



Aalto University

23E50010

INFLUENCING WITH SALES

9-11.11.2021

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ARTICLE PREREADING & PRESENTATION

Töytäri, P. (2018). "Selling solutions by selling value" in "Practices and tools for servitization."

- What did you learn by reading the article?
- Discuss the article with the person next to you for a few minutes
- Prepare to share your thoughts

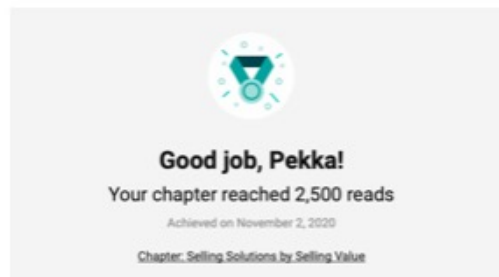


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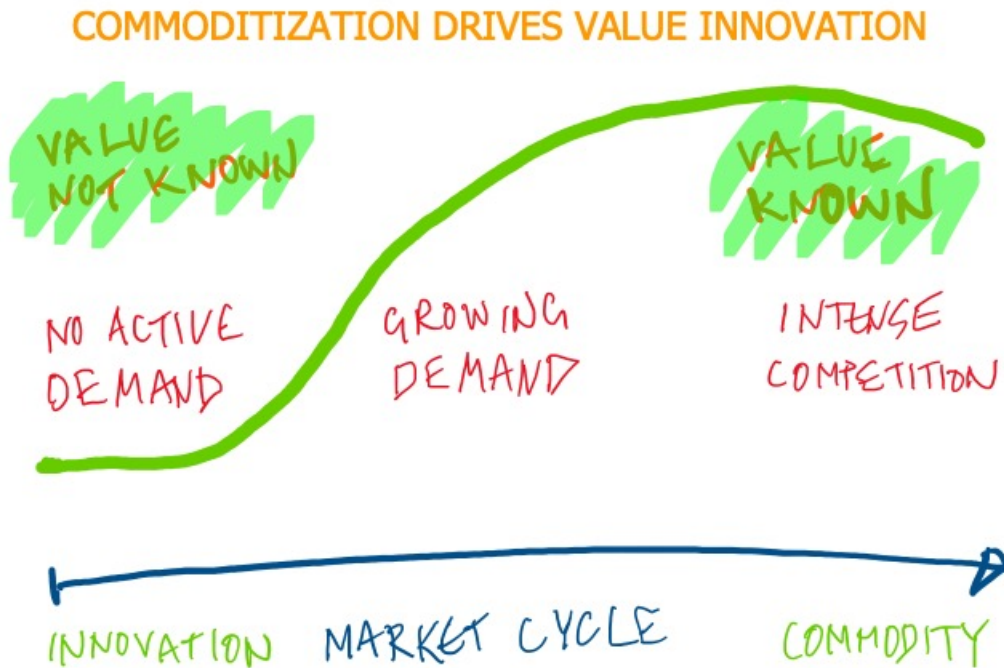
Practices and Tools for Servitization Managing Service Transition

Editors: Kohtamäki, M., Baines, T., Rabetino, R., Bigdeli, A.Z. (Eds.)

Covers theoretical and practical approaches to servitization
Includes contributions from top scholars in the field
Provides tools and frameworks to facilitate servitization within companies



[illegible]



This graph illustrates a life-cycle of an innovation.

In the beginning:

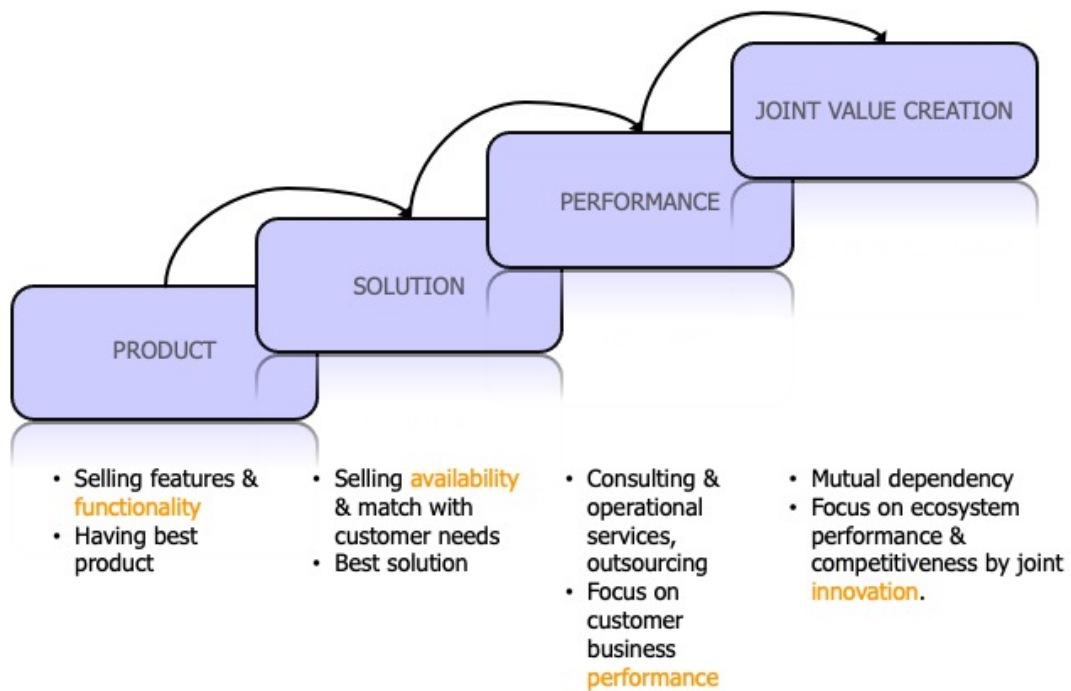
1. The value of the innovation is not known (and hence must be shown)
2. There is no active demand
3. There is no competition
4. Buyers are visionaries and early adopters (Moore 1993)

In the end:

1. The value is widely known (and hence is not discussed)
2. There is active demand
3. There is intense competition
4. Buyers are professional buyers

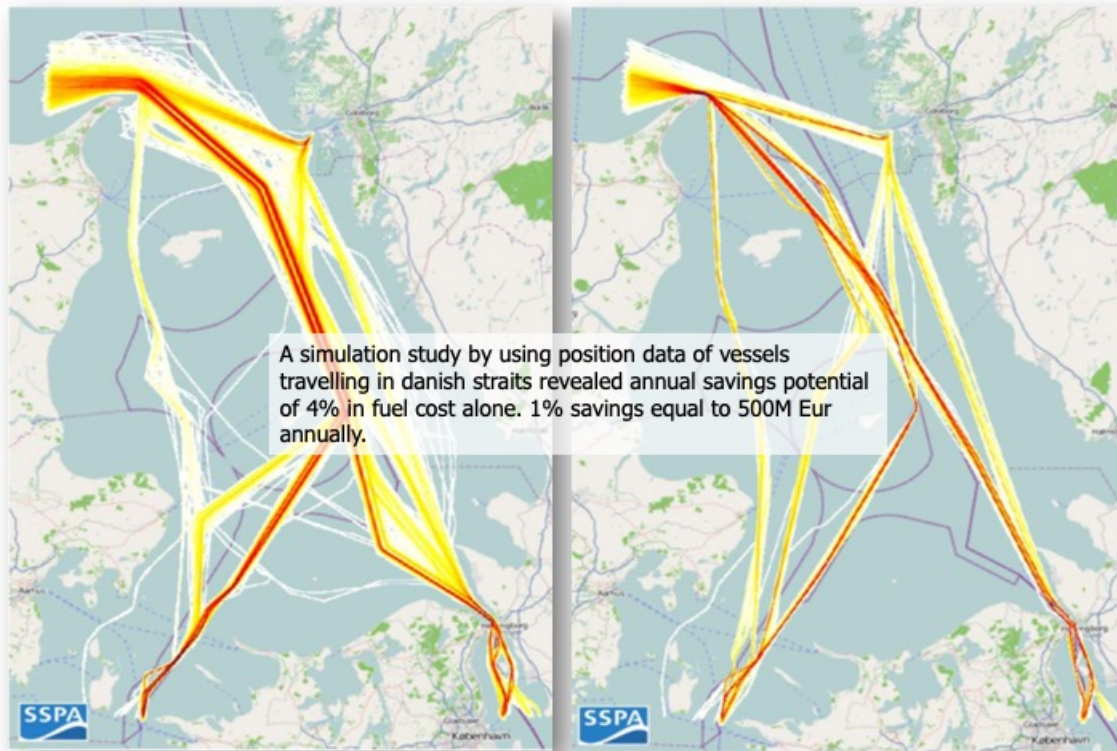
In your opinion, how does this change affect marketing and sales?

DIFFERENTIATION BY (SERVICE) INNOVATION



This drawing conveys a number of messages:

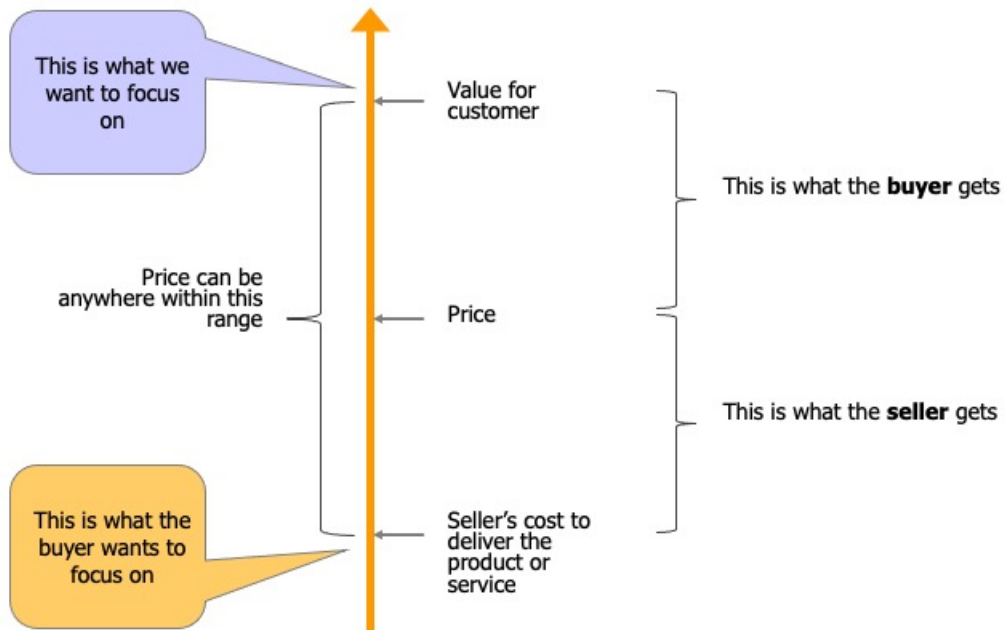
1. A starting point for a customer relationship is often a product (or productized service) which is easy to buy, and involves low risk for the buyer. Customer choice is based on product differentiators
2. Once the product differentiation is lost while market matures, the next step to differentiate is by moving to sell more comprehensive solutions, i.e. Product + services to ensure smooth operation of the product (maintenance, preventive maintenance etc.)
3. Once the solution differentiation is lost, the logical next step is to instead of selling tools for the customer to run a process, is to take over the process and sell performance instead. Different performance ensuring arrangements also belong to this category.
4. The final stage of differentiation involves mutual dependency and strategic cooperation to differentiate from other similar industry clusters for competitiveness.



How to benefit from value?

[illegible]

GET PAID FOR VALUE, NOT COST

[illegible]



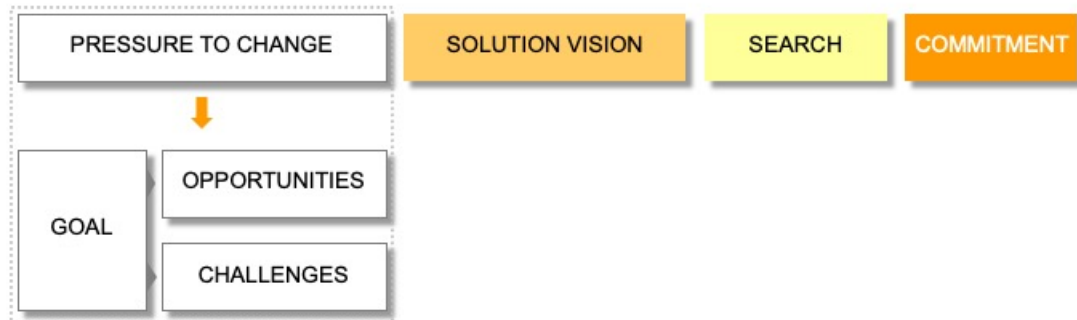
BUYING AND SELLING CONNECTED

HOW THE NEED TO CHANGE EMERGES?



This drawing illustrates how individuals and organizations evaluate their situation against their goal. If the perceived gap is wide enough, the gap is prioritized and the search for needs gets started. Once the needs are identified, the solution vision is formulated by asking "How do we fulfill the needs?".

BUYING STAGES AND ACTIVITIES



Here's how goals translate to buying:

1. Individuals (and organizations) compare their goals to the current situation. If the perceived "gap" is wide enough, the "pressure to change" emerges. Sometimes the "gap" is experienced very quickly (eg. Sudden illness, hunger, or similar), sometimes the gap grows over longer periods of time (such as housing, health, relationships, professional skills, or similar).
2. The "pressure to change" leads to identification of needs: what needs to change to reduce the gap?
3. Identification of needs leads to solution vision. Solution is what implements the needs.
4. Individuals and companies quite seldom can implement the solution without help from others. Usually products and services from others are needed to complement the own resources and skills. Hence, individuals and organizations search the market for those missing pieces. The search often involves evaluating and comparing different alternatives
5. The final stage of the buying process includes selecting and committing to an alternative. Commitment involves agreement, pricing, risk management, and similar activities to make sure that all parties involved know what to do to implement the solution.

Importantly, the "gap" can be perceived as a positive opportunity or a negative problem, "challenge".

Problems or challenges are situations, where the current situation is "below the expected". The goal remains unchanged, but evaluation of the current situation is dis-satisfying.

Opportunities are situations, where the goal is set higher, even if the current situation is quite ok. Please note that most value communication examples we have discussed are examples of opportunities to set a higher goal.

CUSTOMER FOCUS AT DIFFERENT STAGES OF BUYING

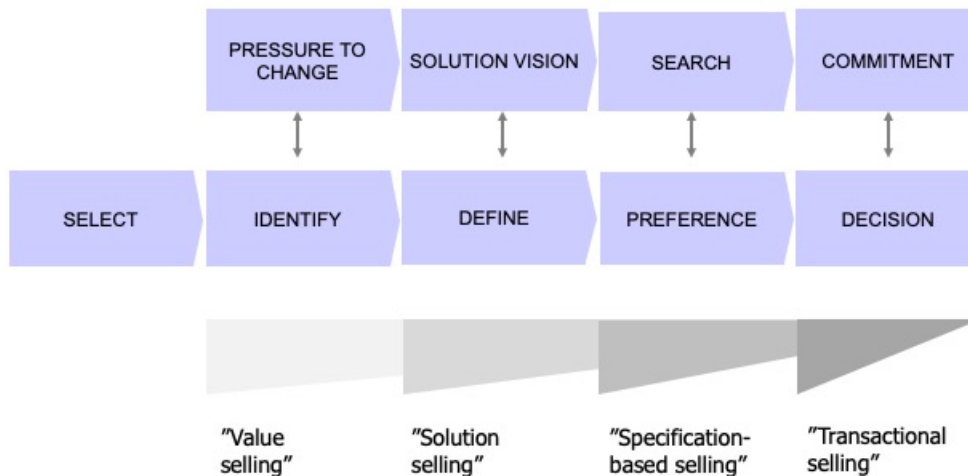


Proactive influencing
by value proposition



Reactive responding

4 DIFFERENT SALES APPROACHES



QUESTION:

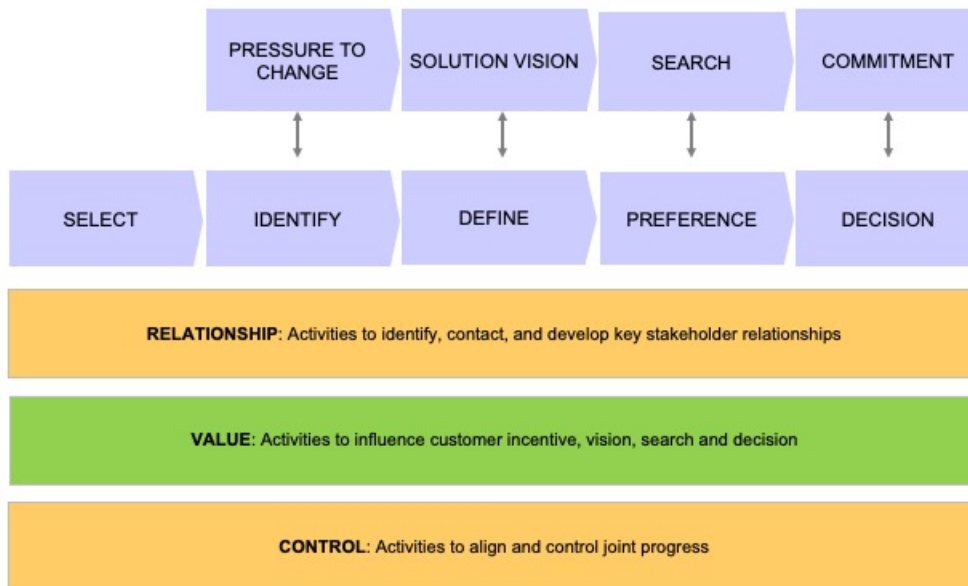
What pros and cons can you identify with the different sales approaches?

Seller can engage with the customer's buying process at different stages:

1. "Proactive value selling": If the seller want to create a need by demonstrating and opportunity to improve, the seller starts with customer selection and focuses on developing the "pressure to change"
2. "Solution selling": Especially in software business and large-scale project business it is often unrealistic to hope to kick-off the customer's buying process. Instead, the seller seeks to join the process early to understand the needs and influence the solution vision.
3. "Specification-based selling": This is very common reactive sales approach. Customer's build their own solution vision and approach the sellers with "request for quotation".
4. "Transactional selling": The transactional selling is limited to helping the purchase to take place.

What pros and cons can you identify with the different sales approaches?

THREE CATEGORIES OF INFLUENCING ACTIVITIES



Sales activities can be categorized into three groups:

1. Build and develop relationships as a channel to exchange information and influence
2. Give and get information and commitments about value of the cooperation
3. Evaluate the outcome of the information exchange and commitments made

Let's discuss these influencing streams by exploring few key tools in each stream.

EXAMPLE INDUSTRIAL SALES PROCESS



ccs > process

Active opportunity:
undefined[Contents](#)[Learning results](#)[◀ BACK](#)

Metso sales process: objectives of each stage

Target potential

- Create a plan to focus local sales efforts on customers with most potential
- Ensure local sales actions are in line with regional strategy

Identify opportunity

- Identify customer's key people
- Diagnose customer business goals, challenges & needs

Develop & Influence

- Develop relationships with key players
- Influence specifications
- Create compelling business case

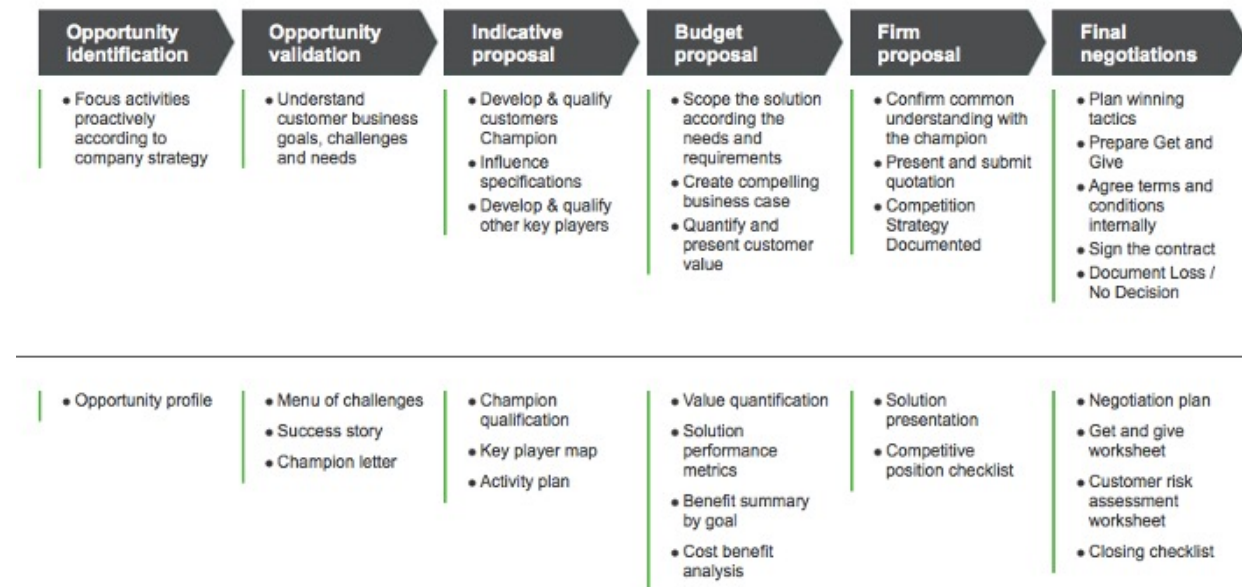
Create proposal / firm bid

- Define detailed solution that ideally blocks out competition
- Confirm common understanding with key players
- Present and submit quotation

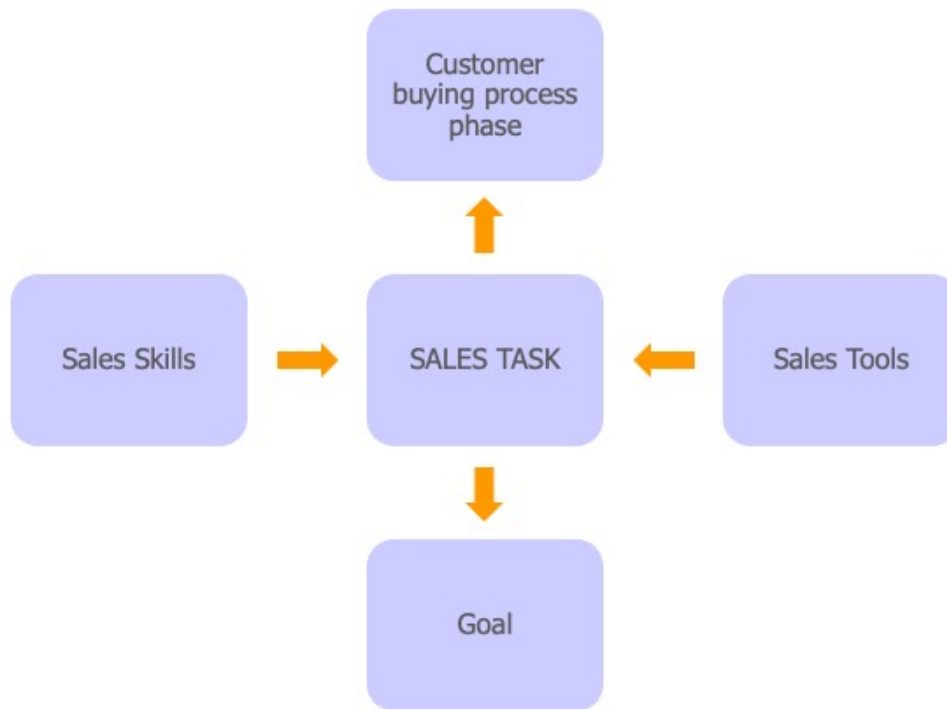
Negotiate and close

- Plan & execute winning tactics
- Ensure compliance with company policies & legal guidelines
- Sign the contract

SALES PROCESS & ACTIVITIES & TOOLS



SALES TASKS, TOOLS, AND SKILLS



Customer's buying process phase	We have already studied how customer's implement their buying process. Sales process needs to be carefully aligned with buying to focus on those topics that are relevant for the buyer.
SALES TASK	Selling is about performing sales tasks. The entire sales process is a sequence of sales tasks, designed to influence the customer to proceed in the buying process (or to understand it is time to disengage)
Sales skills	Sales skills are needed for effectively performing the sales tasks. Sales skills are relative; different sales tasks and thus sales skills are important in different situations.
Sales tools	Sales tools are checklists, planning templates and similar, aiming to support effective and high quality implementation of the sales tasks.
Goal	Each sales task targets to achieve a goal. Usually the goals are explicitly defined for each sales process stage.

PLANNING & INFLUENCING TOOLS

The next few pages describe tools for building and managing key person relationships, communicating value, and controlling the buyer-seller process. In your team, explore the tools in one of the tool categories:

1. Building relationships
2. Influencing by value
3. Controlling, evaluating, and planning sales actions

Each group reviews the tools in one category (20mins) , and prepares to answer two questions on ONE of the tools in a category:

1. What is the goal and purpose of the tool?
2. In your opinion, is the tool important or unimportant?

We then join two groups to one, both with different tool category. Both groups answer the two questions for the other group (10mins)

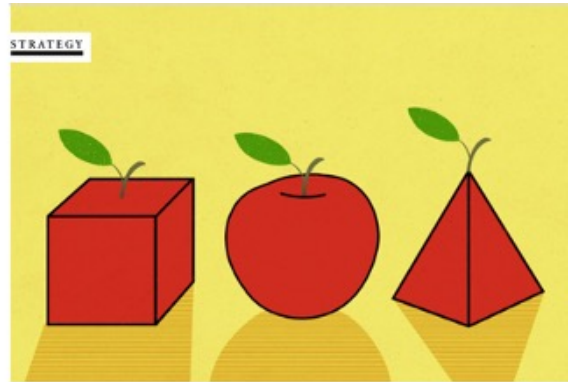
EXERCISE

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on its right side, suggesting it's resting on a surface.

ARTICLE PREREADING & PRESENTATION

Keränen, J., Terho, H., Saurama, A. (2021). "Three ways to sell value in B2B Markets"

- What did you learn by reading the article?
- Discuss the article with the person next to you for a few minutes
- Prepare to share your thoughts

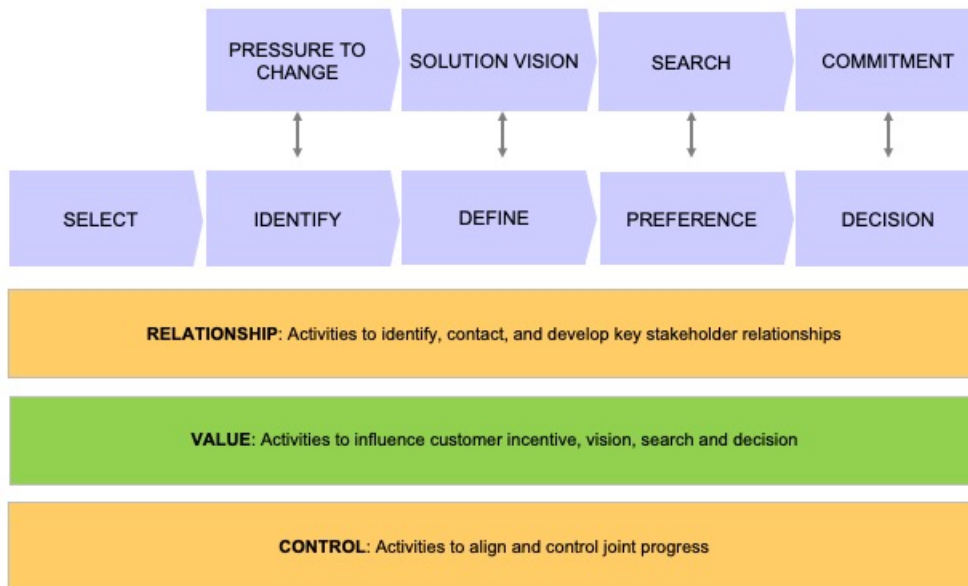


Three Ways to Sell Value in B2B Markets



THREE CATEGORIES OF INFLUENCING ACTIVITIES IN VALUE-BASED SELLING

THREE CATEGORIES OF INFLUENCING ACTIVITIES



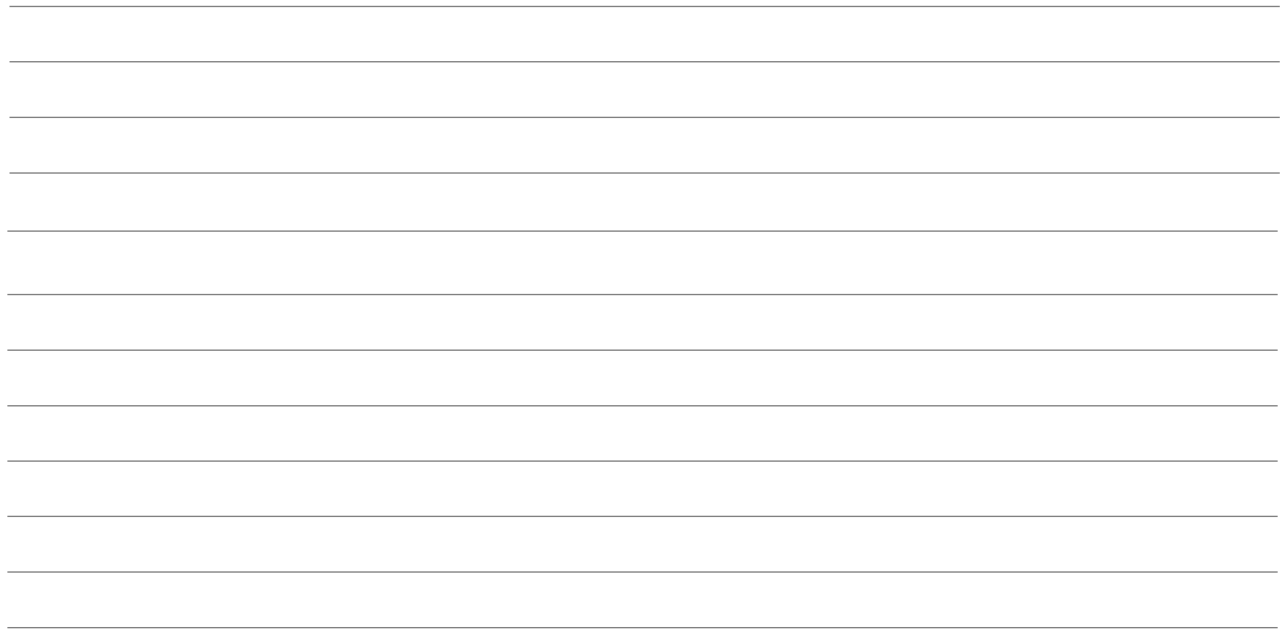
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ENGAGE WITH VALUE:

Relationship process




KEY PLAYER MAP

Key player profiles

The following roles are present in a sales opportunity. The different decision making roles are either assigned to different key players (large opportunities), or all the roles could be played by the same key player (small opportunities)

Key player profiles

- Open the COACH profile description [here >>](#)
- Open the CHAMPION profile description [here >>](#)
- Open the DECISION MAKER profile description [here >>](#)
- Open the IMPLEMENTATION OWNER profile description [here >>](#)
- Open the FINANCIAL APPROVER profile description [here >>](#)
- Open a USER profile description [here >>](#)
- Open the BENEFICIARY profile description [here >>](#)
- Open an ADVERSARY profile description [here >>](#)



The key player map is visual description of the influential key persons in the customer organization:

1. Job title and role
2. Relationships

For each person we would like to know

1. Their perception of the goals, challenges, and solution vision
2. Their influence
3. Their relationship to us

DISCUSSION:

CHAMPION LETTER

CRITERIA	EXAMPLE TEXT
	"Thank you for the meeting on 2nd of October. In this message I summarise my understanding your objectives, business concerns, plans, and our agreed next steps."
CUSTOMER GOAL	"I understood that your two short-term goals are to reduce machine downtime and reduce energy consumption"
CUSTOMER CHALLENGES	"I understood that the key reasons for downtime and excessive energy cost are too frequent and too long process shutdowns and the energy consuming quality fluctuations caused by outdated technology"
SOLUTION VISION & VALUE	<p>"A potential solution combines on-site spares for the critical consumables and organising predictive maintenance.</p> <p>As discussed, a recent analysis indicates that the machine uptime could be increased by 1% by having quick access to critical spare parts on-site. We estimate that this solution could improve profit by approximately 0,25 million euros a year. Additionally, predictive maintenance is anticipated to reduce the energy cost by six million euros annually. As discussed, our recent modernisation projects have successfully addressed these issues."</p>
NEXT STEPS	<p>"If you agree that I have correctly understood your situation and that the suggested solution warrants further investigation, I would like to suggest as the next step that our specialists interview your mill manager and maintenance manager to refine the analysis and agree on a proof-of-concept study."</p> <p>Best regards Tom Waits</p>

The champion letter is a structured email, sent soon after a joint evaluation meeting. The purpose of the champion letter is to document the conversation by stating what the customer said about their goals, current situation & challenges, their solution vision, proof of our ability to help ("value"), and, importantly, what was agreed as a result of the meeting.

KEY PLAYER PROFILE

People buy, not companies. The single most important sales task is to build relationship to those people that matter. Please ponder the following:

"Our goal is to identify the key people, their influence on decision making and build relationship to these people by helping them to achieve their goals".

Influence

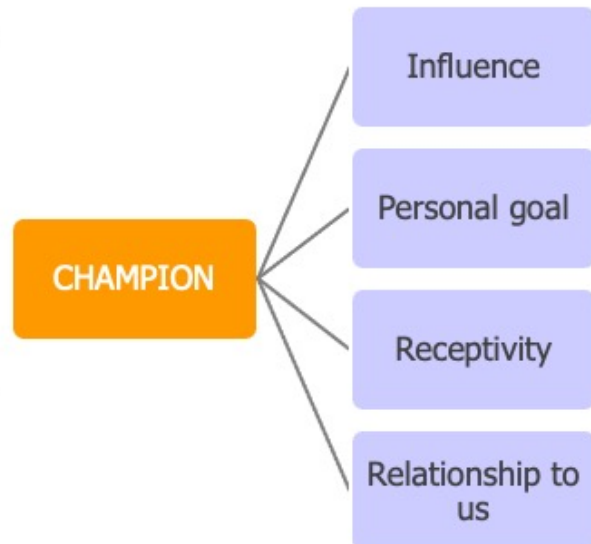
- Is anybody interested in this person's opinions?
- How is her career development?
- How is her treated in group situations?
- When was she appointed in her current position?

Personal goal

- What are this person's personal goals?
- How would buying help this person to achieve her goals?

Relationship to us?

- Why would she buy from us?
- Is her on our side or on the enemy's side?
- How do we know?



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"Our goal is to identify the key people, their influence on decision making and build relationship to these people by helping them to achieve their goals".

Influence

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Personal win

- What are this person's personal goals?
- How would buying help this person to achieve her goals?

Relationship to us?

- Why would she buy from us?
- Is her on our side or on the enemy's side?
- How do we know?

Receptivity

- See next page

KEY PLAYER RECEPTIVITY



Adapted from Miller-Heiman "Strategic Selling"

The people we meet assess the value we are offering based on their personal assessment of 1) how they would like things to be "goal" and 2) how they assess the current state of things "current". We recognise four responses:

1. "Growth"
 - Finds the current state of things quite ok, but is anyway motivated to reach out for more, to be ahead of others/competition
2. "Trouble"
 - Is unhappy with how things are, sees problems and is motivated to solve those
3. "Indifferent"
 - Is entirely happy with how things are now, not at all motivated to change anything
4. "Overconfident"
 - Has a very rosy view on how things are, personal assessment on the current situation is even better than the they would need to be
 - Absolutely not interested in changing anything

QUESTIONS:

- How would you recognise the different responses?
- How would you treat the different responses?

KEY PLAYER MAP

NAME	ROLE	GOALS & CHALLENGES	PRIMARY CONTACT

The “relationship map” is a listing of the key players in customer organization or in a specific business opportunity. The content describes 1) the role of the key player, 2) the goals & challenges of the key player, 3) our primary contact to the key player.

DISCUSSION: What thoughts do you have on the role, importance, and content of this planning tool?

ENGAGE WITH VALUE:

The “content” process

CUSTOMER SELECTION



DISCUSSION

In which category would you like to be in, and how do you get there?

In an attempt to structure and organize buying and procurement, firms have widely implemented category management.

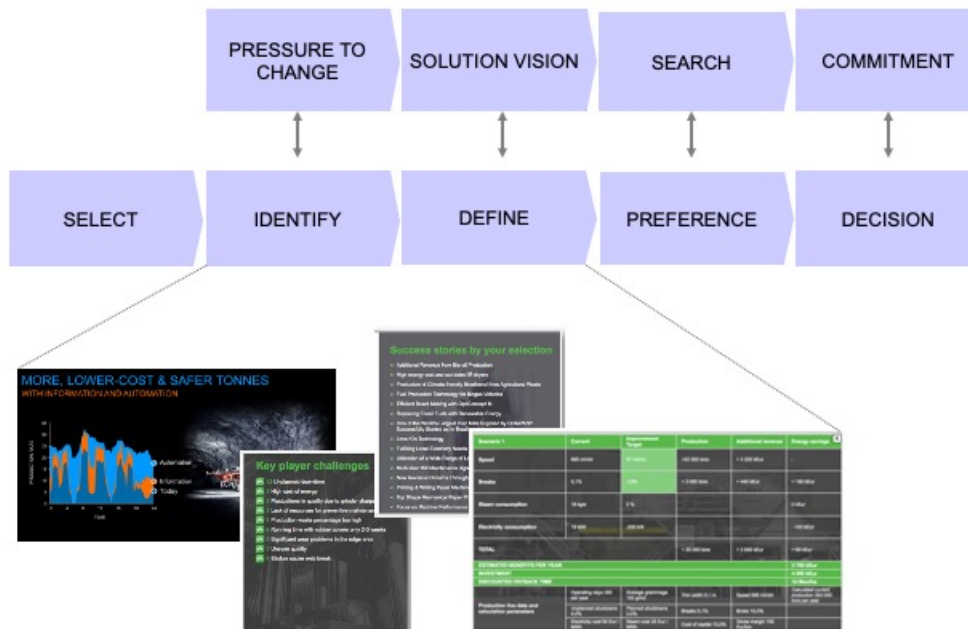
Category management assign procurement items (and suppliers) into categories.

Each category has processes and practices of how suppliers are managed.

Suppliers in the "commodity" category have very little influence on anything, while the partners in the "strategic" category are treated very well.

DISCUSSION: What implications does the category management have on suppliers?

THREE CATEGORIES OF INFLUENCING ACTIVITIES



This picture illustrates four different sales tasks and tools for initiating, exploring, influencing, and quantifying by value:

1. Establish the discussion by sharing a relevant value proposition
2. Explore the key person's business goals & challenges by industrial examples
3. Show evidence of success cases in solving business challenges and meeting business goals
4. Quantify the business value by using customer's own data by value calculators

1 – EXPLORE GOALS AND CHALLENGES

Menu of Challenges

The main objective of the menu of challenges is to prepare for a customer dialogue from their perspective. The idea is to treat each potential customer influencer individually, first understanding their personal goals and business problems and only after that proposing a matching idea from our capabilities. At this stage (first meetings) we can have the dialogue on common level without introducing the technical solution yet.

As we all know, business challenges repeat themselves from market to market and therefore we have gathered here some commonly recognized customer challenges for your use.

Please select target industry

Board & Paper mills

Please select key player profile

Production Manager

Search

Add a challenge

Key player challenges

- 12 Unplanned downtime
- 5 High cost of energy
- 3 Fluctuations in quality due to grinder sharpening
- 2 Lack of resources for preventive maintenance
- 4 Production waste percentage too high
- 4 Running time with rubber covers only 2-3 weeks
- 2 Significant wear problems in the edge area
- 3 Uneven quality
- 4 Sticks cause web break

The “Menu of Challenges” tool helps identifying the “bundle of benefits” that the customer finds interesting. The tool displays a prioritized list of commonly identifies business challenges, such as “unplanned downtime” of industrial production, and supports seller/buyer dialog about the challenges.

It is much easier to show what other people find important, and ask for an opinion, instead of probing for problems.

2 – SELECT RELEVANT SUCCESS STORY

Success story repository

Success stories are very powerful tools at the different stages of a sales process.

We have selected a representative collection of success stories from different business lines and regions to help you show how we have been able to help our customers to achieve their business goals and overcome the business challenges.

Browse success stories by target industry:

All

Browse success stories by business challenge:

All

Search

You can also add success stories to our success story repository:

Add story

Success stories by your selection

- Additional Revenue from Bio-oil Production
- High energy cost and out dated IR dryers
- Production of Climate-friendly Bioethanol from Agricultural Waste
- Fuel Production Technology for Biogas Vehicles
- Efficient Board Making with OptiConcept M
- Replacing Fossil Fuels with Renewable Energy
- One of the World's Largest Pulp Mills Supplied by COMPANY Successfully Started up in Brazil
- Lime Kiln Technology
- Fulfilling Local Electricity Needs
- Utilization of a Wide Range of Locally Available Fuels
- Multi-Year Mill Maintenance Agreement
- New Revenue Streams Through Lignin Separation
- Printing & Writing Paper Machine Rebuild
- Top Shape Mechanical Paper Production Line
- Focus on Machine Performance and Productivity
- Increased production, improved quality
- New Technology Improves Productivity and Quality

The "Success story repository" tool provides an interface to a database of success stories. Each success story is "ear-marked" with customer's industry, key player profile, and business challenge.

The tool supports seller in bringing relevant success stories into the sales conversation.

3 – PRESENT A RELEVANT SUCCESS STORY

CHALLENGE

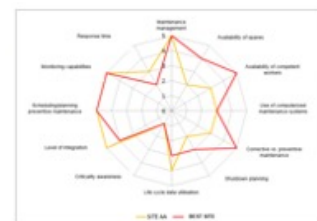
The need for a systematic assessment framework for concretising value, benchmarking it and ultimately optimising the offered solutions has been the motivation behind this study. Due to the arbitrariness of value estimation and value definition in general, an additional target of the study has been to generate an argumentation tool serving as an aid to visualise the different sources of value.

RESULT

The aim has been to develop a benchmarking method to compare different sites according to their operational environments. Benchmarking includes e.g. the assessment of maintenance work procedures, selection of relevant indicators, preliminary interviews for installed base units and tool development. The benchmarking aims to produce knowledge about the applicable asset management policies for different operational site typologies.

IMPACT

With the help of the benchmarking tool the case company can: (1) Demonstrate improvement potential in asset management and make recommendations of applicable asset management policies, (2) optimize customer specific product and service offering to facilitate sales, and (3) concretise customer value of Outotec's offering



The “Demonstrating value with benchmarking” is an example of a **success story** in a structured format. The success story documents a) the challenge a customer had, b) the solution implemented to solve the challenge, and c) what was the outcome.

DISCUSSION: When, and for what purpose can a seller use this type of a success story? What are the potential benefits?

CASE
VALMET CARTOON
PRODUCTION LINE

4 – QUANTIFY VALUE

Scenario 1	Current	Improvement Target	Production	Additional revenue	Energy savings
Speed	695 m/min	57 m/min	+22 000 tons	+ 3 200 kEur	-
Breaks	5,1%	1,0%	+ 3 000 tons	+ 440 kEur	+ 160 kEur
Steam consumption	16 kg/s	0 %			0 kEur
Electricity consumption	19 MW	-200 kW			- 100 kEur
TOTAL			+ 25 000 tons	+ 3 640 kEur	+ 60 kEur
ESTIMATED BENEFITS PER YEAR					3 700 kEur
INVESTMENT					4 000 kEur
DISCOUNTED PAYBACK TIME					14 Months
Production line data and calculation parameters	Operating days 355 per year	Average grammage 152 g/m ²	Trim width 6,1 m	Speed 695 m/min	Annual production 263 000 tons per year
	Unplanned shutdowns 4,0%	Planned shutdowns 2,0%	Breaks 5,1%	Broke 10,0%	
	Electricity cost 60 Eur / MWh	Steam cost 25 Eur / MWh	Cost of capital 10,0%	Gross margin 150 Eur/ton	

This value communication example demonstrates a bundle of benefits (speed of production line, loss of production due to breaks, steam consumption, and electricity consumption).

The tool is an example of a value calculation tool, quantifying the impact of every element of the bundle of benefits in terms of the overall goal, which is a combination of additional revenue and savings.

Finally, the calculator compares the benefits to the costs of implementation.

5 – PRESENT THE SOLUTION

Presentation elements	Objective
Review of the customer objectives	Summarize customer's business goals, challenges and needs. This is why the solution is required.
Customer outcomes	Provide a summary of the expected customer benefits.
Our solution	Summary of our solution.
Project delivery plan	Summary of our delivery plan and key project milestones.
Proof	Evidence of our capabilities to deliver the solution.
References	Conclude your presentation by showing few relevant success stories, where similar solution has been implemented.

The solution presentation template is an outline for constructing a solution proposal presentation. The tool serves as a checklist for including all relevant items.

DISCUSSION: How do you feel about this tool for planning a solution presentation meeting?

ENGAGE WITH VALUE:

The “control” process

CHAMPION LETTER

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ACTIVITY PLAN

Action	Time	Billable	Responsibility	Go / No Go
Determine solution performance metrics	September 14		Shared	<input type="checkbox"/>
Process audit and study	By End September	50 k€	Supplier	<input type="checkbox"/>
Investment proposal including pricing	November 2014		Supplier	<input type="checkbox"/>
Approval of the investment proposal	13th December 2014		Customer	<input type="checkbox"/>
Detailed project plan and project organization	February 2015		Shared	<input type="checkbox"/>
Reference visit and executive meeting	March 2014		Shared	<input type="checkbox"/>
Review of the contract with legal	April 2014		Customer	<input type="checkbox"/>
Pre-proposal meeting and signing of the purchase agreement	Late April 2015		Shared	<input type="checkbox"/>

[Add key player row](#)
[Save worksheet](#)
[Print worksheet](#)
[Send worksheet](#)

Usually the buyer-seller process progresses smoothly up to a point, usually up to a point where the solution proposal & the solution offer are made.

If nothing is agreed as a follow-up action after the solution presentation, the seller loses connection to the buyer's process at this point.

The activity plan tool is an attempt to agree on joint activities to maintain contact to the customer for influence and control.

DISCUSSION: What are your thoughts about this tool? When could it be used, would it be difficult or easy to agree on process steps with the customer?

CLOSING CHECKLIST

CHECKLIST ITEM	DESCRIPTION	CHECK
Goals/challenges/reasons identified		<input type="checkbox"/>
Vision of solution		<input type="checkbox"/>
Solution value		<input type="checkbox"/>
Implementation plan		<input type="checkbox"/>
Pricing		<input type="checkbox"/>
Proof		<input type="checkbox"/>
Legal		<input type="checkbox"/>

[Save worksheet](#) [Print worksheet](#) [Send worksheet](#)

The sales opportunity closing checklist helps verifying that the seller understands what are the important milestones along the joint journey, before trying to reach an agreement ("close the sale").

DISCUSSION: What damage can the seller cause by trying to "close the deal", before all the necessary intermediate steps have been agreed upon?

