

Power Up Your Sales Avatars

If you have not seen James Cameron's new movie Avatar in 3D, stop reading this right now, go to Fandango.com and buy tickets for this weekend. Make sure you see the 3D version. It is a movie milestone, a visual feast and an epic action flick with the obligatory love story. If you plan to see only one movie this decade, this should be it.

So what is an Avatar and what does it have to do with services sales excellence? In the film, humans of the future use a complex process to inject a human's mind into a bioengineered Na'vi body, the Avatar, capable of thriving on Pandora, a hostile alien world. So here is the question that makes the connection: What processes are you using to inject intelligence into your sales force that permits them to systematically sell value and capture better prices in the often tough services marketplace?

Here are five sales process improvements you can make today to power up your sales avatars and improve 2010 business performance.

1. **Upgrade your Process to Distinguish Value Buyers from Price Buyers.** The typical sales process includes a step called "Qualification", when the firm decides whether or not to pursue a piece of business. In most sales processes this is a "go-no go" decision: "This opportunity is qualified, so let's chase it". Instead, modify your process to be "go – no go - how to go" decision: "This opportunity is qualified and because they are a value buyer we will sell to them as follows ...". This change to process positions you to better meet your client's needs, increases your chances of closing the sale and increases potential margins whether you are facing buyers willing to pay for value or buyers who want the bargain basement solution..
2. **Give Customers Tough Choices in your Proposals.** Too many proposals go to clients with a single price point, e.g. this integration effort will cost you \$200k. This is the "take it or leave it" strategy and customers usually leave it. That's why the "Proposal" stage in the sales process is followed by "Negotiation", and that is negotiation down, never up. As an alternative, have the proposal team decide three options in advance that force the customer to trade off value and price. One price meets the client's price-value expectation. That would be the \$200K option. The second is a low price-value option that permits you to compete with aggressive price competitors with a no-frills solution if necessary. Your third option gives your client the vision of the promised land if they are willing to make the investment. These tough choices position you to win the business, limit discretionary discounting and protect your margins.
3. **Interrupt Patterned Sales Behaviors with Interventions.** Here's the problem. You invest \$50,000 in sales training and 60 days later you observe little change. One solution? Plan regular training interventions over time. Perhaps it focuses on communication tactics this month and negotiation tactics next. Perhaps it is webinar based or a regular part of sales meetings. Perhaps it is case based training or coaching interventions involving real clients cases. Whatever the case, someone is asking uncomfortable questions that interrupt patterned behaviors, forcing changes in thinking.

4. **Structure Pricing for Value Selling.** Your price structure itself may be an impediment to capturing greater value. One particularly knarly example in technology professional services is time and materials based pricing. With T&M you itemize the people resources required to complete a project and then package the deal based on a rate card that you share with your client. This approach opens the kimono and leaves little to the imagination. As a result, your operating costs are open to the client and you invite micromanagement at the unit cost level. Hence there are arguments about a specific task needing a “senior consultant” rather than a “consultant”. Rate cards also turn consulting professionals into commoditized temporary help, i.e. why should I pay you \$228 per hour for a technical architect when I can get a technical architect from Acme for \$189? This whole price structure sets up sales to fail at selling value and capturing higher margins. I’m not suggesting T&M pricing be abandoned. With large, high risk engagements, T&M pricing is here to stay. Rather think about creative ways to restructure your services pricing that supports differentiation rather than undermines it.
5. **Focus your Sales People on your Customer’s Business Model.** Ultimately customers want one of two things: revenues to go up or costs to go down. How your services accomplish that depends on your customer’s business model. To continue with the metaphor, what tools are you providing to your sales people so they can demonstrate the value of your services? What documented case studies can your sales people point to that document how you have improved business performance in the past? Finally, how do you have those hardwired into your sales process?

Apply these 5 process improvements in 2010 and you will be taking important steps toward more profitable growth in 2010. Now if you haven’t gone to Fandango yet, do it now. Then send me an email about how you liked the movie tim@valueandpricing.com.