



What Really Matters in B2B Selling

Customer Expectations of Their Vendors' Salespeople

Short Form

infoteam
THE SALES PROCESS ARCHITECTS

F.A.Z.-INSTITUT

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Foreword

A key success factor in the resource-intensive world of business-to-business selling is the ability of an organisation to execute an effective sales process. Excellent organisations go further, continuously reviewing their sales process to identify deficits, and eliminate them.

But, even good salespeople – the term used in this report for anyone responsible for the acquisition and development of customers – have trouble identifying areas for improvement in their own sales process. The normal metrics used to measure sales performance (revenue, number of wins and losses) help to keep score, but do little to improve the understanding of how or why the results were achieved. Thus, more than just metrics are needed to improve performance – insight into the sales process itself is required.

To better understand what really matters in B2B selling, Infoteam (an international consulting and training company specialised in sales process optimisation) surveyed sales leaders in 120 vendor companies across a wide range of industries. They were asked why they win or lose sales, and what they think their customers expect from their salespeople. At the end of the interview, each vendor was asked to suggest the names of 3-5 customers from recent wins or losses who would be willing to provide their point-of-view.

To conduct the customer interviews and publish the conclusions, Infoteam worked with the F.A.Z.-Institute, the research division of the Frankfurt Allgemeine Zeitung, one of Germany's most respected daily newspapers. The F.A.Z.-Institute interviewed nearly 200 European business executives in Austria, Denmark, Germany, Hungary, Italy, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Sweden, Switzerland and the U.K. Customer executives were asked questions on the same topics covered in the vendor interviews. Customer responses either validated or refuted what their vendors thought was important.

This study is unique in what it offers both vendor and customer organisations – an insight into what goes on in each others' minds during a sales cycle. It gives vendors an opportunity to understand what customers really expect, and identify potential areas for improvement in their own sales process. Customers have the opportunity to benchmark their own purchasing process, as well as understand vendor behaviour.

Thank you for taking the time to read this report. As you will see, the comparison of vendor and customer responses reveals surprising results and a number of significant discrepancies. We hope you find the contents thought-provoking as well as a source of personal and professional improvement for you and your organisation.

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F.A.Z.-Institute*

Executive Summary

- Salespeople need subject matter knowledge and industry expertise
- Customer specificity drives the sales process
- Delivery of value generates follow-on business
- Improvement comes through analysing failures

The Sales Professional – An expert in the customer’s business

Increased competition and saturated markets put greater responsibility on salespeople, making it even more important that they possess the capabilities, skills, and knowledge their customers expect. The customer organisations interviewed highlighted two critical areas in which they felt vendors’ salespeople fell short: knowledge of their own offering, and the understanding of the customer’s business, industry and specific needs. Clearly, vendors should place greater emphasis on these areas in recruiting and training salespeople.

First Contact – Customer needs open doors

One thing customers indicate very clearly is that the surest way for a salesperson to get a first meeting is to identify and focus on a real need. So, before making the first call, the salesperson must research probable customer needs as the basis for their approach strategy. Many customers also agree to a meeting as a way to keep up-to-date, providing a potential door-opener for vendors offering innovative new products or services.

First Meeting – Success through customer knowledge

First impressions count. Customers indicate very strongly that salespeople’s ability

to understand their specific requirements during a first meeting counts most. Many customers feel they are not understood, indicating that meeting preparation and execution should be more customer focused. Customers are most dissatisfied with this phase of the sales process – only 11% see room for improvement in the way vendors prepare for and conduct first meetings.

Written Proposals – Solution and price at a glance

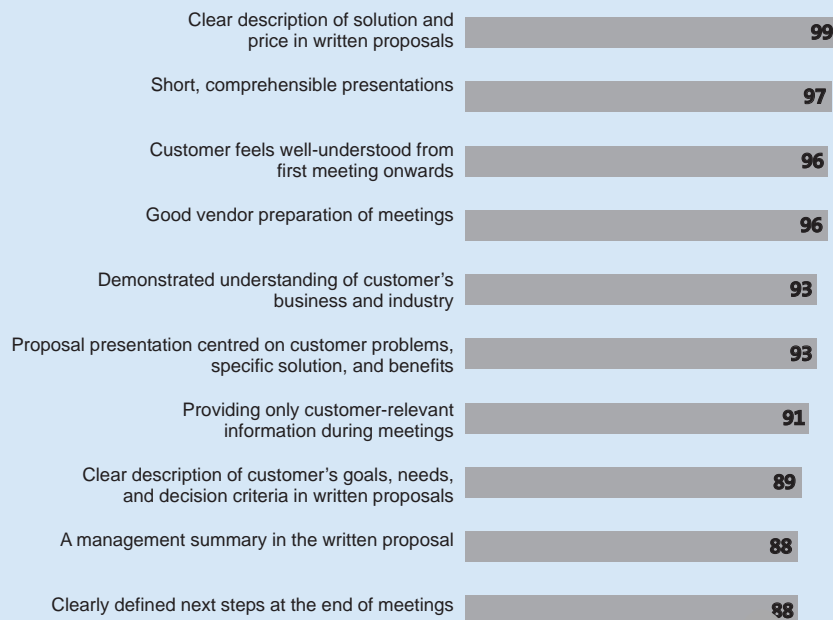
When evaluating proposals from multiple vendors, key decision makers have little time or patience to read long, boring documents looking for the information they need. Brevity and clarity on solution and price are critical. Furthermore, customers want a well-written management summary that helps project managers brief executives about potential suppliers and their bids. Once the basics are covered, the proposal’s customer specificity comes next in importance. Customers want confirmation that their needs have been understood and incorporated into the proposal. Only 15% of customers interviewed say they are completely satisfied with vendors’ written proposals, and see no room for improvement.

Proposal Presentation – Talk about the customer, not yourself

Presentations must focus on customer needs and how the vendor will address

Top 10 Customer Expectations

(Very important and important attributes of a vendor's sales process expressed as a percentage (%) of customers interviewed¹⁾)



¹⁾ Customers were allowed to provide multiple responses

Source: InfoTeam, F.A.Z.-Institute.

them. All too many salespeople waste time talking about their company and product portfolio – including elements not relevant to the customer. Many customers complain that vendor presentations are too long, and that they have difficulty deciphering the solution to their specific problem – evidence that vendor and customer often do not speak the same “language”. Overall, only 26% of customers interviewed are satisfied with vendor proposal presentations.

Contract Fulfilment – Foundation of future business

While the overwhelming majority of vendors surveyed say that their salespeople “feel responsible” for the successful execution of projects they sell, a much smaller proportion actively monitor whether the customer receives the benefits promised. Ensuring customers actually get what they buy requires a systematic and comprehensive hand-over of both customer and project information from sales to operations. Poor coordination between

a vendor's internal departments or a lack of understanding of the customer's goals and expectations in operations are both potential sources of customer dissatisfaction and endanger follow-on business.

Success and Failure – Learning from wins and losses

Progressive sales organisations learn from their successes and failures – using every customer “yes” and “no” to review and improve their sales process. But only 7% of vendors interviewed systematically analyse wins and losses – potentially missing precious learning opportunities. Many vendors are quick to blame losses on factors beyond their control, although most readily credit their own skills for wins. Most vendors appear not to know enough about their competitors, since the most frequent reason customers give for rejecting or changing vendors is the offer of a better solution.

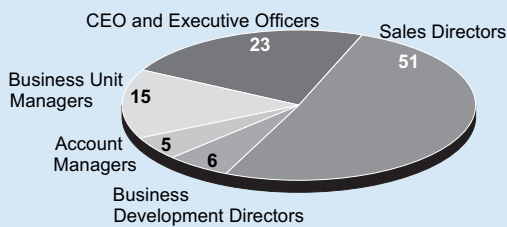
Structure and Methodology

The objective of this study is to analyse the success factors in the sales process from both the vendor's and customer's point-of-view. Two sets of interviews were conducted. First, Infoteam interviewed 120 vendors in Information Technology, Telecommunication, Manufacturing/Automation/Electronics, Management Consulting, and Other Services/Industries. Second, the Forsa Market Research Organisation (working on behalf of the F.A.Z.-Institute) interviewed 200 customers of these vendors using computer-aided telephone interview (CATI) technology.

A combination of choice-based and open questions were used in both vendor and customer interviews. For choice-based questions, the interviewee was given a number of possible answers. Depending on the question, the interviewee could answer with: Always, Frequently, Sometimes, Seldom, or Never. Alternatively, they could choose from: Very Important, Important, Less Important, or Unimportant. For open questions, interviewees were asked to provide a spontaneous answer about what they felt was most important in that area. Quite often, an open question followed a choice-based question to identify additional important points not covered by the choices provided. Due to the wide range of answers to open questions, the individual percentages tend to be lower for each category than with choice-based questions.

Vendor Interviewee Job Function

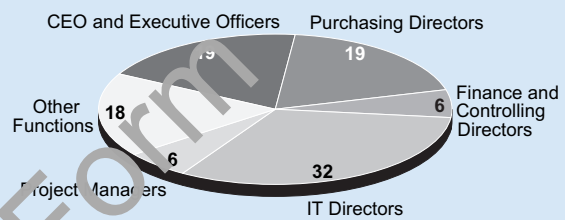
(As a percentage of vendors interviewed)



Source: Infoteam, F.A.Z.-Institute.

Customer Interviewee Job Function

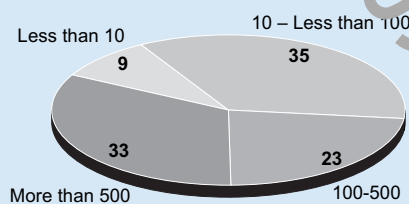
(As a percentage of customers interviewed)



Source: Infoteam, F.A.Z.-Institute.

Vendor Company Revenues

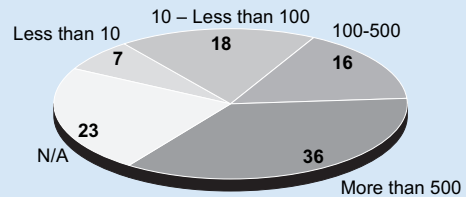
(In millions of euros in percentage of vendors interviewed)



Source: Infoteam, F.A.Z.-Institute.

Customer Company Revenues

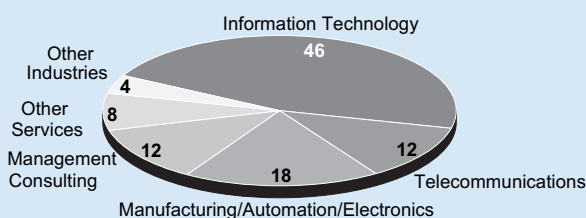
(In millions of euros in percentage of customers interviewed)



Source: Infoteam, F.A.Z.-Institute.

Vendor Industry Split

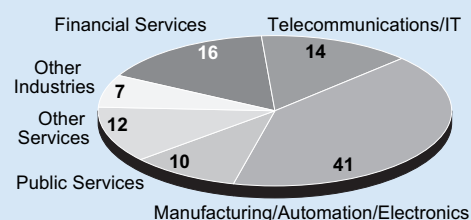
(As a percentage of vendors interviewed)



Source: Infoteam, F.A.Z.-Institute.

Customer Industry Split

(As a percentage of customers interviewed)



Source: Infoteam, F.A.Z.-Institute.

Short Form

1 The Sales Professional – An expert in the customer's business

Increased competition in saturated markets puts the spotlight on the sales force, whose role in the success of an organisation is now critical. Salespeople are the company's interface to its customers, are responsible for launching new products and services, as well as defending the company's market position and pricing with the right arguments.

Subject matter expertise tops the list of customers' expectations.

To succeed in their role, salespeople need a broad range of competencies. They must meet ever-growing customer expectations to maintain and increase sales volumes. But, what are the attributes of a successful salesperson from the customer's perspective, and how well are they reflected in vendors' recruitment and training practices?

At the beginning of each interview, customers were asked to spontaneously list the skills and competencies they expect from vendors' salespeople. Their responses show that little truth remains in the old saying, "A good sales person can sell anything".

Sixty-three percent (63%) of customers say that salespeople's subject matter expertise now tops their list of expectations. Salespeople must have excellent knowledge of their company's products, and be able to position them properly, while answering questions and providing accurate advice. A salesperson that depends too heavily on specialists does not create credibility, but one who provides seemingly competent, but false, information does even more to damage their reputation.

Vendors seem to underestimate the importance of subject matter expertise to customers, as only 17% believe it is expected of their salespeople. Furthermore, only 10% of vendors state that they

specifically look for subject matter expertise during recruitment – ranking it fourth, well behind social and communication skills, at the top of their list. The discrepancy with the number of customers that expect subject matter expertise explains why nearly 20% spontaneously say vendors need to improve in this area.

The greatest need for improvement is in salespeople's understanding of their customer's business, industry and specific needs. Thirty-nine percent (39%) of customers express dissatisfaction in this area. Once again, there is a wide gap between customers' and vendors' points-of-view. Forty-eight percent (48%) of customers spontaneously say they expect vendor representatives to have a deep knowledge of their business and industry, and expect them to use this expertise to identify and understand their needs.

Vendors do seem to recognise the importance of customer industry and market expertise, as it ranks 2nd in what they think customers expect from their salespeople. But, only 15% of vendors specifically look for industry knowledge when recruiting salespeople. The large number of customers who feel industry expertise needs to be improved indicates that this type of knowledge cannot just be learned "on-the-job", but must be part of the competence a salesperson brings to the job. A lack of basic knowledge about the customer's business and industry negatively impacts

Social skills top the list of recruitment criteria for vendors.

the chances of success in all phases of the sales process (see chapter 2).

There is a strong interdependence between the two areas mentioned above. Salespeople without sufficient expertise about their products cannot address customer needs without the support of specialists. But even those who have deep knowledge will have difficulty unless they can relate it to the customer's business and industry. Both skills are necessary to provide competent advice to customers.

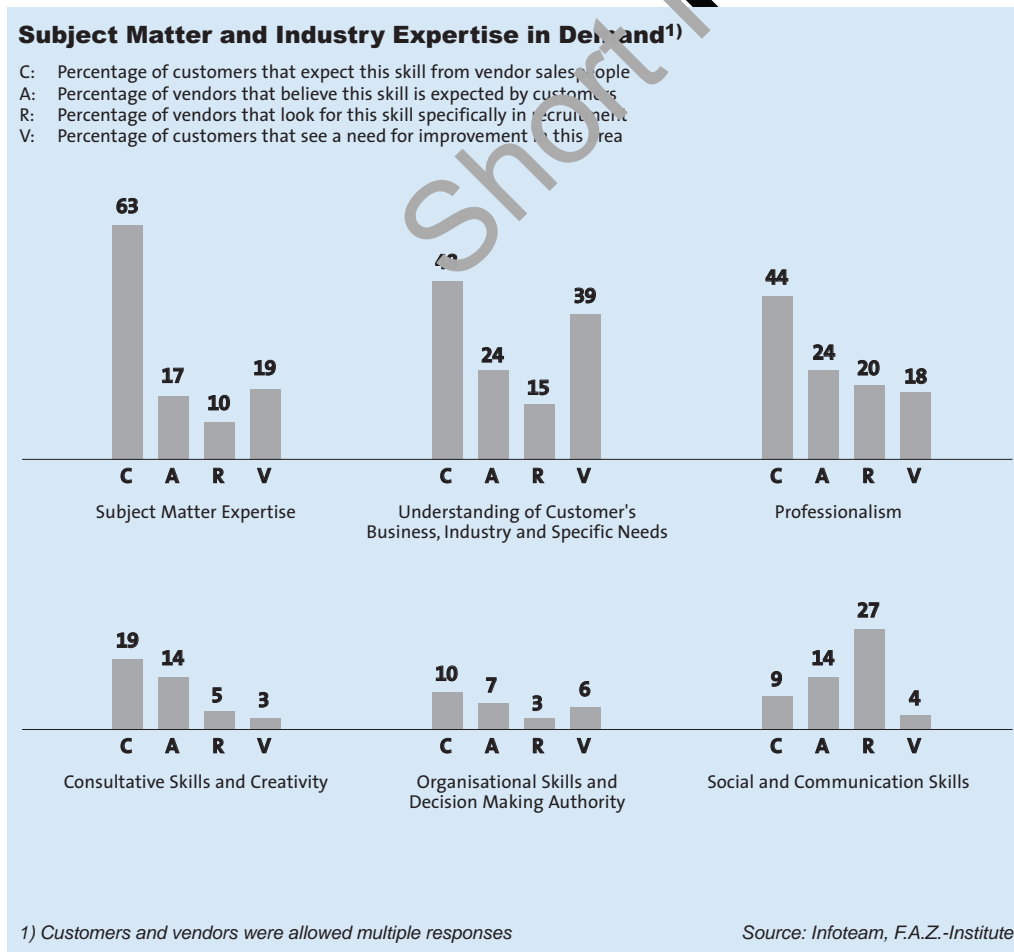
Nearly 20% of customers say that a salesperson's consultative skills and creativity are important to them. While vendors seem to recognise the importance of this to customers, they place very little emphasis on it during recruitment, ranking it just 6th overall. Customers expect new ideas, and want to be challenged by their

vendors' salespeople. Vendors should clearly place more emphasis on this in recruitment and people development.

Operational staff often view customer demands for creative solutions sceptically, preferring to work with standard offerings which are easier to implement and pose less risk. Vendors must decide how far they are willing to depart from standard solutions to win and keep customers. Salespeople, understandably, adapt their level of creativity to operate within the parameters defined.

Salespeople without sufficient expertise about their products cannot address customer needs without the support of specialists.

Furthermore, 10% of customers spontaneously say they expect salespeople to have good organisational skills and decision making authority. This underlies the expectation that salespeople can fulfil their promises, and have the necessary authority to mobilise resources as required.



Skills and Competencies of Salespeople

What Customers Expect

1. Subject matter expertise
2. Understanding of the customer's business, industry and specific needs
3. Professionalism
4. Consultative skills and creativity
5. Organisational skills and decision making authority
6. Social and communication skills

Vendor Recruitment Criteria

1. Social and communication skills
2. Professionalism
3. Understanding of the customer's business, industry and specific needs
4. Subject matter expertise
5. Personal network in the target market
6. Consultative skills and creativity

Source : Infoteam, F.A.Z.-Institute.

The low ranking (6th) of social and communication skills on the customer's wish list does not necessarily mean they are not important. Customers most likely take these skills for granted, and only make an issue of it when they are clearly missing. This explains why only 9% of customers mention this as being important.

However, the high ranking of these skills in vendor recruitment priorities could be

dangerous. Social and communication skills (27%) and professionalism (20%) have a strongly influence how a sales candidate comes across during an employment interview. Interviewers should look beyond a candidate's pleasant and professional demeanour to focus on the key issues from their customer's perspective – product knowledge and customer's business and industry expertise.

Recruiting the Right People

Companies that hire unsuitable people should not be surprised if their sales process does not work. But how can one evaluate skills such as subject matter, industry expertise and consultative skills if they are not listed on a curriculum vitae?

One way to evaluate whether customers will be satisfied with a salesperson's skills is to ask for references among their former customers. This is much more effective than certificates of employment or references from former employers.

Vendors should adapt recruitment and training practices to incorporate the issues most important to their customers. This requires HR departments and line management to fundamentally re-think sales recruitment policies and people development practices.

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