

#### 23E50010

#### **INFLUENCING WITH SALES**

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Pekka Töytäri
Professor of Practice
Management of Product-Service Systems Sales
Aalto University School of Science & School of Business

# 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

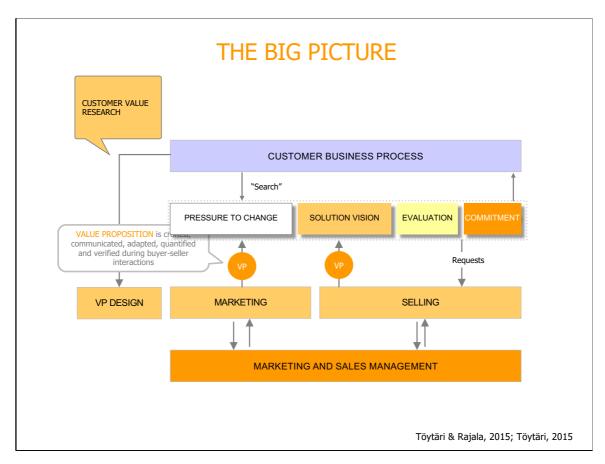
Managing Service Transition

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



# BUYING AND SELLING CONNECTED

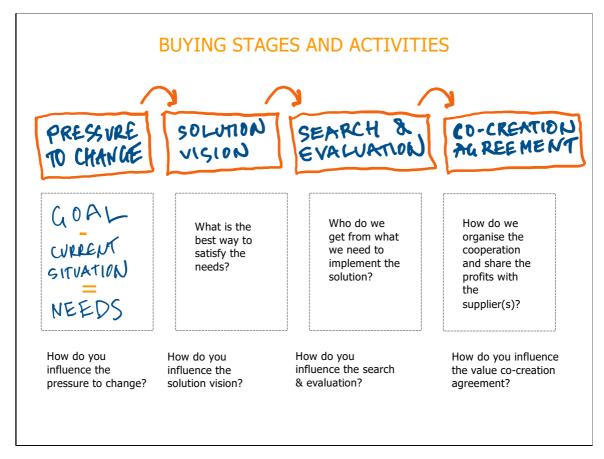


This "big picture" illustrates, how the quest for better performance drives change. There are two routes for change, the internally driven and the externally driven.

The internally driven change is based on "search" that a company performs. Companies evaluate and benchmark their performance against other companies and process information to identify improvement opportunities. If a company identifies and prioritized a "pressure to change", they progress through the buying stages of building a solution vision, finding and evaluating alternative solution providers, and finally committing to implementing the change.

The alternative, externally driven change is based on suppliers evaluating a potential customer firm's business performance by "customer value research" to identify improvement opportunities. Essentially both the internally driven and the externally driven change target the same outcome, to find new opportunities for value creation. Suppliers are motivated to invest in "customer value research" for differentiation and for an opportunity for proactive influencing.

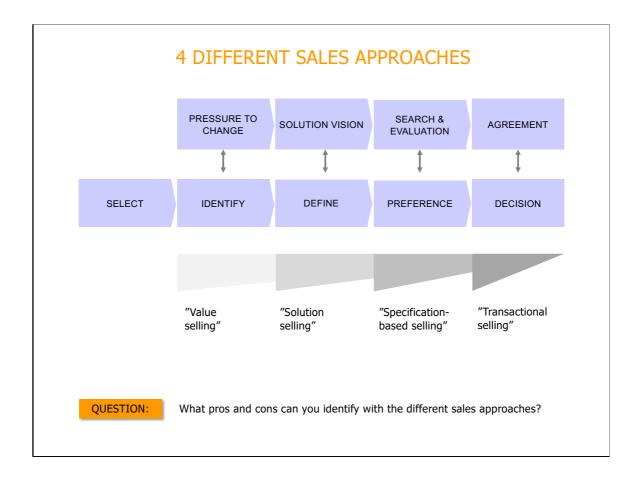
Value proposition is a key influencing tool, which is innovated by the "customer value research" process, and used by the marketing and sales processes.



The buying process includes four stages:

- 1) The "pressure to change" involves customer's key persons comparing and evaluating their **current situation** against their **goals**. When the gap grows large enough, the key person try to make sense of the gap, and identify **needs**. Needs are the perceived changes that, once fulfilled, lead to achieving the goal.
- 2) The **solution vision** is the key persons perception of the best way to fulfill the needs.
- 3) Once the solution vision is identified, the key persons must **search and evaluate** to find ways to implement the solution vision. The usual activities include finding suppliers that could deliver what the customer needs to implement the solution vision, products and services.
- 4) In the best case the search and evaluate identifies a number of alternatives, and the final stage of the buying process is to select the preferred partner, and to agree on how the companies join forces for joint value creation. Sometimes this is easy, if the resource integration is a simple product purchase. Sometimes agreeing is very complicated, if there are multiple companies concurrently performing complementary tasks.

The above only very briefly illustrates the buyer's tasks at the different stages of the process. A proactive supplier can influence the outcome of every stage by giving information to support the process. To influence is the primary motivation of a proactive supplier.

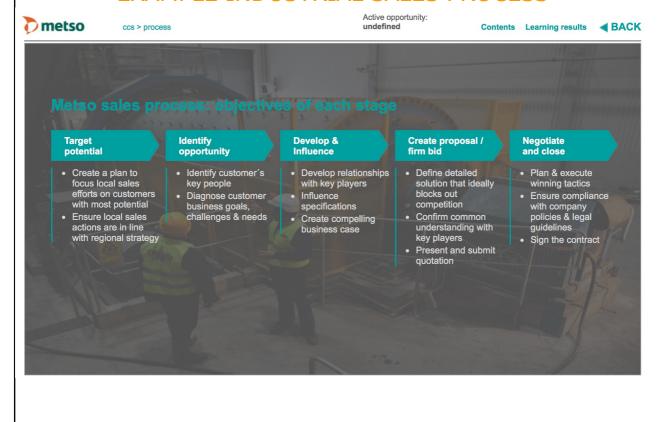


Seller can engage with the customer's buying process at different stages:

- 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?

#### **EXAMPLE INDUSTRIAL SALES PROCESS**



#### SALES PROCESS & ACTIVITIES & TOOLS

# Opportunity identification

 Focus activities proactively according to company strategy

# Opportunity validation

 Understand customer business goals, challenges and needs

#### Indicative proposal

- Develop & qualify customers Champion
- Influence specifications
- Develop & qualify other key players

# Budget proposal

- Scope the solution according the needs and requirements
- Create compelling business case
- Quantify and present customer value

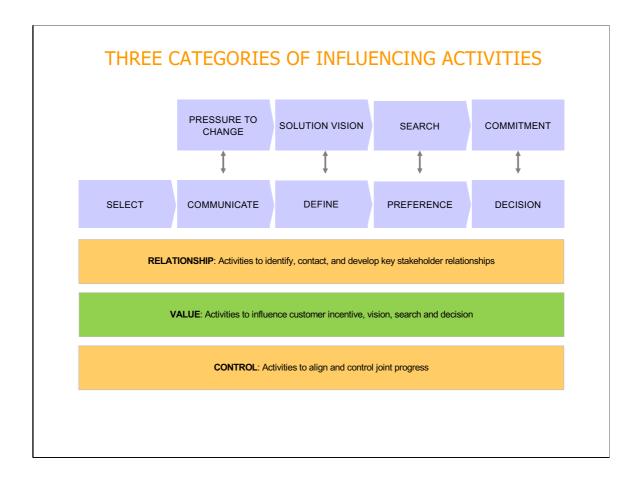
#### Firm proposal

- Confirm common understanding with the champion
- Present and submit quotation
- Competition
   Strategy
   Documented

#### Final negotiations

- Plan winning tactics
- Prepare Get and Give
- Agree terms and conditions internally
- Sign the contract
- Document Loss / No Decision

- Opportunity profile
- Menu of challenges
- Success story
- Champion letter
- Champion qualification
- Key player map
- Activity plan
- Value quantification
- Solution performance metrics
- Benefit summary by goal
- Cost benefit analysis
- Solution presentation
- Competitive position checklist
- Negotiation plan
- Get and give worksheet
- Customer risk assessment worksheet
- Closing checklist



Selling is about performing sales tasks. The sales tasks can be categorized into three groups:

- 1. Build and develop <u>relationships</u> as a channel to exchange information and influence
- 2. Give and get information and gain commitments about identifying and organizing the joint value creation. These tasks include identifying customer's business goals, situation, challenges and opportunities, designing, organizing and agreeing upon a solution to deliver value.
- 3. Control the joint process by evaluating the outcome of the relationship and value tasks, and deciding upon how to continue the joint process.

We have designed a collection of sales tool to support performing the relationship building, value development, and sales process control.



Selling is about performing <u>sales tasks</u>. Actually, the entire sales process from contact to closing a deal is a sequence of sales tasks that are designed to inform, influence, and commit the customer to proceed in the buying process (or to understand it is time to disengage). What sales tasks are relevant is determined by the customer buying process stage, when customers proceed from pressure to change to needs to solution vision to evaluation and to agreement. Sales tasks are grouped into sales process stages, in line with the customer buying process stages.

<u>Sales skills</u> are needed for effectively performing the sales tasks. Sales skills include interpersonal trust and relationship building, dialog with questions, relevant customer and industry knowledge, product and service knowledge.

<u>Sales tools</u> support implementing the sales tasks, and include tools such as checklists, planning templates, calculators, marketing collaterals and brochures, and similar. The aim is to support effective, consistent, and high quality implementation of the sales tasks.

Sales tasks connect to sales management by delivering an <u>outcome</u>. Ideally, the outcome provides tangible evidence of progress, such as customer meeting, commitment, relevant information, and finally, and agreement. Usually the outcomes are explicitly defined for each sales process stage, so that the sales management process can evaluate the situation, progress, and likelihood of success on tangible evidence.