

The Best Practices of High Performing Sales Teams: 'Customer Value Focus'



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High Performing Sales Teams Understand How Customers Define Value and Engage and Execute Accordingly

Prior to launching PMI ten years ago, I held Chief Sales Officer positions with several organizations. Sometimes my Chief Sales Officer responsibilities included marketing and sometimes my responsibilities included customer service. But in all cases, it was clearly understood that I was the guy responsible for making the numbers. I often reflect upon these experiences in my client work today. It was probably the best preparation that anyone could have for the type of work that PMI does, and other PMI'ers with the same type of background agree: the challenges of modern sales executives are daunting and formidable, and "walking in their shoes" is the only way to truly understand the stress and difficulty of this role.



By combining my own experiences with the client Chief Sales Officers that I have had the opportunity to work with, certain things stand out as best practices required for high performance. In some cases, success can be connected with a specific best practice because it has been implemented. In some cases, there has been a lack of success that appears to result from the absence of a specific best practice. The **Best Practices of High Performing Sales Teams** article series will focus on sales best practices that tend to be predictors of success in sales leadership/management, sales performance/execution, sales strategy deployment and strategic account management.

Best Practice: Customer Value Focus



High performing sales teams discover how their customers define value and then engage and execute accordingly. They recognize that when their sales efforts are focused on the value expectations of the customer, the relationships that develop are deeper and more long-term. Today, value and relationships seem to go hand-in-hand when suppliers and customers engage. A strong relationship that is based upon past proven value provides a platform to create new levels of customer value, thus extending and expanding the relationship between the parties.

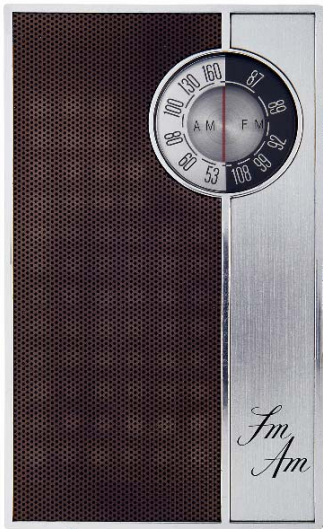
PMI has determined through our work with leading sales organizations that competitive positioning and differentiation occur more naturally during the sales process if the sales team first seeks to understand how the customer defines value. This means that before talking about products, solutions or services, the effective salesperson should build credibility by asking insightful questions, listening and capturing information, and then validating this with the customer.



Being perceived as “different” and achieving an effective competitive positioning with the customer is easier said than done. Customers tell us that they appreciate it when their suppliers invest time in understanding their drivers, objectives and challenges. When suppliers “earn the right” through this type of engagement, their customers typically respond by providing more detailed and relevant information. This can be quite advantageous when selling in crowded markets where providers and solutions tend to look the same.

The Buying/Selling Transformation

Someone once described it as the radio station that all customers listen to: W.I.I.F.M? Better known as “What’s in it for Me?”, this is precisely how many customers feel when they are buying. Too often, salespeople burst into canned product or solution pitches without having enough insight into the customer’s challenges and priorities.



We believe that there is a transformation underway, in which buyers are becoming less interested in product features and even solution benefits, and more interested in unique, customer-specific value. Most salespeople have been through extensive product training during their careers, yet we find that when it comes to solving customer problems or creating customer-specific value, the numbers of salespeople that demonstrate the skills to do so are relatively low.

Perhaps this explains why under stress and pressure, many salespeople revert to their “comfort zone” and begin to talk product features early in the sales process. If this is occurring while the customer is “spinning the radio dial” and looking for their favorite station (W.I.I.F.M?), then the likelihood of a successful outcome is remote.

To make matters worse, if the customer has evolved to a more sophisticated state of buying while their supplier is still selling the old way, pushing products and solutions that don’t fit their business, then what we have is a recipe for disaster. These are the situations in which the salesperson feels that he is winning right up until the customer makes a commitment to the competition, resulting in higher cost-of-sales and lower morale among the sales team.

So how has the buying/selling dynamic changed, and what types of lessons can we learn from the past to better position ourselves for future sales success? Simply put, it’s all about customer-specific value.

Customer-Specific Value

To put this in context, it's helpful to consider how buying and selling have changed over time, and I would submit from personal experience that sales has evolved as follows:

- **Product-Focused Selling (1960's and 70's):** the seller's objective was to convince the customer that his product was best in class and a necessity for the customer ("Here's a feature, there's a benefit, and now let me hear your response!")
- **Solution-Focused Selling (1980's and 90's):** the seller tried to convince the customer that his solution could solve assumed business problems ("Now that you see how great my solution is – surely you have a problem that I can solve!")
- **Value-Focused Selling (New Millennium):** the seller discovers customer drivers, objectives, challenges and priorities, and then collaboratively determines the fit of his organization's value (including products, resources, expertise and services) against the customer's needs and requirements.



This evolution from product focus to solution focus and now, to value focus, is unique to each selling environment and requires that the salesperson be equipped to engage in consultative discovery with customers. Modern salespeople need new skills and tools to help them understand what "value" means to a customer and how they can create and deliver customer-specific value accordingly.

Having conducted over 1000 one-on-one interviews with our clients' customers, PMI has learned much about the value expectations of today's buyers. Specifically, we have documented 16 categories that capture the key areas of customer-specific value. No customer needs all of these – yet all require at least some of these.

In this approach to defining customer-specific value, the "science" is the value categories, while the "art" is the ability of the salesperson and account team to determine which categories fit the customer. Examples include:

- **Supplier Knows Customer's Business and Industry:** the customer places value upon the supplier's knowledge of their business, industry, market and customers
- **Supplier Plans Proactively with Customer:** the customer places value upon the supplier's willingness to align business objectives and develop mutual growth plans together
- **Supplier Develops Executive-Level Relationships with Customer:** the customer places value upon executive-level relationships and alignment with the supplier
- **Supplier Has Clear Understanding of Value to Customer:** the customer places value upon the supplier's understanding of the measurable business impact of their solutions, services, products.

Today's challenging business environment requires this type of "value connection" between suppliers and their customers. Accordingly, the effective salesperson must first seek to understand how her customer defines value and then connect her offerings into a customer-specific value proposition that is targeted to these requirements and, ideally, unique to her organization.

How can something that seems so obvious be so difficult for so many salespeople? We all have personal stories where we have walked away from a seller after an ineffective pitch, yet I would submit that -- at this very moment -- there are thousands of salespeople across the globe pitching products or solutions without any connection whatsoever into customer value. And this is probably because they don't know what those customer value expectations are. And this is likely a result of their being ill-equipped to discover the value expectations of customers.

Co-Creation of Value

There's a new concept that is being embraced by high performing sales teams, and that concept is the "co-creation of value." When suppliers and customer co-create value, they work collaboratively together to define and prioritize customer value targets. From the supplier's perspective, the resulting dynamic is less about "selling to" and more about "working with." The initial focus is not on products or solutions, but rather on the co-creation of customer-specific value.

When customers and suppliers share the objective to co-create value, there must be a willingness by both parties to discover value gaps together, and then to work collaboratively to find the "missing pieces." What's required of the supplier that is interested in embracing the co-creation concept and engaging with customers accordingly? The supplier that is committed to the co-creation of value with selected customers must be able to:

- **Equip** salespeople and sales/account team members with modern skills and tools to enable co-creation
- **Align** sales/account team members with the appropriate customer buying team members, including executive-level sponsorship when appropriate
- **Execute** sales opportunities with an initial focus on customer value creation rather than product features or problem-seeking solutions
- **Prove** the value of their offerings (including products, resources, expertise and services) by connecting them with what's most important to the customer.



Is this type of engagement practical in all customer/supplier relationships? Certainly not. But in those relationships that are considered strategic to both parties, the co-creation of value will enable the growth of higher-level partnerships that can help reduce business costs and risks through increased levels of collaboration and trust between the organizations.

Conclusion

High performing sales teams discover how their customers define value and then engage and execute accordingly. They understand that by focusing their sales efforts on the value expectations of the customer, they create opportunities to grow more strategic customer relationships, thus reducing the threat of competition and increasing loyalty.

Want to get a sense for where you and your sales team are in terms of customer value focus? Then try this simple test. First, select three existing customers that fit the following profiles (one of each):

- **Long-Term Customer Relationship:** a customer for more than 3 years
- **Medium-Term Customer Relationship:** a customer between 1 and 3 years
- **New Customer Relationship:** a customer for less than 1 year.

Then, ask sponsors or strong supporters within each of these three customers the following question:

“How would you describe the value that my organization has created with your organization during our relationship, and how would your describe our ongoing value proposition for you.”

If all three selected customers are able to provide you with crisp, succinct responses, then you would appear to have a focus on customer value. If two of the customers are able to respond appropriately, then you're in a good place, but with a bit of work to do. On the other hand, if you receive only one (or zero!) appropriate responses, then you've got some serious work to do...and there's no better time to get started than now.

Next Month

Our next article will extend **Customer Value Focus** by enabling **Proven Sales Best Practices** and **Consultative Selling Skills** with the “third leg of the stool.” In **Effective Team Alignment**, we will discuss how high performing sales teams connect proven sales best practices and consultative selling skills with the resources and expertise to co-create value and develop authentic, sustainable relationships with customers.

Performance Methods, Inc., recognized by TrainingIndustry.com as one of the **2009 Top Sales Training Companies**, will be featured in a series of articles that will focus on the **Best Practices of High Performing Sales Teams**. PMI is proud to serve the needs of a broad group of industry-leading companies and will be sharing with the TrainingIndustry.com readership how leading global firms are deploying proven best practices to increase sales effectiveness, create customer value, grow customer relationships and gain competitive advantage. The **Best Practices of High Performing Sales Teams** article series will cover a number of critical areas of sales performance and provide readers with insight into how sales best practices are being deployed effectively by world-class sales organizations in a variety of industries. These articles will provide special emphasis on key best practices driving effective sales leadership/management, sales performance/execution, sales strategy deployment and strategic account management.

