The New Solution Selling

Subtitle

The Revolutionary Sales Process That is Changing the Way People Sell

KEITH M. EADES

FOREWORD BY MICROSOFT'S KEVIN JOHNSON
The Introduction

• Learning the new language of Solutions Selling: terminology, principles and slogans

Which key features of Solution Selling should be applied in a B2B environment like life reinsurance?

• The fundamental equation for sales success
• The Sales Process Flow Model
• Creating new opportunities – Applying the core elements of sales development
• Finding the Common Ground - The Nine-Block-Vision Model
• Active Opportunities: Dealing with disadvantage – Selling when you are not first

How does Solution Selling fit into Relationship Marketing model?
Solution Selling has created a new language, with new expressions and semantics. Here are the most important of them:

What is a ‘Solution’?

Answer: A **mutually shared answer** to a recognized problem which provides measurable improvements. It is important to note that a solution is the result of cooperative effort from both sides and will not be imposed by either side. The Solution Selling method provides a systematic road map (Nine Block Vision Model) for reaching the ‘mutually shared answer’

What is ‘Pain’?

Answer: A **problem**, a **critical business issue**, a **missed opportunity**. We distinguish between ‘latent pain’ and ‘admitted pain’. Eades suggests not to use the clinical term ‘pain’ in communication with customers but use the related terminology.
What is a ‘**Pain Chain**’?

Answer: In business organisations, pain flows through various parts of the organisation, due to the interdependence of corporate functions. It is important to understand the various functions and persons involved here.

What are ‘**latent’ opportunities** versus ‘**active’ opportunities**?

Answer: ‘**Latent**’ refers to a sales situation which is generated by the sales person during a structured dialogue and vision process with the potential buyer.

On the other hand, ‘**Active**’ refers to a sales situation which already exists out in the (reinsurance) market place before you become aware of.
This fundamental equation in the framework of Solution Selling connects five key components in a ‘multiplicative manner’

\[
S(ale) \text{ Success} = P(ain) \times P(ower) \times V(ision) \times V(alue) \times C(ontrol)
\]

and relates to the likelihood of sales success, with the following explanations:

- **Pain**: Has the buyer admitted pain?
- **Power**: Does your partner have the authority to conclude the buying decision?
- **Vision**: Does your partner share your vision for a solution?
- **Value**: Is there compelling value in the proposed solution? Does the buyer concur?
- **Control**: Are you able to exercise ‘elements of control’ over the buying process?
Note A: Sale success depends on five essential input factors of which two (the P’s) relate to the buyer, two (the V’s) are shared and one (the C) relates to the seller only.

Note B: An obvious but important outcome: if any one of the components has a value ‘0’, then sale success likelihood has value ‘0’.
Keith M. Eades has developed a model for the sales process resulting in a clearly defined and structured action plan for both latent and active opportunities.
Chapter 4: Creating New Opportunities

- **Do Precall Planning and research** (updated account profile – facts and figures, read their Web site, latest press release to impress, read the letter of the chairperson from last annual report, prepare reference stories)

- **Develop Key Players List and their potential pains** – typically players involved will be the C-level executives of the life insurance industry like CEO, CFO, CMO, Chief Actuary and Chief Underwriter, sometimes also the Chief Investment Officer and/or Chief IT Officer

- **Develop Pain Chain** of the potential customer involved; ask: at what level(s) is the pain most visible/painful (and will therefore most likely lead to actions)?
Do I have access to the action level, decision maker(s) - the so-called ‘rain makers’? If not, who can help me?

Develop a Draft Value Proposition – a quantified estimate of results based on future cooperation, their purpose is to create curiosity and start the sale cycle.

Examples:

- ‘We believe Sunshine Life can increase their new business in individual life division by 15% in 2013/14 based on the introduction of multi-claim CI tiered product line which we are prepared to support’

- ‘We believe that Sunshine Life can improve their Solvency Ratio under Solvency 2 by 18 – 25% ppt at the end of 2013 by entering into a non-cash financing re arrangement on your block of fixed annuities.’
Prospecting Methods – Quite Straightforward

- Networking
- Customer Referrals
- Referrals by ‘Ambassadors’
- Industry associations and conferences
- Social events

Important message: **Target High** (and prepare yourselves for conversation with the C-level executives)
You have contacted the potential buyer, you told the referral story, the contact was interested to learn more, but then…

<table>
<thead>
<tr>
<th>Potential Buyer Response</th>
<th>Seller Action</th>
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<tbody>
<tr>
<td>(1) ‘I have the same problem’</td>
<td>Diagnose problem and create vision</td>
</tr>
<tr>
<td>(2) ‘I have a different problem’</td>
<td>Diagnose problem and create vision</td>
</tr>
<tr>
<td>(3) ‘I have no problem but many thanks’</td>
<td>Direct the conversation towards pain</td>
</tr>
<tr>
<td>(4) ‘I have no problem and ‘f…ck off’</td>
<td>Close the conversation - friendly</td>
</tr>
<tr>
<td>(5) ‘I have the same problem and we are already working on it’</td>
<td>Try to re-engineer their vision</td>
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The **Nine-Block-Vision Model** provides a systematic road map for jointly and cooperatively developing a buying vision once the buyer has admitted pain.

It uses nine ‘building blocks’ as part of a dialogue

- With three types of questions: open, control, confirming
- And three types of topics: reasons for the pain, impact of the problem on the organisation, capabilities needed to solve the problem

After a successful completion of this process, buyers will be able to solve their own problems with the help of your services and products.
### Diagnose Pain

- What are the reasons for your pain?

### Discuss Impact

- Who else in your company is impacted and how?

### Develop Solution

- What will it take for you to solve this problem?

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**OPEN**

- Is it because of:
  - a)
  - b)
  - c)
  - ...?

**CONTROL**

- My understanding of your problem is:
  - ... Correct?

- I understand the impact of the problem on your organisation is:
  - ... Correct?

**CONFIRM**

- I understand the solution ... would fix your problem and remove the pain:
  - ... Correct?

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**SOLUTION**

*The Nine-Block-Vision Model Revealed*
Keep in mind: You have to decide to stay and compete or to disengage and move on...

Review of IBM Software Group: in 93 percent of all opportunities a competitor won the business in case IBM did not define the problems and was not able to influence/set the requirements.

The BIG Question: How to deal with tenders, RFPs - requests for proposals, RFQs – requests for quotations, RFIs: requests for information?
There are four strategies available in such situation

- **‘Head-to-Head’**: Direct confrontation – not likely; only works well when your value propositions are extremely strong and can afford a confrontation

- **‘End-Around’**: Indirect approach – preferred strategy when you are not No. 1 or preferred bidder. You are not competing on the established buying requirements but change the playing field and the rules of the game

- **Divide and Conquer’**: Divisional approach – offer only for selected parts of business, getting ‘foot in the door’ and expand at later stage

- **‘Stalling’**: Containment or delay approach – a defensive move, works best when you are market leader
Tactical steps for the right RFQ or RFP response:

- Call the sender and offer to respond to the RFQ/RFP in exchange for a meeting with the reinsurance decision maker(s)

- If your request for a meeting is denied, send a letter to the sender that it will be impossible to respond to the RFQ/RFP without the meeting. If no positive response, withdraw

- When the meeting is granted, ask their executives: What are the primary issues behind the request (to identify their pains)

- Prepare your response to the RFQ/RFP, based on your identified capabilities (strengths)

- Send a cover letter to key decision maker highlighting the differentiating capabilities that you established during the meeting
How does Solution Selling fit into Relationship Marketing?

RM is the holistic approach while Solutions Selling concentrates on the sales process per se.

However, since both approaches put the customer into the center of activities, it is not surprising that a number of similarities and connecting points do exist.

<table>
<thead>
<tr>
<th>Relationship Marketing</th>
<th>Solution Selling</th>
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<tbody>
<tr>
<td>Customer Plan</td>
<td>Customer Profile</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>Cooperation in finding solution</td>
</tr>
<tr>
<td>Ambassadors</td>
<td>n/a</td>
</tr>
<tr>
<td>Needs Analysis</td>
<td>Pain list</td>
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<tr>
<td>Cross Selling</td>
<td>n/a</td>
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</tbody>
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<tr>
<td>Value Proposition</td>
<td>Quantified Value Proposition</td>
</tr>
<tr>
<td>n/a</td>
<td>Pain chain</td>
</tr>
<tr>
<td>Customer Lifetime Value</td>
<td>n/a</td>
</tr>
<tr>
<td>Key Decision Makers</td>
<td>‘Power’</td>
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<tr>
<td>Focus on Existing Customer</td>
<td>Focus on any customer</td>
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As a consequence it appears reasonable to keep Relationship Marketing as underlying philosophy in place but to use Solution Selling as a specific, well developed approach for new business opportunities.