

***Sales and the Art of War:
Understanding the Selling
Professional***



John Humphrey, Co-Founder

One of the most misunderstood professions in business today is that of the professional salesperson. We've all met good ones, bad ones and often shape our perception of the value they bring to our organizations based upon our personal experiences, both good and bad. As IT professionals, we work with sales individuals every day in order to procure their products and services for our companies. Many of us have experienced the true professional, the craftsman, who can enter your company, formulate a solution, get users smiling and giving one another high fives, have meetings with executives you don't get access to, beat their competition and lead you down the primrose path of closing the deal. Nirvana happens for the sales professional when *you* get to the end of an evaluation, pick their company's products, and **THINK** it was you who was in control of the process. I would argue that not only do most IT professionals not understand the game, but they have neither a strategy nor set of tactics to maximize the value received by the company. The body of this paper will provide insight into the world of professional sales and provide you context so you can understand what the sales person knows and what he or she is orchestrating during the sales cycle.

Over 2500 years ago in China a great warrior named Sun Tzu wrote a 13 chapter book that begins, "The art of war is of vital importance to the state. It is a matter of life or death, a road to either safety or ruin. Hence under no circumstances can it be neglected." In this case, the war is a metaphor for dealing with sales professionals and the battles we engage in every day to maximize value for our organization. Bad decisions can be career limiting because the stakes are often high. If you already know how sales people think, what they learn and how they prosecute a sale, you can stop reading now; however, if you want insight into their techniques, read on. Make no mistake, the good sales people, at the best companies, are professionals in the truest sense of the word. They dedicate themselves to improving their craft. Their income, standard of living, education of their children and retirement depend on them mastering both the art and the science of sales. Their base salaries are hardly enough to live on, they are overworked and eighty percent of what they do on a daily basis is a total waste of time. People tell them "no" everyday and rejection is their friend. It is survival of the fittest. If they don't win, they don't get paid. Are these warriors born with these skills? What drives them? Where do they learn what they know? Let's find out.

As I hearken back to my college days I don't remember any classes on sales. I remember marketing, accounting, finance, economics, organizational behavior, yes, but no classes on salesmanship. A few years later in graduate school, I remember the same thing. I studied marketing and management information sciences (MIS), but never learned the principles of selling. And yet, are we not all engaged in the art of sales every day? We "sell" our position on a new product release or key project. We sold ourselves when we got our first job when we had nothing to offer. We "sell" our bosses that we are worth a raise or a promotion. We "sell" our children on the benefits of staying off drugs, working hard in school and going to college. We sell every day to everyone. We use professional words like persuade, argue, debate, influence, cajole, but in the end it's all sales. Don't be fooled, there are more books written on salesmanship than almost any other topic you can find. Some of the best minds in America are working for organizations trying to sell IT products and services to your company. The stakes are high with IT expenditures running roughly 50% of corporate capital expenditures each year. Not only are the purchases of these technologies expensive, but the outcome is usually mission critical. Many IT professionals engaged in the procurement of these technologies are not equipped to manage these professionals and have not become students of their adversaries. That needs to change.

In Volume I, we will explore some of the leading books on selling, and see what tactics and skills they are teaching. Then we will discuss how these organizations train, monitor and enforce selling techniques with their sales forces. In Volume II – "[Negotiating to Win](#)," we will look at what strategies you can use through understanding the professional sales person for an advantage

and a true win/win relationship. We will level the playing field so you can see what's coming, understand why they are doing what they are doing, and use those tactics to your advantage.

Sun Tzu goes on to say “If you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not your enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle...”

Selling Strategies

Selling is the largest profession in America. Solution Selling®, SPIN Selling™, Strategic Selling™ by authors Michael Bosworth, Neal Rackham and Robert Miller and Stephen Heiman are a few of the hundreds of books in print that sales individuals read and study to perfect their craft. These books focus primarily on the large sale to the big company where it is difficult to win and the competition is fierce. These three in particular have not only sold millions of copies, but have created entire industries of sales training to corporate America.

Probably the most famous are Miller and Heiman who have written and re-written their Strategic Selling™ book since it was originally printed in the early 1980s. Miller Heiman & Associates Inc's Strategic Selling™ programs have been taught at some of the world's best companies like Hewlett Packard, Coca Cola, General Electric, Kimberly Clark and Frito Lay. Strategic Selling™ is focused on the complex sale – the sale that requires several people to give their approval before the sale can happen. The book outlines a study by the National Association of Sales Executives showing that 80% of the new sales in this country are made by 10% of the sales representatives – and they close those sales after making five or more calls on the client. We have long known that one ingredient for successful sales people is persistence; however Strategic Selling was the first book to compile research revealing that the top sales people consistently worked at improving their methods to that lead to success. They found that the successful sales professional was always improving; always looking for reliable and repeatable methods and strategies, and tactics – in short – they were never satisfied.

The analogy of war seems fitting as we explore chapter two of Strategic Selling. The title is “Strategy and Tactics”. In describing why the sales person needs to consider these words the book states, “Both ‘strategy’ and ‘tactics’ are derived from ancient Greek. To the Greeks, *taktikos* meant ‘fit for arranging or maneuvering,’ and it referred to the art of moving forces in battle. *Strategos* was the word for “general.” Originally, therefore, strategy was the “art of the general,” or the art of setting up forces before the battle began. In military terms these definitions still apply; with them in mind, you can see why strategy must precede tactics in a military setting.” Miller and Heiman must have read The Art of War. They go on to say that the objective of a good sales strategy is to get yourself in the right place with the right people at the right time so you can tactically make the right presentation. Good sales people do their homework.

SunTzu talks about laying plans; “The general who wins a battle makes many calculations in his temple before the battle is fought. The general who loses a battle makes but few calculations beforehand. Thus do many calculations lead to victory, and few calculations to defeat; how much more no calculation at all! It is by attention to this point that I can foresee who is likely to win or lose.”

The book goes on to introduce a “Strategic Blueprint” that outlines Six Key Elements including:

- Buying Influences
- Red Flags/Leverage from Strength
- Response Modes
- Win-Results
- The Sales Funnel
- The Ideal Customer Profile

These professionals are learning how to get to the economic buyer, technical buyer and the infamous “coach” in order to influence the sale. They understand the “traps” set by the competition and are prepared to answer the questions, while they set some “traps” of their own. They learn the psychology of your response and are trained to respond accordingly. The true professional is interested in your success not only for this sale, but for additional sales and client references. Their companies teach them how to build a good sales funnel so they are not “dependant” on any particular sale in order to make their quota. The better reps negotiate from a position of strength and are not afraid to walk away from your deal, because they have other things in the pipeline. ***Even if their solution is the best solution for your organization, they will walk away if they can’t get what they think they need to win.*** They want to win on their terms. All of these tactics are designed to allow the sales person to understand your organization, your decision making process and ultimately, what it takes to win.

Sun Tzu would call a proficient sales individual, “the clever fighter”. “What ancients called a clever fighter is one who not only wins, but excels in winning with ease. But his victories bring him neither reputation for wisdom nor credit for courage. For inasmuch as they are gained over circumstances that have not come to light, the world at large knows nothing of them, and therefore he wins no reputation for wisdom; and inasmuch as the hostile states submits before there has been any bloodshed, he receives no credit for courage.”

The next big seller to come along was SPIN SellingTM by Neal Rackham. Whereas, Strategic Selling focused primarily on understanding the “lay of the land” and how to win, SPIN focused on creating value and understanding of the benefits your product or service will provide to the customer. It is more of a consultative model and the title of the book, SPIN, stands for Situation, Problem, Implication and Need Payoff. The interesting thing about this book is that it was based upon hard research by the Huthwaite Group that analyzed over 35,000 sales calls for a period of 12 years. They purport to have worked with top sales people at 20 of the best sales organizations in the world. Before releasing the book, they studied the sales people they trained for 7 years and found that their trainees showed an increase in sales volume of 17% more than the control group. Finally, more than 10,000 sales people in 23 countries allowed Huthwaite researchers to go on sales calls, travel with them and observe them as they went through the paces. The facts are irrefutable.

The book outlines four stages of a sales call: Preliminaries, Investigating, Demonstrating Capabilities and Obtaining Commitment. The meat of the book surrounds the investigating phase of the sales process that gives the book its title, SPIN. Situation questions focus on data gathering and background. “How long have you had your present equipment?” or “What are your company’s growth plans?” Problem questions focus on just that, the problems with which the company is struggling. They ask questions like “Is this operation difficult to perform?” or “Are you worried about the quality you get from your old systems?” The idea here is to uncover enough issues or problems that the salesman’s products and services can provide solutions. Implication questions are much more complex and sophisticated like “How will this problem affect your future profitability?” or “What effect does this rejection rate have on customer satisfaction?” Finally, Need Payoff answers the question for the prospect, “What’s in it for me?” The payoff is the reason for doing the project, and the sales professional is usually leading the effort. These are great questioning skills, and if developed can assist your organization in determining where the real issues are and how to fix them. Be mindful though, that the solutions will most likely slant towards the vendor’s solution.

Rackham also turned the sales world upside down when he said that closing the sale was NOT the most important step in the sales process. With countless books espousing various closing techniques like “the assumptive close,” “the alternative close,” or “the last-chance close,” Rackham suggests that good sales people focus on closing the next step. He is ruthless in call planning and understanding what you want to get out of every meeting, and then closing the next

step, not the deal. This tactic is exhibited every day by successful sales individuals, who, after properly investigating the account, move the sale along and establish a strong relationship with the buyer.

In the mid 1990's, the next best seller to come along was Solution Selling by Michael Bosworth. Bosworth appears to take the best of both books and defines a repeatable process that should be executed by every sales person. The book also places an emphasis on a sequence of events that is virtually repeatable in every sales cycle. The book outlines 10 strategies listed below:

- Strategy 1 – Recognize the three levels of buyer need
- Strategy 2 – Features, Advantages and Benefits
- Strategy 3 – Participate in the Buyer's Vision
- Strategy 4 – Solution Selling Tools
- Strategy 5 – Align with Buyer's Shifting Concerns
- Strategy 6 – Lead the Buyer and Stay Strategically Aligned
- Strategy 7 – Advance the Buyer's Vision with Value Justification
- Strategy 8 – Control the Process, Not the Buyer
- Strategy 9 – Draw the Line in Price Negotiation
- Strategy 10 – Implement the Solution Selling Process

Armed with these tools, the sales person is a dangerous adversary. He is leading you through a process that you may not recognize and he lives by the mantra of "he who sells the best process wins."

The sales process in Solution Selling defines the following milestones:

Qualified suspect
Interested in your company
Meets marketing criteria
Potential sponsor identified
Qualified sponsor
Pain admitted to by sponsor
Vision created for sponsor
Sponsor agreed to explore
Access to power negotiated
Agreed to above in writing
Qualified power sponsor
Access to power person
Pain admitted by power person
Vision created for power person
Sequence of events proposed
Sequence of events agreed on
Decision due
Evaluation plan completed
Pre-proposal review conducted
Ask for the business
Proposal issued, decision due
Pending sale
Verbal approval received
Contract negotiation in process
Win
Signed documents

Sun Tzu would say “The good fighters of old first put themselves beyond the possibility of defeat, and then waited for an opportunity of defeating the enemy.”

Sales People, Training and Management

Every year corporations spend millions of dollars training, paying and managing their sales forces. The sales person’s goal is singular, win the deal, make the quota, reap the reward, and get the recognition of their peers. In many companies, Monday morning is a time when sales people have to defend their “pipeline” with challenges from management wanting to know when the next deal will close. I call it “twenty questions time.”

There are certain behaviors that make up the environment of the sales ecosystem. In order to understand the sales professional, you must understand the tools used to manage the sales engine.

Pipeline – the sales pipeline for the sales individual and for the vendor as a whole is the life blood of the company. The pipeline has many sales cycles in various stages that eventually turn into revenue. Companies use these stages to estimate their revenue backlog and, if they are public, to make their earnings estimates.

Funnel – the sales funnel feeds the pipeline, and the numbers are predictable. For example, if the firm wants \$2 million in revenue in closed business, they must have \$8 million at the top in suspects and prospects.

Territory – the group of target companies to which an individual sales person can sell. As mentioned above, companies are moving from a geographic territory model to a vertical industry model. The goal is for the company to bring more domain expertise to their prospects and dominate markets. Much of this focus has been brought about by the writings of Geoffrey Moore in his books Crossing the Chasm and Inside the Tornado. The theory being that software companies need to dominate niche markets in order to make exponential returns.

Quota – Every year sales individuals are assigned a quota. These can be anywhere from \$1 million in annual sales to multiple millions depending upon the price point of the products. Everything is measured in quota. You can get a feeling for how well a sales person is doing by how well he has achieved his objectives. Trying to understand his year end, quarter end and how he or she has done in the preceding years, will give you an edge in negotiation. It is also very important to understand how he is compensated between software, maintenance and services revenue.

Accelerators- Companies have continued to look for incentives for their sales individuals and teams. Accelerators usually kick in when the sales person has met his or her quota. This is important because if the sales person has moved into a higher percentage of commission, he can make the same or more money with a small sales contract. Some companies use these accelerators on a yearly basis, and some use them quarterly. Understanding these incentives is critical in understanding where there is room to move in negotiation.

Club – The annual club trip is a strong incentive. While many of these individuals can purchase a great trip for their family, the notion that they might not be “included” is a major challenge. It is human nature to want to be part of the group. The club trip is the annual recognition for the sales team that the individual is a “player.” Recognition for a job well done is often more important than the revenue received from commissions for the sales individual. A sales person who has achieved this goal should have a power base inside of his own company that you can leverage and develop during the sales cycle.

Understanding the tools of the vendor and where the individual and company is in the achievement of its goals can be a powerful tool. It is not always easy to find this information, but the understanding will provide significant benefits.

Buying Strategies and Tactics

We can heed the words of Sun Tzu in his challenge to all of us in the software procurement world that we should be prepared, hone our skills and execute our own procurement strategy.

“He will win who knows when to fight and when not to fight. He will win who knows how to handle both superior and inferior forces. He will win whose army is animated by the same spirit throughout all its ranks. He will win who, prepared himself, waits to take the enemy un-prepared. He will win who has the military capacity and is not interfered with by the sovereign.”

In the movie Patton, there is a battle scene between General George Patton and the great Nazi tank commander, General Erwin Rommel. In the battle, Patton is overwhelmingly successful because he deploys a great strategy and wonderful tactics for defeating who many would call, the greatest tank commander ever. Known as the “desert fox” in WWII, General Rommel had been promoted in the years leading up to the war, and was teaching at the Nazi War Academy between 1935 and 1938. Around 1938, he wrote a book about tank warfare, and it was that book that Patton had been studying when he knew they would meet on the battlefield. In a classic line towards the end of the battle, when it is clear that Patton has won, General Patton yells out “I read your book, you son of a bitch!” The power of information about your adversary is clear in a wartime scenario, but it is equally important in giving your company the best chance for negotiating a lasting and beneficial partnership, not just a superior price.

The minimum in preparation is doing as Patton did; read the three books noted above. There is not a sales force in America that is not using some version or a combination of all sales strategies in the deployment of their sales forces. Oddly enough, one framework that gives us understanding into individuals comes from Neil Rackham and John DeVincentis in a book published in 1998 called Rethinking the Sales Force. The thesis of the book is that traditional sales is fundamentally changing from communicating value to creating value and that sales individuals must change with it. Buyers are increasingly more sophisticated and many of them use some of the techniques written in the paper. Companies are segmenting their selling strategies by vertical markets rather than the time honored geographical territory model. The very nature of selling has changed in companies across America. One example is Microsoft which until a few years ago sold bulk software to corporate accounts in a typical business to business model. Today, they are mobilizing a network of independent value added resellers (VARs) as they continue to push in to the enterprise software market. They have acquired Enterprise Resource Planning (ERP) software companies along the value chain, collaboration software and content management, and they are redefining the middle market for enterprise solutions. Interestingly, Microsoft has chosen Solution SellingTM as their sales methodology and has not only *institutionalized* it across their own company, but they are training their VARs as well. Today in the halls of Microsoft and their partners you hear conversations about “vision creation” and “access to power,” while every outside sales representative is required to enter a sequence of events letter on every enterprise transaction. If the largest software company in the world is transitioning from taking orders to selling solutions and creating value, you’d better be paying attention.

The book outlines three types of customers or buyers: the intrinsic value customer, the extrinsic value customer and the strategic value customer. Each one will be discussed in turn.

The **intrinsic value** customer finds value in the product only, and they are focused on price. The product or service is usually viewed as a commodity, and they want to limit the time they spend with any sales person. For the buyer, you just want the lowest possible price and don’t want to

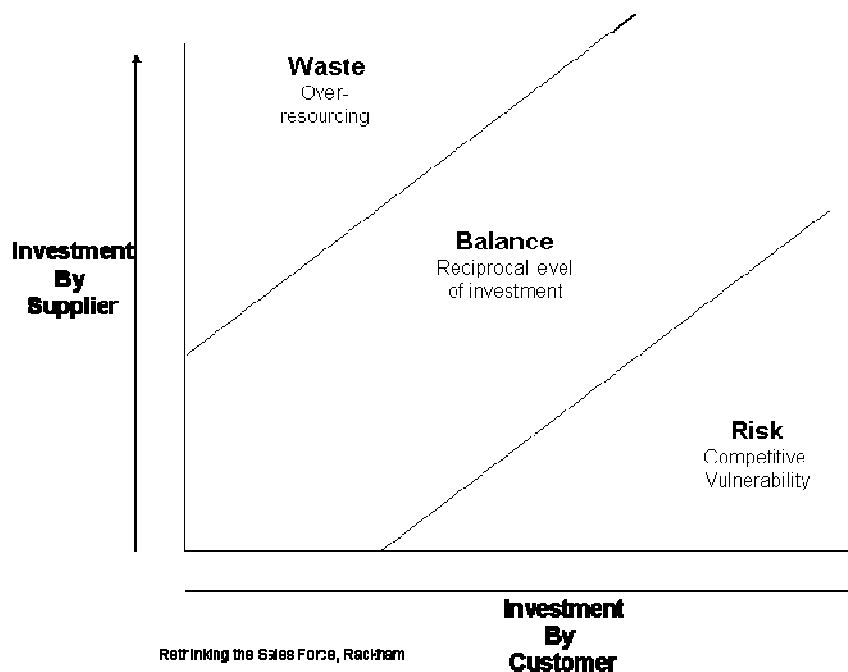
invest a lot of time with the vendor. This doesn't mean that those sales people won't try to get to the economic buyer or create a vision for you, but let's face it, if we are buying desktop computers, it's about price.

The **extrinsic value** customer is focused largely on the benefits gained from using the product. Because there is a lot to learn, they place a value on the value brought by the sales person. The relationship goes beyond the transaction. This is the most dangerous type of sale since, the seller knows far more about the domain than you do, and they are probably well schooled in SPIN or Solution Selling.

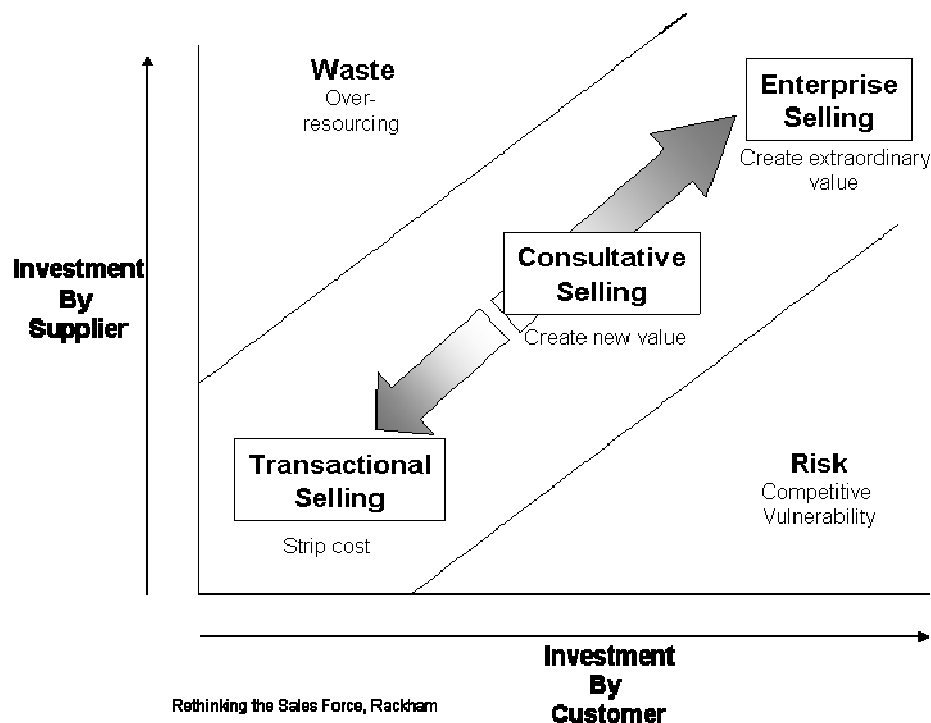
The last type of customer is the **strategic value** customer who demands an extraordinary level of value creation. These customers want more than the supplier's product or service; they want to leverage the supplier's core competency. They are prepared to make radical changes to the organization, and they want the best from their relationship with their supplier. This is typically a relationship between two large companies where teams of individuals are working on both sides to create a lasting partnership. An example would be Accenture doing an outsourcing engagement for TXU. Nevertheless, there are still techniques you can use to control the process and improve your position.

The first thing you have to reconcile is what type of customer or buyer you are, and determine what kind of process you will allow in your organization. Typically, the more important the product or service is to the organization, the more complex the sale and the better the sales person. This is also the area for the greatest opportunity for savings and partnership.

The graph below, taken from Rackhams' book provides a guideline for how much time you need to invest with each supplier. You would invest varying amounts of time depending on the type of product or service you are procuring.



The interesting area to look at is how the selling methodologies change depending on the type of customer or strategic value of the solution. In the diagram below, Rackham takes the various selling styles and overlays the time investment slide. While this seems obvious, the farther up and to the right you go on the graph, the sale becomes more complex, there are more people involved, and there is a greater opportunity for influence from the sales professional.

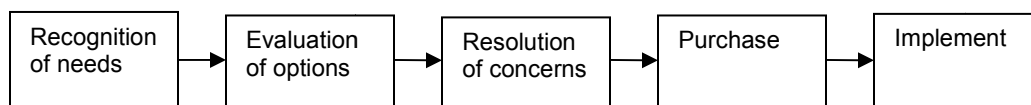


The strategies and tactics to counter transactional selling are basic compared to consultative or enterprise selling. Most of the concepts we use are around solutions that require either consultative or enterprise selling. One mistake that we often make is that we treat consultative selling vendors like we do the transactional selling vendors. This is a huge error since the vendors selling solutions in the upper right of the graph are just as important after the sale as they are in developing the solution.

The Buying Process

By way of example, let's look at an acquisition of commercial software that is very important to your company. You are looking at leading candidates and there are multiple offerings. We will assume that you are an extrinsic buyer and that the sales individuals with whom you will be working are capable and leverage a very consultative model. Furthermore, they are schooled in Solution Selling, in a mature type of technology where there are several good alternatives.

First, consider an example of a typical buying process. For continuity, we will illustrate from an example from Rackham's book.





It seems simple enough on the surface, but when you refer back to the Solution Selling steps above, the sales individual has a lot more steps than you do. In many IT shops they will gather business and technical requirements, issue an RFP, schedule demos and get going without taking the time to properly plan the process. In most cases, a request for information (RFI) is adequate rather than a request for proposal (RFP).

As you can see, the techniques and processes that are taught to today's sales professionals are very sophisticated. They are not "winging it." Understanding how they think, how they are compensated and why your particular deal is important to them, are all important to understanding how to maximize the value you receive. The best sales people will be your partners in the truest sense. Most, however, are trying to complete a transaction, so you must consider the motivation behind the information.

The End Game

What you are working for is a software product designed for your industry, used by others you know at the best possible price and implemented in a timely fashion. Oh, and you want it to work as advertised. Sound easy? You also want access to the vendor company executives, and you want to be a showcase customer, invited to speak at various shows for the vendor. While the sales person may want the transaction, you want a deep relationship, and you don't get that after contracts are signed. In addition to a good software price and access to vendor executives, you want the products implemented by quality individuals at competitive rates, fixed bid preferably. While we're at it, how about better terms on maintenance and potentially free software and services down the road? Pariveda Solutions can show you how to deliver these benefits to your company when you select software or any other complex technology.

In Volume II in "Sales and the Art of War Series, Negotiating to Win;" we take the understanding created in this paper and couple it with a unique strategy for negotiating the best contract possible. Within the negotiation strategy are three dimensions that affect your ability to negotiate for success. Read the next volume to understand how sales process, market maturity and individual skill affect the outcome of any software selection.

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About Pariveda Solutions, Inc.

Pariveda Solutions (Pär-ē-vā-da) works with organizations to improve their profitability through the deployment of process and technology. Pariveda delivers solutions in the areas of IT Strategy, IT Executive Advisory services, Program and Project Management, Application Development, System Integration, CRM and Business Intelligence. Pariveda's goal is to establish relationships with clients on a local level, offer and deliver high value solutions.

Pariveda Solutions was ranked the 16th fastest growing company in the Dallas Business Journal's 2007 edition of the Dallas One Hundred, comprised of the 100 fastest-growing private companies in the DFW Metroplex. Pariveda Solutions was also recently named to the Dallas Business Journal's "Best Places to Work" for 2008 as well as one of Consulting Magazine's 7 "Small Jewels" for 2008. Launched and headquartered in Dallas, Texas, Pariveda Solutions has grown to over 150 employees since 2003. The company has additional offices located in Chicago, Denver, Detroit, Houston and Seattle.