



SELLING VALUE BEYOND THE PRODUCT

WHAT IS SELLING BEYOND
THE PRODUCT AND WHY
SHOULD THIS BE IMPORTANT
TO MY SALES TEAM NOW?

SO HOW DO WE SELL VALUE
BEYOND THE PRODUCT?

HOW CAN WE ACCELERATE
THE TRANSITION TO SELLING
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WHAT IS SELLING BEYOND THE PRODUCT AND WHY SHOULD THIS BE IMPORTANT TO MY SALES TEAM NOW?

Reacting to a customer's stated and pre-defined needs rarely adds value or enables the seller to build a meaningful, 'trusted advisor' type of relationship with these decision makers.

Responding to requests like this is generally demand *fulfillment*, not demand *creation*.



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WHAT IS DIFFERENT TODAY?

One of the most pervasive go-to-market changes of the last decade or so is the move towards selling
impact and value and away from the most common sales approach still in use – product-based
selling, which pushes features, functionality and benefits, usually in a generic manner.

Product based selling is one where the sales team is operating as a transportation function – carrying
marketing messages and product features and benefits information out to the customer, who we hope
will favor us with a buying decision once they understand these feature sets and compare them to the
competitive alternatives.



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WHAT IS DIFFERENT TODAY?

The internet has likely forever diminished the value of this transportation function of the sales team.

First, the way in which customers acquire product feature, function and application information has clearly changed. The sales team is no longer the primary conduit of this basic product data.

Customers often know more about your company and your products than you know about them – in your first meeting!

Product catalogs, on-line communities, web-based design and simulation tools, reference designs – Google's own data shows that the typical buyer accesses these resources before they contact you, not after.

The implication is that the value of the smart, eager, responsive, order-taking sales person playing the traditional basic information provider role is diminishing rapidly.

Or in some markets, is likely already gone.

What is emerging – or perhaps re-emerging – is the value-adding role of

the sales person who understands their customer in ways different than the customer understands themselves, and who can use that insight and customer domain expertise to deliver value to the customer and generate demand for their products and services.

Selling value beyond the product means many different things to different people, but always means demand generation. There is a plethora of descriptive terms for this in the sales enablement business – value selling, consultative selling, solutions selling, socratic selling, challenger selling, strategic selling, and so on and so on.

Each approach can be viewed as an attempt to replace the simple fulfillment of articulated customer demand with a set of skills, processes and disciplines needed for the sales team to become a value-added transformation function – to add value to both the customer and the company by transforming the customers view of themselves and their situation, creating demand by the way they do business.

To accelerate or even accomplish this shift with an existing sale and marketing organization, there will need to be a significant and non-trivial shift in sales enablement practices.



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IS THIS A REAL CHANGE?

Most people seem to agree that the most recent downturn has changed the dynamics of the technology B2B buying process in substantive ways.

Research by the Sales Executive Council shows a reduction in 50% of the amount of 'small talk' time that buyers are willing to spend with salespeople.

Forrester Research has compelling data that shows that 65% of decisions are now won or lost based on who helped establish the need with only 35% of decisions are won or lost in the competitive bake-off.

Sirius Decisions' studies show an average lengthening of the decision cycle by 22%, due to the increase in people involved in making the decision.

Most recently, the Sales Executive Council last year published the result of a large sample, factor analysis study of more than 6000 sales people in a book called *The Challenger Sale: Taking Control of the Customer Conversation*, by Dixon and Adamson, Penguin Publishing, 2011.

In this research, they found 5 behavioral clusters that separated their sample population into distinct profiles: Hard Workers, Challengers, Relationship Builders, Reactive Problem Solvers and the Lone Wolf.

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They then ran correlations against whether these categories were associated with the sales rep being in the the top 20% of reps as measured by quota performance – the Stars – or the middle 60% - the Cores.

Three of their findings are particularly noteworthy.

1. By definition, only 1 of the clusters can be described behaviorally as creating demand – Challengers. The remaining 4 are fulfilling demand, and in the case of the Lone Wolf, we're not really sure.
2. In simple selling environments, the only significant difference in performance among the clusters is that Relationship Builders were the least likely to be in the top performing "Star" category.
3. In complex sales, Challengers are 10X more likely to be a Star than Relationship Builders, and more than 2X than a Lone Wolf.

While there's no longitudinal data in this research, the results do run counter to what most would have anticipated – that Relationship Builders would be among the high performers.

The evidence suggests that the kinds of changes in buying behavior patterns discussed here is real.



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WHAT IS DRIVING THIS CHANGE?

While there is no simple single answer here, there are a couple of prime candidates.

First, with revenue and margins under pressure, and design cycles getting longer at some nodes at the same time product life cycles are getting shorter, the margin for error is tightening.

As the risks to schedule and BOM cost target rise, so do the personal and political risks to those who champion any new approach or solution – particularly those which can represent a disruption in a design or development process.

More people become involved in the decision to mitigate and diffuse this risk, and the length of the decision cycle subsequently increases.

Making matters worse, many of your legacy customer relationships will have their influence diffused as well. As more people need to weigh-in and sign-off, the

engineers and managers with whom we have established relationships – those who understand and value our products and technology and our distinctive advantages – are no longer the only decision-makers in the room.

Add to this the ongoing commoditization of technology products and solutions in many markets, one can see what may be happening to diminish the impact of good, legacy relationships and shift the advantage to those who behave differently and challenge the customer's view of their problem and potential – to create demand, rather than simply fulfill it.





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SO HOW DO WE SELL VALUE BEYOND THE PRODUCT?

First, recognize that the sales team has not been relieved of their responsibility to have a strong command of the basic product feature, functionality, and benefits of your offering.

Today, this is assumed as 'table stakes' to play. Customers have come to expect vendors to understand their own stuff. And most do.

The skills, knowledge and tools needed to create demand often create a new, and sometimes an incremental burden on the marketing and sales enablement organizations to support the demands of this process.



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DUE DILIGENCE

Does your sales team arrive at a customer meeting better prepared, with more information and insight about that customer's business than the competition?

And, if they did, what difference would that make?

Today, with the amount of public information about your customers readily available on the web, there is no reason for showing up at a customer without considerable insight about their business. None.

And yet, surveys of b2b customers about their buying experiences consistently show that 'typical' sales people are seen as overly focused on their own products and services, and largely uninformed about them and their businesses.

This is an opportunity to differentiate lost, and one that leaves you vulnerable to a competitor who gets up a bit earlier and does this kind of research on a regular basis.

The ability to engage in higher level conversations with more senior people about high order value propositions is not simply an issue of motivation, but one of conversational comfort.

Sales people are generally creatures of comfort, and will often avoid exploring areas to which they are blind.

The due diligence needed to comfortably and credibly sell value beyond the product enables sales people to demonstrate intent, effort, and insight – differentiate themselves first by the way they do business early in the engagement.

BUSINESS ACUMEN

There is no escaping the fact that finance is the universal language of business. And the fact is some sales people have an aversion to the numbers. And yet, as sales people, we need not have an MBA in order to understand the financial numbers.

While one can argue that business acumen builds over time, the basic finance language needed for a sales person to both understand the customer's performance and also communicate the business impact of their solutions can be readily understood in a short amount of time. And it should be.

More importantly, sales people need to expand their traditional calling patterns to people for whom the decision is largely based upon a business and financial impact analysis, not a technology or product feature set comparison.

TRUST AND CREDIBILITY

As they have always, people still buy from people. People who make quick judgments about our credibility and early decisions about what information and which of their opinions to trust us with.

Selling value beyond the product requires engaging both with the right people and with the right problems and areas of potential.

The ability to do the discovery needed to understand what will be perceived as true value is a function of your credibility and the trust-level they have attained with a particular buying influence.

The more credible the sales person to the customer – the more trusted they are – the more readily people will share more information, earlier information, and more closely held information with you.

The insights from this information can provide you with an important source of competitive advantage that is above and beyond your product offering or solution.



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LISTEN AND LEARN DISCOVERY

Even the most inexperienced sales person can tell you that good discovery is one of the most important parts of the sales process.

Listen & Learn Discovery is where you leave your bag at the door and understand the customer's perspectives and priorities.

As agents of change, sales people need to rapidly understand many things about the customer environment to win the right to participate in that change.

Why, then, do customers consistently report that the typical sales people who they see are much too focused on themselves, much too talkative, and much too eager to pitch product prematurely?

Experience has taught us that the Discovery competency is the most important competency of all to selling value beyond the product. And while there are sales people who are naturally gifted at developing relationships, Discovery is clearly a learned competency.

Discovery has both strategic and tactical elements.

Strategically, selling value requires the sales team to target their Discovery across the various Domains that drive decision-making – not just the product-oriented, technical domain, but also the business, personal and political domains that may eventually turn out to be equally important – if not more important – decision drivers.

In addition to the Discovery domains, there are a number of elements of the customer perspective that need to be explored in order to understand the full scope of the customer's decision-making environment, as they see it.

Beyond the simple discussion of the situational issues, it is important for the sales person to understand what happens if no decision is made or action taken. Without such insight, qualifying a potential opportunity from a business perspective is nearly impossible.

If you cannot identify the negative consequences for maintaining the status quo – there is likely no real motivation for the kinds of changes to their business in which you are interested. This is where we lose to the status quo.

Selling beyond the product requires a focus as well on at least three other points of customer perspective – obstacles, preferences, and expected results.

By focusing Discovery in these points of customer perspective, sales people gain insight into wants and needs across all four domains – insights that should help shape how to configure and position the offering.

Tactically, good Listen & Learn Discovery means asking different kinds of questions of different people about different kinds of issues than many sales people are accustomed to.

Questioning technique is generally considered a basic, "Sales 101" rookie sales competency, and yet we often find experienced sales reps who have lost visibility into their own questioning patterns and lost their edge.

Questioning technique is as fundamental to a sales person as the hand-grip is to a golfer or tennis player.



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GUIDED DISCOVERY

Guided Discovery is the behavior of the Challenger cluster, in the SEC research study referred to earlier.

Guided Discovery are the set of skills that impact and alter the customer's perspectives on and perceptions of their current situation before a specific recommendation is made.

What we've learned over the years is that the High Performers have a very keen sense of what the customer's competitive alternatives are and an equally clear understanding of what their relative strengths and weaknesses against those alternatives – one of which is often the status quo or the 'no decision'.

By focusing their Discovery on those areas that are related to their relative strengths, the High Performers raise the visibility and explore the potential value to the customer of their unique value. This is discovery beyond simple qualification; it is Discovery that is guided directionally towards the specific advantages that your solution has in this particular customer situation.

Done in this way, Guided Discovery helps a customer explore different perspectives on and perceptions of their problem or potential, and can lead to several shifts in thinking during the course of a sales engagement, which collectively can have

a substantive impact on a customer decision process and criteria.

Why stay in Discovery to do this, rather than move to 'the pitch'?"

The High Performers are conscious of the fact that buyers have a natural resistance to being told to consider different elements of their situation or look at their potential differently. It is easy to be perceived as too aggressive or even arrogant in the 'tell' mode.

By staying in the Discovery conversation that is perceived relevant, customers are more willing to explore new areas and perspectives in discussions with a sales rep who is perceived as both trusted and credible.

CONFIRMING AND RECOMMENDING

With perhaps a new and different understanding of and perspective on their situation, this last step in the process is where the customer is shown the logical the path to a resolution.

Here, the High Performer performs one of the core principles of selling value beyond the product – they recommend to the customer what they should do, not just what they should buy.

Why is that important?

If you have established yourselves as a credible trusted advisor, now is not the time in the selling cycle to put that understanding of you at risk.

Rather, in making your recommendation, remain in the trusted advisor role, and take the customer through a logical consideration of the various alternative approaches they are likely thinking about.

Next talk through the relative advantages and disadvantages of each, particularly in light of your now mutually developed Discovery Summary, ending with the alternative you are recommending.

COMMITTING

The final phase of the process is gaining the hard design-win decision, handling the final obstacles, concerns and issues that occur as the customer team finalizes its decision.

Note however, that in following the process, many if not most of these late stage concerns you have now more likely addressed earlier.

And where much of the business today is often from existing customers, leveraging your success with the customer in one design should enable you to ask for access to other designs, and for visibility to other programs and projects in the account.



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**HOW CAN WE
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There are 5 key levers that already exist in your organization that can be re-focused on accelerating your team through the learning and adoption curve.



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FIELD MANAGEMENT

The first and second level sales management is the critical success path to a rapid, successful transformation in any organizations selling motion.

To borrow from Lou Gerstner “you must inspect what you expect”.

While senior leadership can set expectations, sales management must have the skills and incentive to inspect the right day-to-day behavior, ‘catch people doing something right’, and have the tools to coach and reinforce the right behavior on the spot.

COMPETITIVE KNOWLEDGE

Most product sellers know their direct competition in that space, but little or nothing beyond that area.

They need to understand how a competitive solution seller is likely to sell against them, as well the vast array of alternative approaches, systems, and architectures available to help address an issue that are available to a customer as they explore options earlier in their decision cycle.

MARKETING SUPPORT

Almost ubiquitous in technology businesses, the output of the marketing organization is largely about product features, functionality, and benefits, necessarily in a one-to-many fashion.

It is rare to find marketing output that supports the sales teams’ search for relevant problems and issues, the industry and domain expertise needed to understand those problems, and the articulation of the technical, operational, and business impact of solving those problems.

The incremental burden on the sales enablement organization to truly enable the field team’s efforts to sell value and create demand is a non-trivial one.

TOOLS AND METRICS

With now the virtual ubiquity of CRM in the semiconductor world, there is more and more transparency of the activities in the design win pursuit.

To the extent that these tools and metrics support the adoption of the new selling motion, these will become a valuable lever to accelerate learning and adoption.

CHANGE MANAGEMENT

Passive resistance is commonly encountered in any change management situation – the sales team is the most creative and least compliant part of most organizations.

This is why executive commitment to making the necessary changes and having the organizational courage to stay the course are so crucial to the speed at which you make the transition.

As most in the industry in which you participate are trying to do similar things, the speed of this transition to selling value beyond the product can become an important source of differentiated advantage, leaving your competition behind in the pile of commodity suppliers.



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