

## **The crux of 21<sup>st</sup> Century Selling; Commoditisation & differentiation**

### **Creating differentiation**

Today, the salesperson's job requires stepping back, taking a hard look at each customer's big picture and working with those customers to develop customized solutions. What's changed in recent years? Well, the whole world, really. In his brilliant best-selling book "The World is Flat: A Brief History of the Twenty-First Century" (Farrar, Straus and Giroux, 2006), the Pulitzer Prize-winning journalist, Thomas L. Friedman, argues persuasively that globalization is doing more than levelling the playing fields--it's flattening them. By that, Friedman means that powerful economic forces ranging from trends like outsourcing and off-shoring to technologies like work-flow software and--above all--the Internet are reducing the costs of entry. Today, almost anybody can play.

Easier entry, in turn, means that all goods and services become commoditized. In fact, when we talk to our clients, they tell us it's tougher and tougher to differentiate themselves not just from their serious rivals, but from everybody else in the game. The reason: Customers and prospects no longer see an individual company's value. Clients tell us they hear arguments like this all the time: "Your products and services are indistinguishable from those offered by your lower-cost competitor, so your prices should match your competitor's prices as well."

Companies worldwide are finding they must either convincingly justify their prices or differentiate themselves with some kind of perceived recognizable value. This has been true of the all of the 21<sup>st</sup> century but even more so in these last few years of credit crunch/ recession. Accomplishing the latter requires that the salesperson abandon that old one-size-fits-all approach for good and, instead, focus squarely on each customer's immediate and long-term goals, needs and challenges. In other words, they need to engage in buyer-centric selling.

### **Tackling commoditisation**

For decades, the sales process was reactive, often beginning in response to a list of customer requirements issued in a formal request for proposal (RFP) or a request for quote (RFQ). In such cases, the salesperson's job was to fit product capabilities to customer needs as dictated by those documents. Today, the most successful salespeople rely on a process that's far more proactive. The true stars understand, keep up-to-date on and even anticipate their clients' problems, offering customized solutions. One size no longer fits all, uniform product no longer satisfies. To deal with the challenges of the commoditised age requires deep customer understanding and differentiated solutions to customer issues and opportunities.

Personal relationships have changed dramatically as well. In the past, sales representatives typically dealt with one or two buyers in each organization. Now, salespeople often now face a slew of senior- and top-level executives who actively participate in shopping for solutions and must approve major purchases

Ultimately, the conceptual approach is a premiere example of non-manipulative win-win selling. It's the only stance proven to lead to repeat business, long-term relationships and satisfied customers.

Interestingly enough, many still don't take that approach. Many still focus more on sales than on customer satisfaction. They're still more interested in getting customers to buy products or services than helping them to accomplish goals, avoid headaches or fix problems.

Bottom line: Those deep, strong relationships involve customers who are satisfied because, essentially, they're buying something that was at least partly their idea in the first place. That builds loyalty. That adds value. That differentiates the buyer-centric sales organization from its competitors. And that's why the commonsense approach of conceptual, solution-driven selling is the formula for 21st century success.

### **Barriers to Differentiating for your customers**

Many times I'm told by sales people that the easy part of their role is selling to the customers, the hard part of the job is selling internally. What they mean is that they can understand the customers' needs and opportunities, they can craft a solution for their customers that differentiates their product/ service from the competition but then persuading internal stakeholders to change, to flex product offering and package to meet the needs of the customers, now that's the challenging part !

For many organisations "one size fits all" is a comfortable and economically efficient place to be. Many businesses that are driven by the finance function (and not the customers) prioritise economic consistency and efficiency over customer requirements. Some organisations driven by the marketing function prioritise the brands over the customer requirements. Now clearly practicality and profitability are important considerations in business, and it's not always possible to vary from massive production runs. Although some very successful global organisations have managed to build the ability for individuals to tailor their product/ service just the way they like it. Think about being able to customise a Dell computer you buy on line, you get to decide everything from the graphics chip, the processor type / speed/ the screen size/ the colour and everything else. Think about how many versions of a coffee you can get in Starbucks; think about Aviva offering pay as you drive insurance that allows you to flex your costs according to car usage. If these large organisations can tailor their offering and still be economically efficient why can't yours?

However what really matters is the total value proposition. Even if you can't vary the actual product or service, what else in the total package (including for example customer service, information, account management) can you vary to meet your customer's needs?

One thing that is critical to being able to sell internally is to build the understanding of the wider business of your customers. It's perfectly understandable that people in finance only see the world from a financial perspective, why should they therefore look favourably on changing pricing or terms for your particular customer? They need to understand the big picture, why is that customer important? What's the risk to the business if they are not satisfied? What's the opportunity if they are delighted? How do they think? What are they trying to achieve and why is what we do relevant to them. So if you want a positive response to request to tailor your offering to a particular customer, you need to build up understanding of your customer (s) with your cross functional colleagues and your management. If the first time you speak to them is to request inconvenient changes, don't be surprised if that "sale" doesn't go well... take time to build knowledge and relationships across the business and the internal sale and your ability to differentiate for your customers will grow dramatically.