

FINDING TRUE NORTH

Defining an Organization's
Go-To-Market CRM Strategy

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INTRODUCTION

One of the cherished maxims of business writing is to take a shot at the thinking that has gone before you. In keeping with that grand tradition, we'll begin by asserting that *there is no single source of sustainable competitive advantage except terrific day-in and day-out execution across every dimension that influences how a company goes to market*. Why? Everything else can be quickly copied or bested by someone else, somewhere else in our increasingly global, converged, redefined, Web-enabled, high-bandwidth world. Execution, the easiest thing to talk about, is the hardest to get done. If you can implement strategy flawlessly, or nearly so, that alone will set you apart.

The Go-To-Market CRM Strategy defines *true north* for making critical investment and implementation decisions across the following five components of the Go-To-Market CRM Strategy (see figure 1):

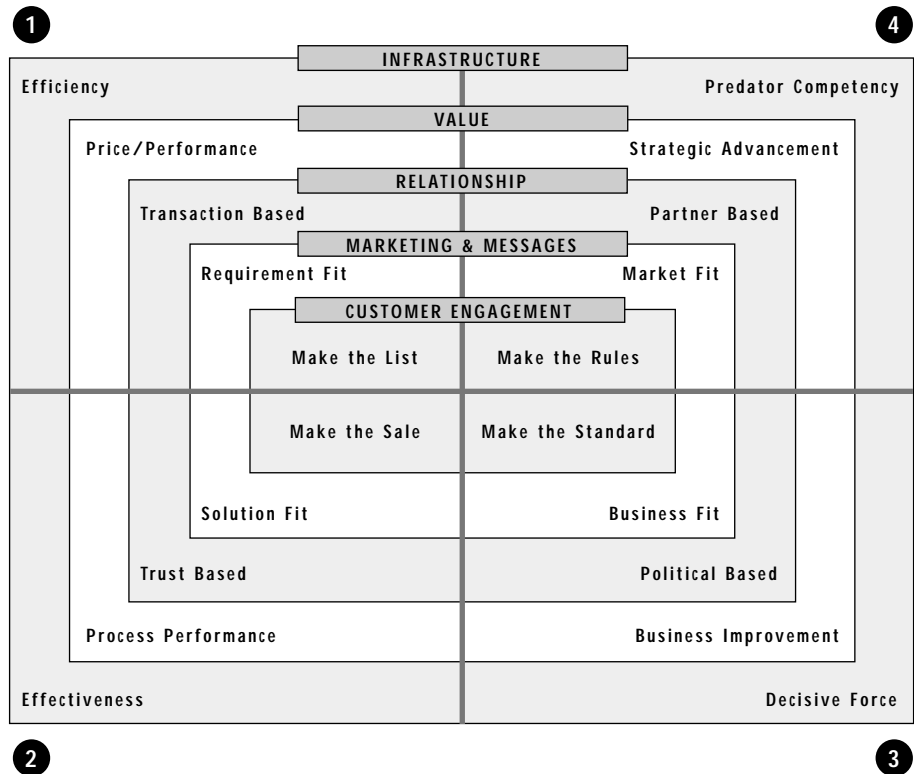
- **Customer Engagement:** everything that goes into moving the customer from first sales contact to first close.
- **Marketing and Messages:** providing qualified leads; developing and deploying messages that precondition and market; and delivering competitive insights, messages, and strategies that support the sales team.
- **Relationship Enhancement:** customer-centered activities that move the customer from first close through satisfactory use to reorder.
- **Value Exchange:** how your customer denominates the value of what you sell and the method by which you're compensated for that value.
- **Infrastructure Alignment:** human resources, information services, the documentation required to complete a sale, and the post-sale transition to product, service, or solution delivery (what we call fulfillment).

This paper discusses the four possible levels of the Go-To-Market CRM Strategy and the implications of each for deploying and aligning organizational resources to achieve your objectives (see table 1 for a summary of the strategy for each Go-To-Market level):

Table 1.
The four levels of the Go-To-Market Sales Strategy.

Level 1 Transactions	Efficiently meeting the customer’s product or service requirements—based on price, performance, availability, and surety (lack of risk) criteria.
Level 2 Solution	Selling and delivering creative solutions to challenges and opportunities in the customer’s business process.
Level 3 Value/Innovation	Collaboration with the customer to identify, size, scope and execute new approaches to delivering measurable business value.
Level 4 Relationship/ Partnership	Identifying and pursuing new market-based opportunities that you attack jointly with one or more selected customers.

Figure 1.
Applying the five dimensions of the Go-To-Market Strategy across each level.



It is worth noting that each of these strategies describes a viable path to competitive sales advantage: *One is not inherently better than another*. What makes a particular strategic level better for you depends on the relationship between your market conditions, competitive frame, and how you are best configured to play. Like all strategies, winning with the one you choose requires commitment, alignment and execution—everyone has to know what to do and do it well—to deliver superior sales and customer relations.

RevenueLab created this white paper to help you better understand the competitive advantage that organizations can attain by identifying an appropriate Go-To-Market CRM Strategy, then aligning all supporting processes and functions to the appropriate strategy. The following section explores each of the four levels of the Go-To-Market CRM Strategy in detail.

LEVEL 1: TRANSACTIONS

A transaction is the simplest form of commerce: “I want it, you have it; I buy it, you sell it.” Thus, we start with the transaction as our basis when creating a Level 1 Go-To-Market CRM Strategy. A Level 1 strategy trades on the perceived price and performance value of each interaction. These transactions can be for small or large sums. The customer may buy once or repeat the same or similar purchases according to terms established in a contract. In all cases, the seller wants to sell and deliver the offer as efficiently as possible. In turn, the buyer focuses on requirements, specifications and procuring the desired level of performance and value, with as little investment in time, money and effort as possible.

Here’s a simple summary of a Level 1 Go-To-Market CRM Strategy.

- The driving principle is efficiency: how you sell and what you sell.
- The customer buys based on *requirements*: what something is and does (features and benefits). The customer is often, but not necessarily, the end user.
- The critical seller competency is feature and benefit selling. The sales force needs strong product knowledge, or proficiency with the information resources that contain that knowledge.
- The sales process should create efficient contact with the customer.
- Marketing messages should create a preference for requirements that advantage your offer and disadvantage competitors’.
- The price, performance, availability, and surety of your offer drive the value exchange.
- Relationship enhancement activities should be data driven. In most cases, they should be performed through your service channel, warranty and renewal channel, a low-cost outbound channel (like a telesales group), or via direct response or permission-based marketing.
- The critical support capability is efficiency: smoothing the way for quick and efficient selling, fulfillment, order entry, delivery, and so forth.
- The most useful sales metrics are usually unit volume and the most predictive are call-to-close, upsell, and cross-sell ratios.

LEVEL 2: SOLUTION

“*What do you want it to do? How many do you need? Ours is the best there is.*” This is the language of transactions and Level 1.

“*What are you trying to do? What results are you looking for? Are you interested in another way to do this? What problem are you trying to solve? The product is only part of the story; the real issue is total cost of ownership. There is a better way of doing this.*” This is the language of solutions, the language of Level 2, and given all that has been written and trained on this topic, the style of selling with which most business-to-business sellers should be familiar.

An effective Level 2 strategy solves problems or installs creative and previously unseen ways to improve processes (with your product or service as the centerpiece) or deliver some combination of the two. It’s a game of *how to do something better*, not *what your offer does*. As in Level 1, the customer may buy only once or purchase the same or similar solutions over and over again, according to the terms of a contract. The seller focuses on solving problems and increasing the size, value and profit of the sale. The point of attack, if that terminology can be used, centers on *process*: how the customer does what they do. In turn, the buyer wants to find a better way to eliminate direct and indirect costs or improve the total performance of the process or system, or all three.

Here’s a simple summary of a Level 2 Go-To-Market CRM Strategy:

- The driving principle is effectiveness: how you sell, as well as what you sell.
- The Level 2 customer buys to enhance performance or improve the results of a business process. The customer at this level usually characterizes what many call a *process owner*. In a traditional organization, this individual would likely head a department.
- The sales process should be designed to make the sale *and* make the sale more profitable. The Level 2 sales process requires multiple steps (perhaps three to six contact points). Once you identify a qualified opportunity, you don’t stop until you win or lose (or determine that you can’t win). While Level 1 emphasizes efficiency, the process at Level 2 should optimize effectiveness: fewer deals, but with higher margins, as well as a higher win rate.
- Sellers need to understand customer business processes and how their product or service helps solve problems or improve performance.
- The marketing messages should create preference for a superior level of total system performance. Your communications should also create a preference for needs that advantage your solutions and disadvantage those of your competitors.
- The surety (lack of risk) of the solution and how much performance improvement it delivers determines pricing power.
- Mechanisms like customer satisfaction surveys, customer case studies, user groups and early adopter groups should be used to build customer loyalty and create new opportunities to enhance relationships.

- Infrastructure must be aligned to support effective needs identification, problem solving, and configuration of packaged offers that produce a competitively differentiated result.
- Useful leading indicators are percentage of wins, sales or account profit, customer retention and contract fulfillment (they bought it; did they use it?).

LEVEL 3: INNOVATION AND BUSINESS VALUE

Superiority of force at the decisive point is the most important factor in determining the outcome of any contest. The amount of force you use must be sufficiently large to overwhelm any reasonable contingency.¹

The Go-To-Market game changes considerably at Level 3. Level 1 focuses on customer requirements, Level 2 on customer processes. The core of an effective Level 3 strategy emphasizes collaboration with the customer to identify, scope and execute new solutions and approaches to deliver the results the customer has promised investors and its own customers (including a relationship with your company as a critical component). It is a game of *decisive force*: marshalling and deploying superior resources and assets to deliver superior business value.

This is a team sale. The critical strategic capability is bringing superior thought leadership and resources to bear at the decisive point(s) to leverage a gap you've identified in the customer's strategy or execution, or both. Your team will concentrate on increasing *business value*: how the customer denominates the value of what it is and does (ROI, EVA, ROE, EPS and other metrics). In turn, the customer will focus on delivering superior results to its customers and investors.

Here's a simple summary of a Level 3 Go-To-Market CRM Strategy:

- The driving principle is creating business value.
- You're selling business improvement solutions to business unit leaders charged with delivering the profit and loss results that measure success.
- The sales process should be designed to *sell a new standard in your customer space*. Once you identify a qualified account, you don't stop until you have established a solid working relationship. This means you never stop unless and until the customer either terminates your relationship or you determine that it is no longer possible or desirable to work with this customer.
- This is a team sale, so the critical strategic capability is bringing superior thought leadership and resources at the decisive point(s).
- Selling to senior management is an inherently political game. There will inevitably be winners and losers. Ultimately, you'll have to pick sides.
- The marketing messages should be designed to create visibility and preference for your point of view on, and capability for, creating business value.

¹Carl von Clausewitz, Clausewitz on War (Great Britain: Penguin Classics: 1968)

- The value exchange should be driven by the business value of your strategy and the excellence of your execution.
- Securing strong relationships at the top calls for mechanisms like customer satisfaction surveys, customer case studies, balanced scorecard, annual account review, executive briefings and executive symposiums.
- Your infrastructure must be aligned to ensure delivery of decisive force in the form of resources, assets, thought leadership, executive presence and innovative solutions.
- The most important leading indicators relate to process (remember, there are comparatively fewer sales at this level). The most important relationship metrics describe execution (think balanced scorecard) and business value delivered.

LEVEL 4: MARKET CREATION AND PARTNERSHIP

Is there really something beyond helping your customers deliver business value: a Go-To-Market Sales Strategy beyond Level 3? There is if you shift your focus from offers, solutions and strategies to competencies. Level 4 is a game of *market creation*. It starts when you identify and size a new strategic opportunity based on a pairing of *predator core competencies*: My core competencies plus your core competencies equal explosion (exponential vs. linear growth). The Level 4 strategy unfolds as you and your customer/partner form a relationship based on shared investment of financial, human or intellectual capital to create a new market-based opportunity. It pays off when you bank your share of the realized gains from the newly generated source of wealth.

Your team's business development emphasizes on *strategic analysis* and business formation. Value is denominated by new sources of strategic advantage and revenue, which could be expressed in terms of market share, share of top companies, share of new markets, and so on. As was true in Level 3, a successful Level 4 strategy should also produce acceptable results across shared business metrics like ROI, EVA, ROE, EPS and other financial measures. Here's a simple summary of a Level 4 Go-To-Market CRM Strategy:

- The driving principle is creating a new market and new wealth through partnership.
- You sell by first capturing the imagination of senior executives with a big vision and sharpening their appetite to compete at a higher level.
- The sales process should gain acceptance for a new game, played with new competitive rules. Once you identify a strategy for combining a pair or more of predator core competencies (yours and your customer's), you don't stop until you have established a new business venture with a partner. Choose partners wisely because you don't want to shop your breakthrough strategy.
- The critical sales capabilities are what we might call mindset engineering: applying superior human and intellectual capital to the task of identifying and sizing an opportunity, identifying the predator core competencies required, conceiving a strategy and business model, and selling the whole vision to a partner.

- Marketing communications are generated exclusively in support of your strategy and approach to your intended partner. They should encourage both parties to think differently about the opportunities made possible by marrying two or more of their respective core competencies. There is no lead generation or preconditioning as these concepts are understood at Levels 1, 2 and 3.
- New wealth creation, based on achievement of shared strategic and business objectives, drives the value exchange.
- You're building a new venture that springs from a bold new way of doing things together, so you'll need strong leadership and team-building skills throughout your Level 4 pursuit and on your implementation teams.
- Your infrastructure must be aligned to deliver the full force of your predator core competency and support the creation of a partnership: not your way, not their way, but the new way.
- The most important leading indicators in Level 4 business development measure progress against plan-of-pursuit milestones. You need a solid plan of attack; you can't afford any missteps. Lagging indicators will be analyst kudos, market penetration and share, new competitive wins together, announcements by new competitors that they're entering your market, and finally, financial success.

FINDING TRUE NORTH FOR YOUR ORGANIZATION

Deciding your organization's Go-To-Market CRM Strategy is one of the most important accomplishments your organization can realize. If you're like most executives that work with RevenueLab, you already feel the epic shifts taking place in the New Economy and, in particular, everything we know—or *thought* we knew—about buying and selling.

Geoffrey Moore calls it the "Chasm." But, it's these very changes that inspired us to bring together all of the enabling disciplines in sales, marketing, human resources, training and technology to build RevenueLab—*the first organization to specialize in Go-To-Market and Revenue Acceleration programs*. RevenueLab clients quickly come to realize that the "Chasm" no longer presents an obstacle.

At RevenueLab, our methodology enables companies to understand how to acquire new revenue streams and leverage existing ones. We then work with you to design the optimal business development organization and sales process resulting in a *Revenue Acceleration Plan*[™]. RevenueLab works with your team to implement the plan to ensure maximum Revenue Acceleration.

RevenueLab's approach is "board room to mail room." We begin with the executive team deciding key strategic business development issues and work through to the selection, training and compensation of individual sellers across all channels.

If you'd like to talk to us about helping your organization find true north, give us a call or visit our Web site (<http://www.revenuelab.com>).

This is part of a series of white papers produced by Onyx Software. For more on the Onyx point of view, please be in touch with us via knowledge@onyx.com or visit us on the web at <http://www.onyx.com/thoughtleadership> or 1-888-Ask Onyx.

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