationship creation methodology helps you to manage your sales costs, forecast the value of business in the sales opportunity pipeline, and increase the value of sales per person per year. The key elements are:

1. Increased structure and planning
2. Specific sales processes that work in your kind of business
3. Training of staff to 'live' the new processes and disciplines
4. Systems which support and report

When you have the disciplines in place to measure relatedness, the milestones to assess progress, and the critical success factors to show gaps, you will have the data which can reliably assess deal-close probability. You will also get likely-close dates. So what do you need to do to improve your success rate and your new business forecasts?

1. Sell your organisation's competence to deliver a value/benefit proposition (not features and costs).
2. Sell a Collaborative Learning Process - Focus on agreeing the path ahead, step by step.
3. Develop Relationships with Key Players - Identify the agenda drivers for each player.
4. Construct substantial value propositions based on research into prospect's business
5. Relatedness - Build relatedness and understanding of your proposition and its value
6. Manage Resources - Plan the activities of your team and measure progress: milestones/CSF's
7. Maintain Disciplines- Every contact or customer-front occasion is for learning and building.

When your team is using the disciplines and a structured methodology, the data about each sales opportunity will be worth analysing. Now you can expect to get value out of having a CRM system. In this discussion we are going to look at the things you do to get value from a pipeline management and systems approach to getting new business.

2. Managing Relatedness

Above all you seek to formulate a value proposition which only your organisation can deliver. When you discover the benefit mechanism which suits your competence it is often not the shape of the needs profile the prospect originally set out to find. Typically your value proposition costs more than they planned to spend, but it adds substantial value to the bottom line in a way they never thought possible. It will take all the relatedness you can generate to get their vision changed so that they can progress in their thinking, put their business with you, and secure the benefit.

In every purchase situation there are a number of individuals who are key influencers and give shape to the deal and the relationship.

1. Key Budget Authority- The person who has the authority and access to funds. To be of real use this should be the person responsible for realising the huge value in your proposition.
2. Prime User/owner- A manager who will implement your offering and have the responsibility of delivering on your value proposition.
3. Technical Expert- Person who assesses how/whether your proposition would work in practice.

Issue Paper

4. Key Benefit/Value Analyst- Person who validates objectively the mechanism by which value is translated to the 'bottom line' as a result of adopting your proposal.

5. Key Introducer- Person who has influence rather than authority and is able to see that your proposition will produce a greater benefit than any of the other options, and is willing to introduce you to other key players.

The task is to deploy your sales resources creatively in the process of building relatedness. Most important is enabling your customer to see and trust that huge value will be added to the organisation as a result of selecting your offering.

3. Relatedness Barometers

In business-to-business selling you must understand how each player is positioned to influence the final outcome. Set aside for a moment all thoughts of the technical merit of your proposal and look only at the relatedness of their players to you and your team. You use the 'relatedness barometer' below.

Score your relatedness level with each of the purchase influencers.

1. Resistant- does not want to receive communication about your proposal or favours another option
2. Curious/Open/Indifferent- no preconceived notions, but seeks the best value for the organisation
3. Proposition understood- fully understands your value proposition
4. Value proposition accepted- Trust that the value is deliverable if they place the business with you.
5. Committed- accepts vision, works to get team agreement

The tables of relatedness measures show where you need to put further effort. What it means when a particular relatedness value is low, is that you have not yet earned the right to communicate your value proposition to that individual. You can add greater flexibility by scoring attitudes out of 10. In your environment would 'Curious' score 2 out of 10?

Remember that people have their own anxieties about the deal you are hoping to do. For some, the wrong choice might be threatening. For others who will be making your product deliver its value, there may be fear of unidentified problems they will need to overcome. As relatedness levels rise your deal-close probability rises.

Fear is the most potent deal killer. Making a decision in favour of your proposition requires a critical level of comfort. When comfort levels are low many people find that a 'no' decision is the safe option. Getting the influencers on the same relatedness level at the same time with full comfort and understanding of your value proposition is your objective. This is why you need a step-by-step sales process which you agree with your Introducer contact or better still, the Budget Authority person.

4. Managing the Learning Processes

Look at some of your successful sales projects and see if you can identify stages. Make careful notes of stage cut-off events. At the point of initial contact there was a little understanding.... you created a basis of initial communication.... they opened up... you saw where your organisation's capabilities could make a major transformation.... it was in the approximate area of concern to the prospect. Soon you had created enough relatedness to develop the vision and the value proposition, and then a deal became possible. These stages or others like them feature in virtual every book or paper on selling. What is important is that you use them to guide your actions at each stage and inform your planning for the next development of relatedness.

1. The Discovery Stage- You learn about their business with a view to discovering how they can benefit and they discover reasons to explore your vision.
2. The Capabilities Exploration Stage- You demonstrate how your organisation and its products can assist them.

Issue Paper

3. Specific Value Proposition- Working in collaboration to define the specification on which the proposal will be based. This is when you are able to argue the technical merit of your offering.
4. Pre-proposal Stage- Collaborate on the content and options within your proposal prior to its final submission.
5. Proposal/Close- Maintaining communications and managing the relationship through to the final decision.

This 5 step process is a template for building successful customer relationships. (In working with sales teams, we find that steps and naming vary, so don't be afraid to make improvements. This is your profile of a selling project and the typical duration for a particular size of deal is the best predictor of the close-date.) You need to establish this process in open discussion with the Introducer at the earliest opportunity.

5. The Purchaser Agenda

When an organisation decides to make a major purchase it is faced with a sizeable learning requirement and possibly a risk-containment problem. They may use consultants and they may prepare a detailed Invitation To Tender document (ITT). You need to be aware that in many ITT situations a trusted supplier may already have influenced their thinking and the shape of the ITT so that it fits with a particular solution.

A good ITT is useful as a needs identifier. It may also be a sign of anxiety and uncertainty, possibly even fear of being 'led astray' by greater (biased) supplier knowledge. It may be a way of avoiding wasted time briefing unsuitable suppliers. The stage-by-stage process which follows will not be one that helps you sell to them (or even one that helps them find the solution that adds the most value to the bottom line). Buying processes are usually designed to prevent disasters, protect the players, and often minimise the expenditure. Sometimes they are targeting a maximization of received value.

They do however emanate from a buying paradigm in which the organisation seeks to move away from a current position where they have no solution to the problem you can solve, and the pain of this has a cost. The paradigm also contains a direction of travel/learning which is designed to help them navigate to a better place where the problem is solved, the pain/cost goes away and the benefits are secured.

They may propose stages like:

1. Real Needs- Explore area of irritation which is giving rise to a purchase need. Secure a critical assembly of political will to make the purchase.
2. Prepare an ITT- Document a requirement based on an internal understanding of the problem.
3. Long List- Approach every supplier who might satisfy the requirements in the ITT.
4. Short List- Eliminate suppliers who don't match the solution vision of the ITT
5. Exploration- Conduct relationship building meetings which allow the short-listed suppliers to understand the need.
6. Quotation- Request fixed price submissions and then take the cheapest or 'best'.

If this is what the prospect insists on, you need to look critically at your probability of winning, and the risk that you may be investing selling resources in a contest which is not ideally suited to your offering. Your first task is to secure enough relatedness and trust with one of the players on the buyer side (preferably the Budget Controller) so that you can propose an alternative, namely your step-by-step process. You need to show that there is a proposition available from your organisation which is capable of adding huge value. Avoid minimum cost propositions.

Why should they explore the relationship your way? ...because there is huge value. Why is your organisation reluctant to play the ITT game? ...because the best 'value' solution is seldom selected by a multi-supplier, arms-length, cost-driven, tendering process. Do you walk away from every ITT-driven relationship? ...of course not! You just put lower deal-close probability assessments in your critical success factor table.

Issue Paper

6. Conclusion

The deal-close probabilities and close-date estimates give you better pipeline reports than ever before. Sales process training shows people how to use the methodology and the relatedness thinking in every-day situations. This transforms their effectiveness and enables you to manage more relationships.

When sales management can see each deal and identify its stage, it's easy to plan the resource needed to handle the pipeline. You will have the evidence that you need to get more selective or get more resource. Also there is the freeing up of resources by being able to identify deals which are not worth chasing. This can significantly reduce waste. The re-deployed resource may even close other deals!

When you measure how much effort goes into securing new business you realise that managing your resource deployment better can produce a huge bottom line impact. With the above relatedness building measures and methodology your people will be empowered, their efforts will be more effective, you'll close more business per person, and... you might even be happier! Then again... business conditions might just get tougher next year.

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