

Software

Strategy & Technology
For Software Executives

BUSINESS

a webcom publication

March 2006

www.SoftwareBusinessOnline.com

Scott will present at the *SLAM 2006 Conference* on April 12 at 10:45-11:30 am on the topic *Combating Commoditization: Are You Mounting a Solution Selling Engine on a Product-Focused Chassis?*

Competing with the Big Boys: Level the Playing Field by Making It Smaller

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"Are you sending your sales people on calls armed to have you-focused conversations rather than the customer-centered conversation required today?"

We've spoken with many CIO's over the years, and felt this quote from one executive of a G2000 organization sum it up best: "I avoid sales people like the plague and the ones I do engage with are very frustrating to me. They don't really understand my issues and when I ask for more details, they push a ton of material on me as if I don't have anything else better to do than wade through their company information to find the nuggets that are important to me. All of that stuff gets put in the trash can once they leave."

Here are a few questions to ask to determine if this issue is unique to a few of your sales people, or an endemic problem in your company.

- Do you have a specific executive in mind, or are you targeting a generic "CXO"?
- Have the people responsible for creating the messages and materials for your sales people to use with targeted executives ever had a one-on-one conversation with someone at that level...even once?
- How do you plan to gain access to a targeted stakeholder when your competitors are trying to influence them as well?
- How well equipped are your sales people to match specific customer problems and relate your value to a given executive in a compelling, contextual relevant way?
- How do you know that the problems you say you solve are in fact relevant to the executive level that you are seeking?



Playing On the Wrong Field

If your selling strategy is focused at gaining access to senior executives with the goal of developing an ongoing relationship with that individual, you may have a problem. If your company isn't IBM, Microsoft, Cisco, SAP, or Oracle you definitely have a problem.

These firms are coming to the same conclusion you are, but they have two things going for them that you don't: They have existing access to executives and they have gigantic war chests to broadcast their vision.

Consider the bulk of Selling, General, and Administrative (SG&A) costs invested in client acquisition, to understand the amount of resources being invested for controlling executive mindshare:

Vendor	Major Sphere of Influence	TTM SG&A (March 2006)
IBM	Enterprise Infrastructure Management	\$21.3 B
Cisco	Networks	\$6.4 B
Oracle	Data Management And Applications	\$3.3 B
SAP	Enterprise Applications	\$2.3 B
Microsoft	Personal Computing	\$13.7 B

Source: Morningstar March 13, 2006

Let's put these figures into perspective.

A company with \$50 million in annual revenues invests 50 percent in SG&A, or \$25 million dollars. Compared with counterparts at the big companies, your sales person will be starting with a tremendous disadvantage when trying to gain access to an executive.

To put this another way, the larger the war chest, the greater the relative level of effort required for a sales person to overcome the brand and sales infrastructure advantage of these large competitors.

Competitor	Effort Required to Be Equal
IBM	852 times
Cisco	256 times
Oracle	132 times
SAP	92 times
Microsoft	548 times

The Ever Shrinking Executive Mindshare

Even if you don't consider these big providers as your direct competition, they are likely competing with you for the limited mindshare of an executive. Additionally, at the same time that more technology vendors conclude they need to target more senior buyers, these senior buyers are trying to reduce the number of people who have access to them.

Consider the typical CIO of a G2000 organization:

- Increasingly he or she hails from a business background, not a technology one - meaning they are interested in business language, not jargon.
- They receive between 20-100 vendor calls per day (depending on their size).
- Although they work with hundreds of vendors they consider less than 5 percent of them strategic.
- They are chartered with transforming the entire IT organization (applications, infrastructure, network, security, etc), but because most vendors have capabilities in these silos, vendors lack the same holistic perspective on the problems that an IT executive has.

As a result, the big providers - who have resources to invest in customer research, and whose product lines span across the wide range of issues an executive is struggles with - are in an increasingly superior position to exert influence.

Change the Playing Field by Making It Smaller

Competitive advantage and breakthrough performance can be achieved by changing the focus from generic presentations and broadcast campaigns to highly focused conversations around salient and specific messages. Historically, account and stakeholder based programs are associated with large account acquisition, however, companies are beginning to invest in centrally managed frameworks to reduce the burden on sales people so the required level of customer intimacy can be achieved pursuing this high touch model.

Early returns from technology vendors who are investing in this approach are promising. They show:

- Close rates in excess of 70 percent
- Improvements in average deal size by 50 percent
- Shortening of sales cycle times by 33 percent
- Rise in new client acquisition rates of up to 300 percent

However, these outcomes require significant coordination between sales and marketing groups, involvement from executive management, and they require tremendous knowledge of customers.

This customer insight begins with Modeling, collecting detailed knowledge of the targeted executive and all subordinate stakeholders, related peers, and key superiors involved in solving the problems your firm can help address. You will need to understand:

- Their role and responsibilities in the organization
- Their strategic goals
- How those strategic goals are impacted by corporate imperatives
- Their personal goals
- Political issues they may face

- How to determine the relative maturity of a given firm vs. others in addressing the problem
- Which issues to delegate to specific subordinate stakeholders and which issues cut across other groups
- How to help the customer determine everything needed to solve a particular problem - regardless if your company can perform all of the tasks or not
- How to differentiate between strategic and tactical issues

By collecting all of this information and placing stakeholders in a hierarchical relationship, you can start mapping your value-added content to the specific individual needs of each impacted member of the targeted company. If done strategically, you will be able to model and map the relevant information exchanged for all buyers involved - over the buying lifecycle.

The third step is Matching. Having a customer-centered content model allows your organization to build relevant content to fuel value-added conversations while also mapping existing resources to specific scenarios. This enables you to build a simple repository to save information and an easily identifiable web-interface to help sales people rapidly locate the right combination of subject-matter expertise to match a specific customer situation they encounter. By leveraging technology, this system becomes a self-feeding system with compounding returns.

Conclusion

Creating a Model-Map-Match Framework can be hard work and requires a completely different way of thinking for people in most companies.

To level the playing field by making it smaller, your corporate sales and marketing efforts should be focused on the individual conversations between your sales team and all of your buyers. While your sales efforts will improve with this level of granularity, this will also allow you to mitigate the competitive advantage the big vendors have over you by using it against them. Their size forces them to break into different business units which ultimately act as different companies. Outside of their very top tier accounts (usually no more than 50 or 100), the level of investment required to coordinate so many different moving parts becomes too expensive and is abandoned.

Even if your organization began to get too much traction, and larger competitors wanted to respond, it would be very hard for them to do so systematically, as all of their processes and infrastructure are wired in a product-centric legacy. Focusing at the microscopic level - on the conversations between buyers and sellers - is the path for achieving differentiation and competitive advantage in today's fast moving and increasingly commoditized world.

About the Author

Scott Santucci, CEO and Chief Value Architect of BluePrint Marketing, is a former META Group executive who has used his experience working with hundreds of Global 2000 IT buyers to create models of customer buying patterns that software companies can use to be successful in their solution selling efforts. Scott will be speaking on how to combat commoditization at the SLAM Conference in Chicago on April 11, 2006.