



# What Really Matters in B2B Selling

Customer Expectations of Vendor Salespeople

**infoteam**  
THE SALES PROCESS ARCHITECTS

**F.A.Z.-INSTITUT**

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# Preface

Our 2004 research project to find the success factors in B2B selling uncovered a number of deficiencies in the sales process, with one core underlying theme: Vendors failed to successfully communicate the value of their solution. Our recommendation was that vendors should focus much greater attention on improving this ability in order to consistently achieve success.

And today? What has changed – has the importance of value-focused selling increased or decreased? While it is still important for vendors to quantify and articulate the value of their solutions, our new research shows that today salespeople are faced with an additional challenge – the growing influence of purchasing departments on buying decisions, which has increased significantly in recent years.

In situations where the procurement process is driven by the purchasing department, vendor selection is highly structured, and characterised by formal requests for proposal. Procurement managers compare alternative solutions based on whether they meet the stated technical and commercial requirements, contract terms and conditions, etc. They frequently select the least expensive offer, and are less interested in the benefits of the solution than the user of the product or service. Thus, vendors who are unable or unwilling to offer the lowest price must decide how to structure their sales process to accommodate this new situation.

Our second study provides further insight into how customers think. The success factors in B2B selling are identified through customer and vendor interviews. Chapter 1 outlines the research methodology. Chapter 2 focuses on customer expectations of vendor salespeople during the various stages of a sales process. Chapter 3 examines the extent to which vendors fulfil these expectations today, and outlines the concrete areas for improvement suggested by customers. Chapter 4 provides critical insight on how the sales process is structured in vendor organisations, as well as how it can be improved. Chapter 5 summarises the key success factors of B2B selling, and presents them in the form of a pragmatic checklist for vendors.

Thank you for investing the time to read this report, we hope you find the contents thought-provoking, as well as a source of personal and professional improvement for you and your organisation.

*Infoteam Sales Process Consulting  
F.A.Z.-Institut*

# Executive Summary

## Customers tend to be loyal

There is good news for vendors who invest time and effort in maintaining and expanding customer relationships: The results of this latest research show that customers do not change vendors without good reason. More than 80 percent say they always or frequently award new contracts to their existing suppliers.

What makes them change? In short, price. More than 70 percent indicate that a lower price offered by a new vendor for similar products and services motivates them to change. This also serves as a warning, because even loyal customers say there is a high probability that they would choose a new vendor if their current supplier increases prices.

## Alternatives to low price

Vendors that are unable or unwilling to offer a low price must pursue another strategy to attract and retain customers. Their salespeople must develop relationships outside procurement, to position the superior quality and benefits of their solution – preferably before they participate in a structured procurement process. This underscores the importance of understanding and fulfilling customer expectations in each phase of the sales process.

## Expectations remain high

The research shows that customers continue to have strong preconceptions of what constitutes a good sales process. In the area of first contacts, telephone calls prove to be ineffective, unless of course, the caller has prepared well, and identified

a real, current need. The power of reference projects in a first call is overestimated; only 35 percent of customers say it motivates them to grant a new vendor a first meeting.

The success of that first meeting depends very much on the salesperson's ability to identify and understand customer needs, and develop an appropriate solution collaboratively. This requires extensive preparation, as well as a deep understanding of the customer's business and industry.

Purchasing managers place greater emphasis on short and concise meetings focused on delivering the information they want, reflecting the structured way in which they approach the acquisition of products and services. People from other customer departments value a convivial discussion environment more – nearly one-fifth say this is what makes a first vendor meeting “successful”.

## Written proposals and presentations

The quality of vendors' written proposals disappoints many customers. Ninety-eight percent say they expect a complete and comprehensible description of the solution and price – but 35 percent feel there is need for improvement in this area. Perhaps equally important in written proposals is the focus on the customer's specific needs. Customers expect tailor-made, value-focused content. The use of standard text modules, though highly efficient for vendor proposal preparation, is not appreciated by 56 percent of customers. Proposal presentations must be short, sharp, to the point, and focus on customer needs. They should present the solution,

potential benefits, and the implementation plan. What can be omitted is the long-winded company story that often prefaces these critical elements.

### Room for improvement ...

The interviews bring to light a number of improvement areas in both the skills and competencies of salespeople, as well as vendors' overall sales process. By addressing these areas, vendors can create competitive advantage through a more professional sales approach. Today, vendors do not capitalise on this opportunity, and perceive their differentiation efforts as being more effective than they are.

### ... in skills and competencies ...

Customers demand a high degree of subject matter expertise, professionalism, communication and consultative skills from vendor salespeople – and see significant room for improvement in all these areas. Particularly regarding professionalism, more than half say they are not satisfied with the situation today. Its importance is underestimated by vendors, witnessed by the fact that it is not on the list of top attributes used in recruitment. This customer dissatisfaction should motivate vendors to change their recruitment criteria.

### ... and in the sales process ...

In addition to salesperson skills and competencies, customers highlighted areas for improvement throughout the sales process. The Achilles heel is in the first contact, often done by phone, which requires resource-intensive preparation to be effective. Unfortunately, few make this effort, and the majority of first calls or persistent follow-ups turn customers off. A scant 4 percent actually appreciate persistent calling, while more than 70 percent say it is irritating. If calls don't work, what does? Particularly effective are personalised newsletters, not the mass-mailing variety, but those tailored to present only

those topics in which the recipient would be interested. Exhibitions, seminars, and other events are also effective, providing a number of options from which vendors can choose.

The key to success in first meetings is straightforward – focus on the customer, not yourself. Seems obvious, but it appears that salespeople's eagerness to present a "solution" often overtakes their willingness to listen. Fifty-four percent of customers interviewed demand better understanding of and focus on their needs in first meetings with vendors.

More than one-third of customers find vendor proposals and presentations incomprehensible. Vendors must find out in advance who will attend the presentation, and adapt their content and language accordingly. Another area in which proposals fall short of the mark is in providing customers with the information they need to inform others internally. One way to provide customer executives with the information they need is to include an attractive "one-page" summary in every proposal and presentation.

### Vendors' learning processes are still in their infancy

The analysis of vendor sales processes shows particular need for improvement in the development of best practices (by learning from wins and losses) and in resource allocation (by focusing on the right opportunities). The importance of learning from wins and losses is highlighted by the significant differences between why vendors think they lose sales, and what customers say. Focusing on the right opportunities not only optimises the use of resources, but also gives salespeople the time needed to maintain relationships with existing customers between sales cycles. By doing this, they can identify needs early, and generate more sales opportunities proactively, something that is not well-implemented today.

# 1 Research Methodology

To identify the success factors in B2B selling, it is not sufficient to ask vendors to describe their recipe for success, or the sales strategies employed. Selling is a communication process, which results from the interaction of the players: action, reaction and understanding between sender and receiver. To get a balanced view, we interviewed both vendors and their customers to understand their experiences and perceptions in B2B selling, and buying.

## Interview Structure

In the first step, a leading market research company, Kraemer, interviewed 181 international vendors organisations that actively engage in B2B selling. The telephone interviews were computer supported, using a questionnaire developed by Infoteam Sales Process Consulting AG. The questionnaire contained “closed” questions, which could be answered with a “yes” or “no”, or with an attribute, such as “always”, “frequently”, “rarely”, “never” or “very important”, “important”, “not important”. In addition, there were open questions to solicit opinions and suggestions.

In the second step, Kraemer interviewed 302 customers of these 181 vendors. The structure of the questionnaire was unchanged, but the questions were reformulated for the target group. The questioning methodology was also consistent with the vendor interviews to obtain directly comparable data. This approach helps identify areas of agreement and disagreement between vendors and customers on what is important in the sales process, and where there is room for improvement.

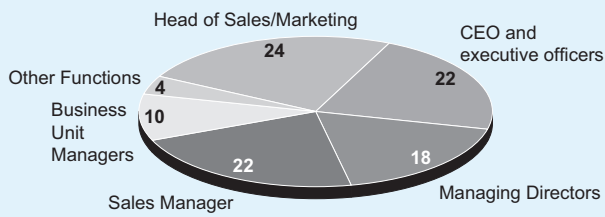
## Selection of Target Groups

In 2004, the vendors interviewed were primarily from IT, telecommunications and professional services. In the current study, we extended the scope to include companies from a number of industrial sectors such as manufacturing, machine builders, industrial electronics, chemical and pharmaceutical. The overall spread of industries from which vendor interviewees were drawn was significantly wider than in the previous study.

The vendors determined the selection of customer interviewees. They were asked to provide names of people responsible for decisions in recent sales processes. Significantly more often than in 2004, the heads of the purchasing departments were provided as the contact for the customer interview. 68 percent of customers interviewed in the latest study held this position, compared to just 19 percent in 2004. This reflects the influence of the industries from which vendors were drawn, as well as the significantly greater influence purchasing departments have today. To visualise the effect of this trend, we often separate purchasing managers’ answers from those in other positions.

### Vendor Interviewee Job Function

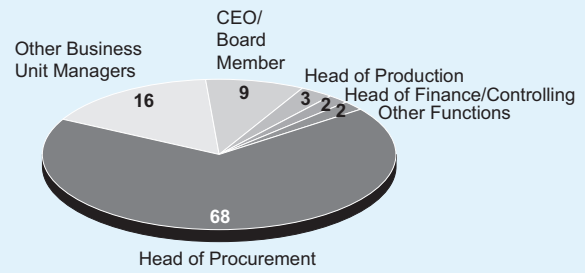
(as a percentage of vendors interviewed)



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

### Customer Interviewee Job Function

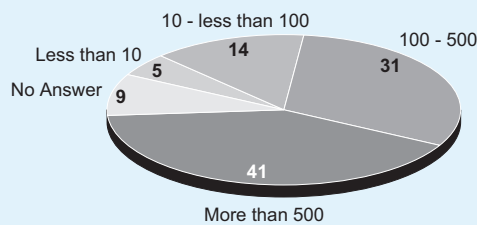
(as a percentage of customers interviewed)



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

### Vendor Company Revenues

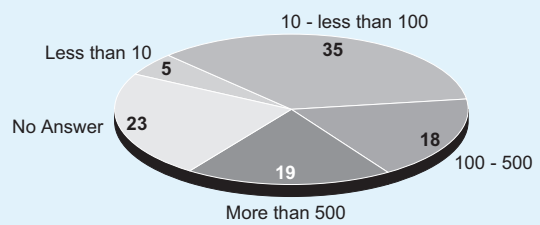
(in Millions of Euros, as a percentage of vendors interviewed)



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

### Customer Company Revenues

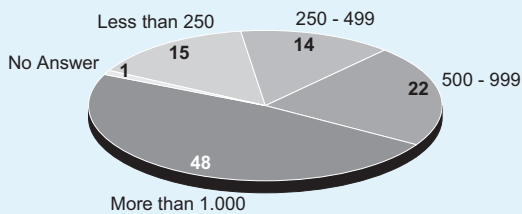
(in Millions of Euros, as a percentage of customers interviewed)



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

### Number of Employees in Vendor Companies

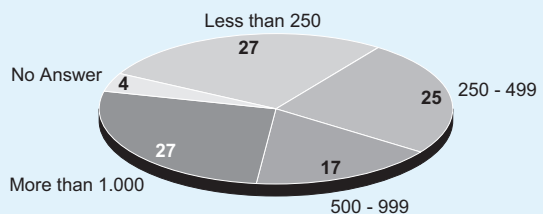
(as a percentage of vendors interviewed)



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

### Number of Employees in Customer Companies

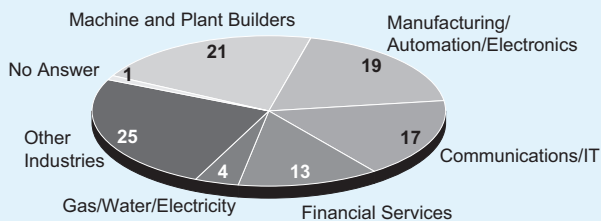
(as a percentage of customers interviewed)



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

### Vendor Industry Split

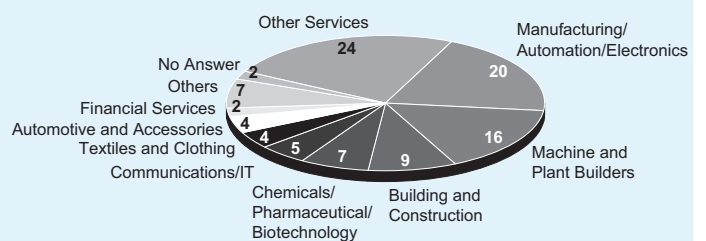
(as a percentage of vendors interviewed)



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

### Customer Industry Split

(as a percentage of customers interviewed)



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

## 2 What Customers Expect from Vendors

Customers tend to be loyal, not changing vendors without good reason. One reason they do change is when they are convinced that a new vendor has a better product or solution. But “better” is an opinion, not a fact. In this chapter, we examine customer expectations of vendor salespeople in each phase of the sales process, and what leads to one being perceived as better.

More than eight out of ten customers interviewed always or frequently award new contracts to their current suppliers. This makes winning new customers an extremely difficult task, requiring a high degree of professionalism from start to finish.

*Change of vendors is primarily driven by financial reasons.*

The strongest reason for changing vendor is a more attractive price. 71 percent of the customers interviewed said that the more attractive price offered by a new vendor is always or frequently the reason for change. Furthermore, 41 percent say that a price increase by an existing supplier motivates them to change. Many vendors underestimate the impact of price increases on customer retention.

However, not all vendors are able or willing to win new customers by simply lowering the price. This raises the question: Which factors, other than price, give new vendors a chance?

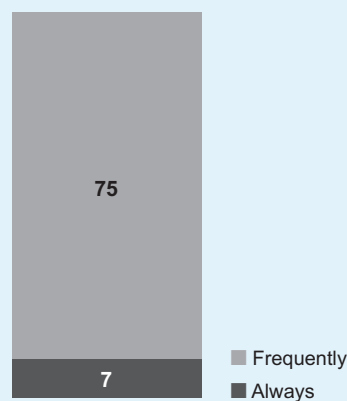
Our customer interviews show that the quality of product or service offers a promising alternative – 60 percent of the interviewees say they would change if convinced that a new vendor has a better solution. So, despite the importance of price, quality and innovation still play a significant role.

Both price and quality are important in approaching prospects as well as for retaining existing customers. Existing customers frequently compare their current solution to the market, to determine whether better options are available. One customer summed it up like this: “If our existing supplier is “asleep at the wheel” and misses an important innovation, we look for alternatives.” So, even vendors with a large customer base cannot afford to rest on their laurels.

The expectations of customers regarding salespeople’s skills and competencies are described on the following pages. Then we examine what customers expect in the individual phases of the sales process – from first contact to proposal and solution presentation, as well as the ongoing relationship after the deal is signed.

### Customer Loyalty is High

(Percentage of customers that always or frequently award new contracts to their existing suppliers)

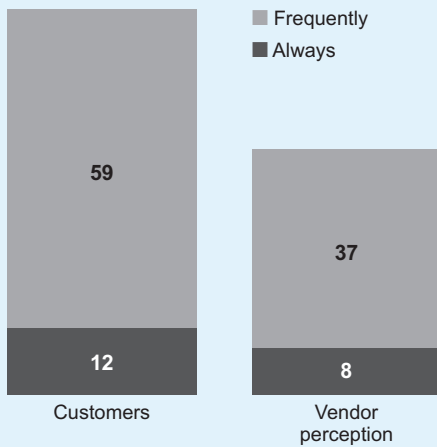


Source: Infoteam, F.A.Z.-Institut.

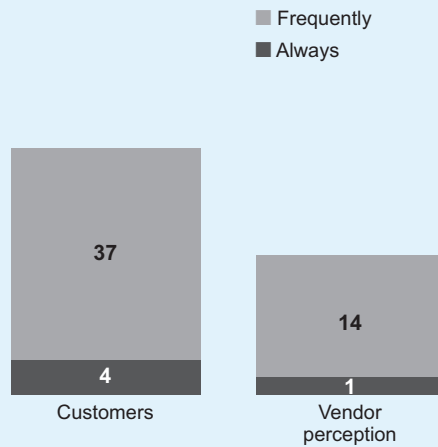
## Customers Are Price Sensitive

(Reasons for changing supplier, as a percentage of customers and vendors interviewed)

**New vendor had a more attractive price.**



**The current vendor increased prices.**



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

## 2.1 Expectations of Vendor Salespeople

The importance of salespeople's skills and competencies to customers cannot be overstated. The salesperson is key to the entire sales process, contacting new customers, understanding their needs, winning their trust, and convincing them about their solutions, as well as mobilising internal resources to meet customer needs. Their skills and competencies are a critical success factor.

Customer expectations are very high. More than three-quarters of the customers

interviewed expect a high level of subject matter expertise. "The responsible salesperson must be able to answer all questions. His answers must be clear, and give me the feeling that he knows what he is talking about", summarises one interviewee. Expertise is the prerequisite for a successful sales call. Only those salespeople who really understand customer problems can develop appropriate solutions. One customer interviewee aptly said, "A salesperson must be able to understand and challenge my thinking." Or as another customer put it, "Subject matter expertise is a must, along with industry and market knowledge. A salesperson

*Subject matter expertise is a must.*

### Frequent Reasons for Changing Supplier

(as a percentage of customers interviewed\*)

1	New vendor had a better price	71
2	New vendor had a better solution	61
3	Unsatisfactory performance of current vendor	58
4	Current vendor increased prices	41
5	New vendor was more actively engaged	40
6	Current vendor did not keep promises	38
7	Change of key people in vendor organisation	10
8	Internal policy requiring vendor change	9
9	Change of key people in the customer organisation	5

\* Customers were allowed to provide multiple responses.

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

### What is Professionalism?

Professionalism means a high level of readiness to provide service. The salesperson should be easily accessible and respond to customer inquiries in a timely fashion.

Professionalism means that the salesperson focuses on identifying and understanding customer needs and responding with appropriate solutions. To fulfil this expectation, the salesperson must understand the customer's business and industry as well as his own organisation's capabilities, and be sympathetic to the customer's situation.

Professionalism means keeping ones promises. This is not just a question of goodwill, but also a measure of the salesperson's ability to estimate the feasibility and effort required to fulfil their promises. The salesperson must also know their own limits and be able to mobilise internal resources.

Professionalism means that the salesperson focuses on the topic at hand, and provides only relevant information to the customer. Nothing is more unprofessional than a boring monologue, leaving the customer to decide what is important.

*Customers expect a high level of professionalism and consultative skills.*

must sense what the customer needs." To do this, however, also requires a high level of professionalism, as well as excellent communication and social skills. More than 30 percent of the customers interviewed expect these competencies from vendor salespeople.

### Do Salespeople Have to be Consultants? Relevance of Consultative Skills

Consultants have different responsibilities, and require different skills than salespeople. And yet, customers increasingly expect salespeople to have "consultative skills". But does this mean that salespeople have to become consultants? No. What customers are really looking for are salespeople who have consultative skills. What does that mean?

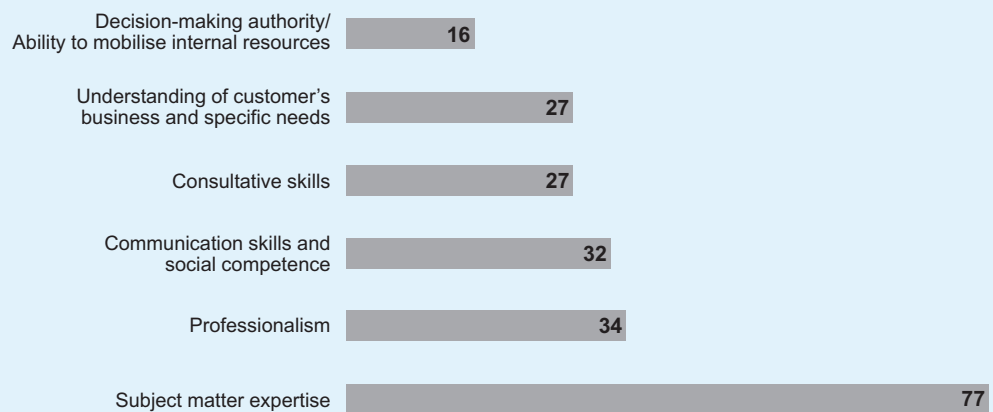
The salesperson should be able to ask good questions, listen, but go beyond information gathering. He must have the ability to use the information during the conversation and engage with the customer to help clarify the real needs.

The salesperson should be able to quickly create consensus on the key points, and involve the customer in collaborative solution development. To this extent, the salesperson should see his role as a "consultant", combining expertise and communication skills to develop the optimal solution.

Vendors strongly underestimate the importance of a salesperson's consultative skills when compared to customer expectations. Only 3 percent of vendors interviewed feel this is an important skill, while fully 27 percent of customers feel it is. One customer interviewee expressed his expectation as follows, "The salesperson must be able to listen and convert what I

### Customers Expect Subject Matter Expertise and Professionalism

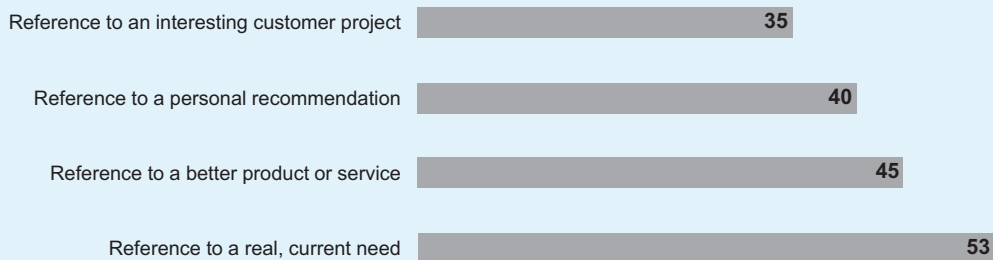
(Percentage of customers that expect this skill from vendor salespeople\*)



\* Customers were allowed to provide multiple responses.  
Source: Infoteam, F.A.Z.-Institut.

### Making Contact by Telephone is Challenging

(Reasons that always or frequently motivate customers to grant a first meeting – as a percentage of customers interviewed\*)



\* Customers were allowed to provide multiple responses.  
Source: Infoteam, F.A.Z.-Institut.

say into the solution requirement. His recommendations must solve my problem, and be relevant to my business.”

16 percent of customers interviewed specifically stated that a salesperson’s ability to mobilise internal resources is important – in addition, of course, to their expertise and social skills. Customers expect decision-making authority at the table. As one customer insinuated, “I don’t want to negotiate with message carriers.” What lies behind this is the desire to be able to make decisions at the negotiating table, without the salesperson having to confer with others.

## 2.2 First Contacts and First Meetings

To overcome the first hurdle in the race to win new customers, vendors must approach the right person, with the right message, at the right time. The customer interviews highlighted the difficulty of gaining the interest of a new customer through “cold” calling. Where the first contact is made by telephone, reference to a potential current customer need is the single most successful avenue. Of the customers interviewed, 53 percent are motivated to grant a new vendor an appointment if they do this.

Referring only to a “better” product or service motivates less than half of cus-

tomers to learn more about a vendor’s offering. Even less effective (just 35 percent agreed) is citing a reference project, or a personal recommendation (40 percent). Vendors overestimate the power of personal references with 63 percent saying that it works with customers as a door opener.

What motivates prospects to want to meet a new vendor also depends on who is approached. Purchasing departments are often the first contact for hopeful new vendors, but our research shows that this may not be the best address at which to call.

*Referring to a concrete need is more effective than a personal recommendation or references.*

### More than Just Purchasing: Procurement Management

The objective of procurement management is to optimise the acquisition of the goods and services an organisation needs. The procurement manager orchestrates the entire process from needs identification all the way through to the small print on the purchasing contracts. His responsibility is to qualify potential vendors, solicit offers, compare them to requirements, and optimise the acquisition process.

Managing procurement professionally requires a high degree of technical and operational competence, to balance the company’s immediate needs and long-term business objectives. Executed effectively, it reduces transaction costs and supports internal change processes, improving company value and business results.

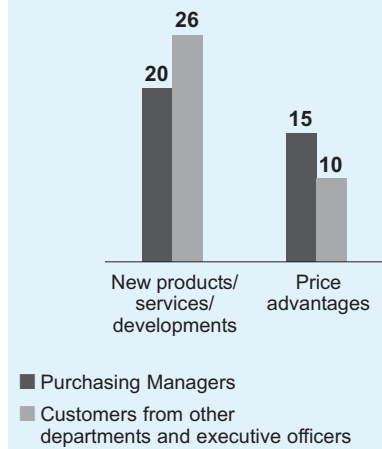
The answers to our open question about “other reasons” that motivate customers to grant a new vendor a meeting indicate a significant difference between purchasing and other departments. More than a quarter of the non-purchasing people interviewed respond positively to an approach by new vendors that is based on a new product, service or development, while less than one-fifth of the people from purchasing indicate an interest. Mentioning a price advantage, however, is much more effective for this group. If a vendor cannot offer a lower price, it is recommended they focus on non-purchasing people in the target organisation to position the benefits of their solution.

*Vendors that cannot offer a lower price should focus on non-purchasing people.*

The success of first contacts by telephone also depends on timing. One customer describes the situation thus: “There are people who simply have a good feeling for the right timing. If the timing is right, and there is a need to be addressed, I quickly set-up an appointment.” But how can one sense the “right time” without having insight into the customer organisation? Particularly when approaching new customers with whom a vendor is unfamiliar, this task is nearly impossible. Hence, the need for alternative approaches. Even with a potential current need identified, less than half of customers interviewed

### Message Must be Adapted to the Target Person

(Other reasons given spontaneously for granting vendors an appointment – as a percentage of customers interviewed\*)



\* Customers were allowed to provide multiple responses. Source: Infoteam, F.A.Z.-Institut.

were willing to grant a meeting to a vendor who approached them by telephone.

### First Meetings

Even with the door to a customer open, the path to the contract can be an obstacle course. Customer expectations regarding the first meeting with a new vendor are both high, and numerous. Customers take for granted that vendors come to the meeting well prepared, and that they already understand their business

### High Expectations for First Meetings

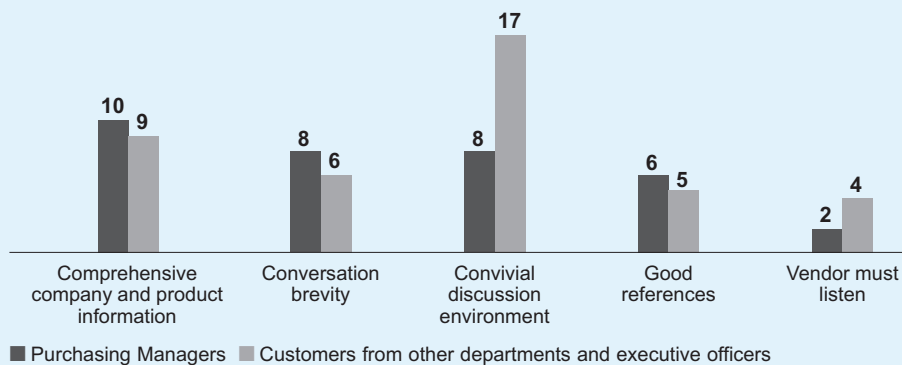
(Attributes of a good first meeting – as a percentage of customers interviewed\*)



\* Customers were allowed to provide multiple responses. Source: Infoteam, F.A.Z.-Institut.

## Purchasing Managers Expect Facts and Precise Information

(Other reasons given spontaneously as attributes of good first meetings – as a percentage of customers interviewed\*)



\* Customers were allowed to provide multiple responses.  
Source: Infoteam, F.A.Z.-Institut.

and industry. Fully 99 percent of customers interviewed consider this very important or important.

Beyond good preparation, 95 percent of customers say that the feeling of being well understood is important in a first meeting, while 92 percent also say that information provided should be tailored to their specific needs. Customers say they want to talk to knowledgeable salespeople – 94 percent expect high-level subject matter expertise from their counterparts. The vendor salesperson should be able to assess the feasibility of potential solutions, and present only those that are viable. As one customer says: “The vendor must know what he is talking about. Just saying it’s ‘no problem’ is not acceptable – I expect honest answers regarding what’s possible, and what’s not.”

Looking at customers’ spontaneous answers regarding other attributes of good first meetings shows interesting differences in expectations between purchasing and non-purchasing people. Customer representatives from business and operational departments, as well as from the management team say that “soft factors” play an important role in the quality of a first meeting. A convivial discussion environment was explicitly stated by 17 percent, and they add that better listening would also help. Heads of purchasing de-

partments, however, place more emphasis on the preciseness of information delivered by vendor salespeople – company, product, price, references – as well as the brevity of the conversation.

## 2.3 Written Proposals and Presentations

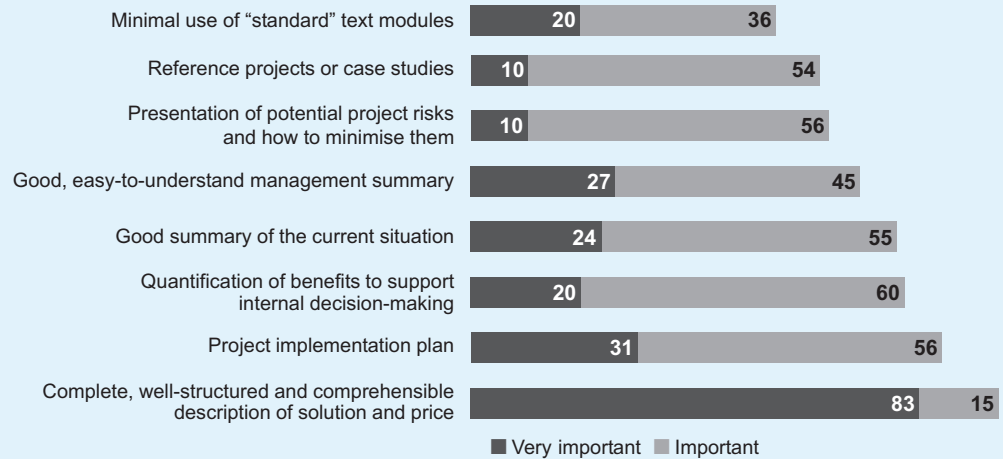
A clear and transparent description of the solution and price is the most sought-after attribute of a good written proposal – with 98 percent of customers saying it is important or very important. One customer describes the ideal proposal like this, “As short as possible, as long as necessary”. While customers are willing to forgive vendors’ use of standard text modules, they will not tolerate proposals that are just a flood of irrelevant information. Written proposals should thus focus on agreed customer needs. As one customer aptly puts it, “do not overload proposals with marketing material”. Vendors are aware of this expectation, but overestimate customer satisfaction with their performance.

Customer expectations of good written proposals indicate that benefit quantification is still in high demand. Eight out of ten customers agree, and point out that a good written proposal with quantified benefits supports their decision-making process.

*Quantification of benefits supports customer internal decision-making.*

### Written Proposals: Comprehensibility and Transparency Required

(Attributes of a good written proposal – as a percentage of customers interviewed\*)



\* Customers were allowed to provide multiple responses.  
Source: Infoteam, F.A.Z.-Institut.

### Proposal Presentation

*Focus on needs and dialogue is more important than references and vendor company information.*

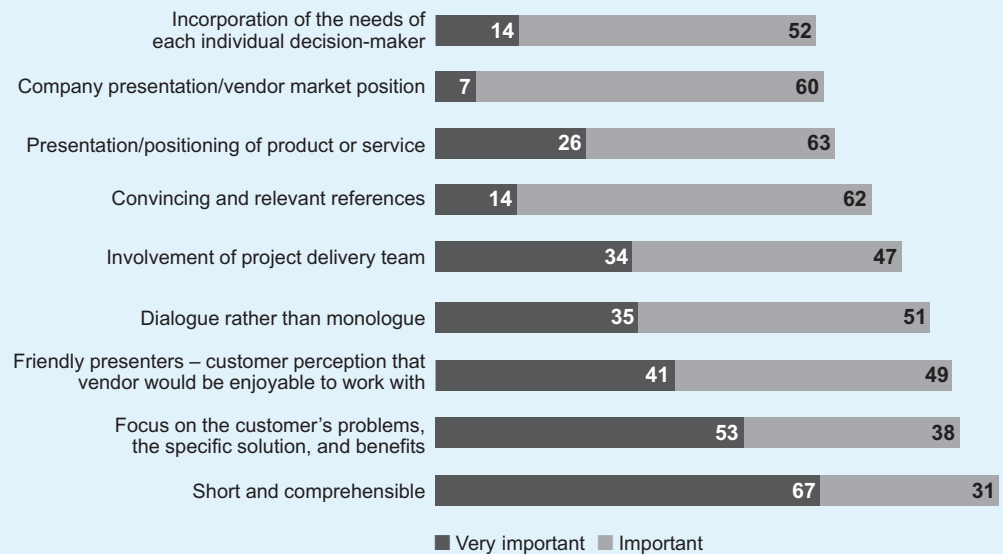
When a vendor presents their proposal, nine out of ten customers say that conciseness and comprehensibility, as well as a focus on their specific needs, are very important or important attributes. "The solution to the problem must be at the forefront," stresses one interviewee, "not the presentation of the vendor's company". One third of customers interviewed consider the vendor's company presenta-

tion and market position as unimportant. As one interviewee said: "The company's presentation does not interest me, and must be kept short. The proposal presentation must show what I've asked for. We are not interested in further publicity on what the vendor can sell us."

Moreover, references are significantly less important for customers than the feeling that the vendor has understood their specific needs and concerns.

### Proposal Presentation: Short, Sharp, and to the Point

(Attributes of a good proposal presentation – as a percentage of customers interviewed\*)



\* Customers were allowed to provide multiple responses.  
Source: Infoteam, F.A.Z.-Institut.

A large proportion of customers interviewed – particularly those outside purchasing departments – attach great importance to the incorporation of the specific needs of each decision-maker attending the presentation. For 22 percent of these customers, it represents a fundamental element of a good presentation, while only 10 percent purchasing managers share this view.

In addition to content quality, the personal characteristics of the presenter(s) play an important role in the success of a proposal presentation. Friendliness, sympathy, and the customer’s perception that they would enjoy working with the people are attributes important to 90 percent of customers interviewed.

For a large proportion of customers, it is crucial that the vendor involves the people who will be responsible for implementation in the presentation. One customer put it thus: “I want the key players on the spot personally, not a PowerPoint Troop”. He continues to say, “I make my mind up quickly, once I have met the key people”. This illustrates the importance of involving specialists and project staff actively in proposal presentations. Giving the customer the opportunity to get to know these people not only builds confidence, but assists in the handover communication process.

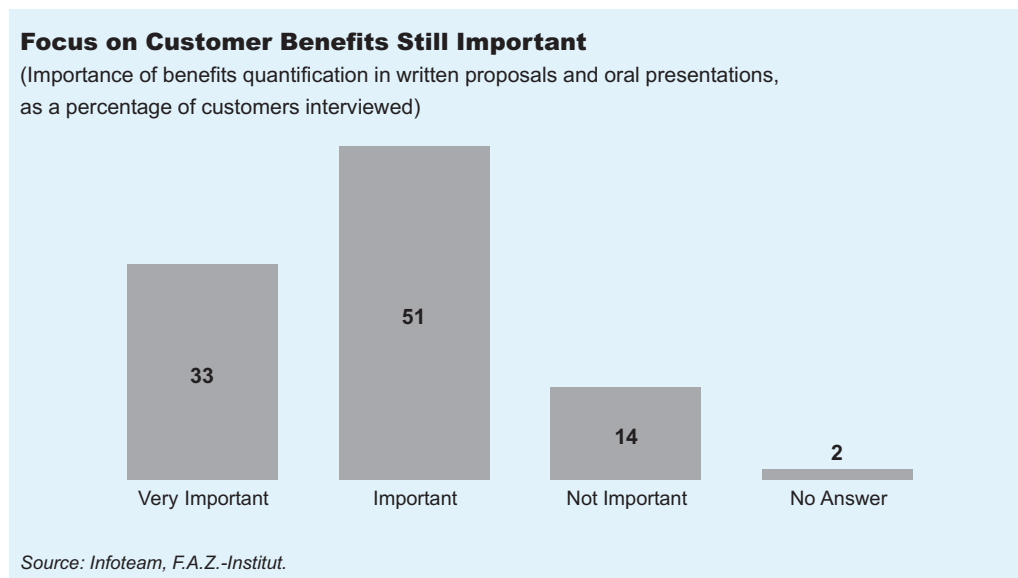
## Value-Focused Selling

The results of the 2004 study highlighted one key point for vendors to improve their success rate in B2B selling – to consequently put customer benefits as the focus of their sales process and ensure they are quantified. This raises the question as to how well the findings from the latest study support this point.

Asked how important the quantification of benefits is, 84 percent of customers interviewed say this is very important or important in proposal presentations. Only 14 percent are of the opinion that it is not important. Vendors interviewed are aware of this expectation, but often do not fulfil it (see page 23).

*Quantification of benefits is still important in proposal presentations.*

Listening closely to what customers expect and reflecting more critically on one’s own approach, helps vendors improve the quality of their work. This not only applies to the effectiveness of their value propositions but also to the skills and competencies of salespeople and the overall sales process. The following chapters examine these points in more detail, looking first at the areas for improvement identified from customer interviews, and then at ways in which vendors can learn from experience to gain competitive advantage.



# 3 Where Customers See Need for Improvement

Vendors differentiate themselves minimally from competitors through their sales approach. Customers see several areas for improvement in regards to salesperson skills and behaviour, as well as the overall sales process. The following pages outline recommended areas for improvement in detail and provide vendors ideas for their development.

*Efforts to differentiate themselves fail to impress customers.*

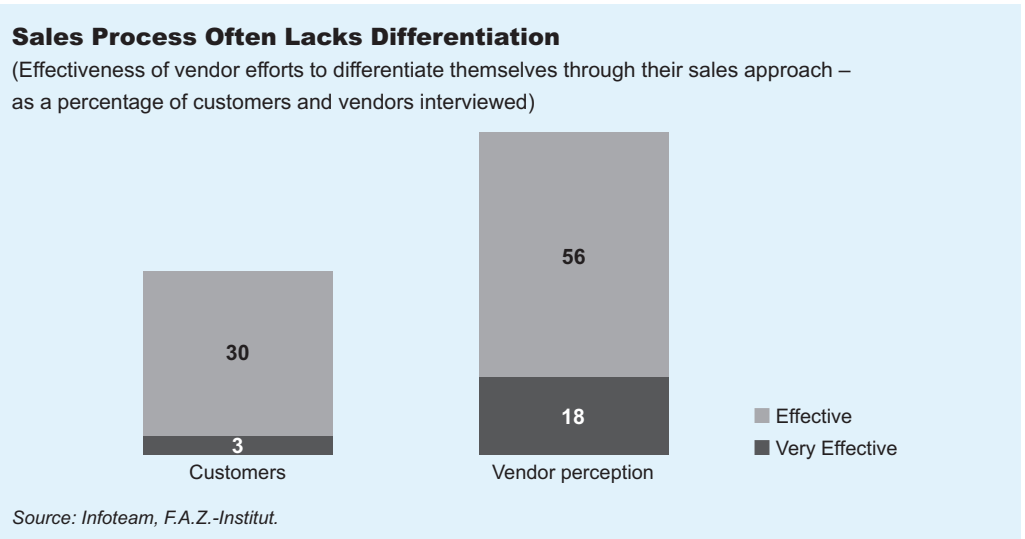
Vendors' attempts to differentiate themselves through their sales approach are, to date ineffective. Only 3 percent of customers interviewed say that vendors differentiate themselves extremely effectively by means of their sales approach. More than half (55 percent) feel there is hardly any, or no, differentiation between vendors' sales approach. Vendors interviewed, on the other hand, overestimate the impact of their differentiation efforts. Nearly three-quarters feel that their sales approach differentiates them extremely well or well from their competitors. Vendors see uniqueness in their sales approach in areas that customers simply do not.

Identifying and acting on areas where customers feel there is need for improvement can, on the one hand, help identify and

eliminate weaknesses in one's own sales approach. On the other hand, it can create the opportunity to exploit the weaknesses of competitors, turning them into one's own strengths.

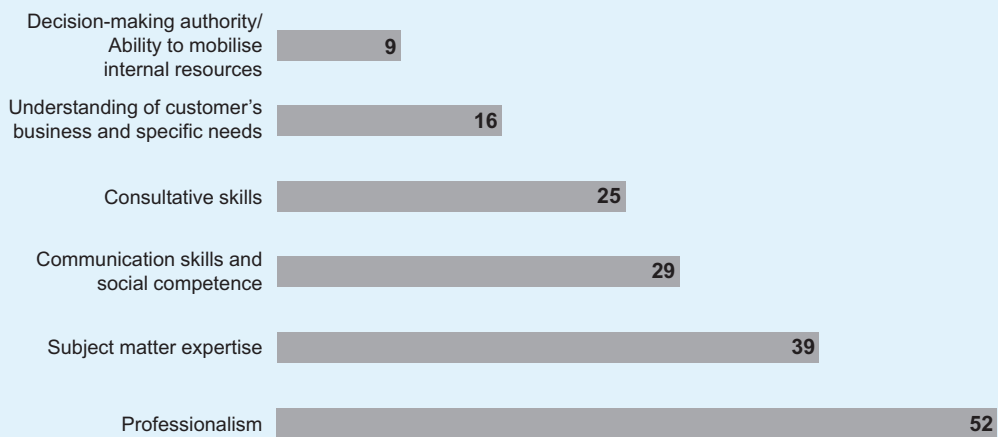
## 3.1 Development Area – Skills and Competencies

As described in the previous chapter, the most important skills and competencies that customers expect from vendor salespeople are subject matter expertise, professionalism, communication skills/social competence, and consultative skills (see page 10). The sobering news is that these are also the areas in which there is the greatest need for improvement.



## Salespeople Not Professional Enough

(Skills and competencies in need of improvement – as a percentage of customers interviewed\*)



\* Customers were allowed to provide multiple responses.  
Source: Infoteam, F.A.Z.-Institut.

More than half of customers interviewed expressed dissatisfaction in the level of professionalism their vendor salespeople exhibit. Unmet deadlines, unkept promises, and the difficulty of reaching a salesperson when needed are amongst the most common complaints customers lodged. Vendors should view this dissatisfaction as an urgent call to action, particularly because customers project professionalism in the sales process directly onto the quality of service provided.

Even stronger than professionalism is the expectation for subject matter expertise in vendor salespeople. In this area, there is

significant room for improvement. Almost four out of ten customers complain that subject matter expertise is inadequate today, and needs to be improved.

In addition, many salespeople lack fundamental communication skills and social competence as well as the consultative skills customers expect. More than a quarter of customers interviewed see the need to improve in these areas. "Salespeople often talk too much, don't listen carefully, and don't ask the right questions", complains one customer. Another expresses unhappiness about the inadequate empathy of salespeople, they don't put them-

*Salespeople often talk too much, and don't listen carefully.*

## Required Skills and Competencies

### Skills and Competencies Expected by Customers

- 1 Subject matter expertise
- 2 Professionalism
- 3 Communication skills and social competence
- 4 Consultative skills
- 5 Understanding of customer's business and specific needs
- 6 Decision-making authority/ Ability to mobilise internal resources

### Skills and Competencies Used by Vendors in Recruitment

- 1 Subject matter expertise
- 2 Communication skills and social competence
- 3 Ambition/Persistence/Motivation
- 4 Understanding of customer's business and specific needs
- 5 Consultative skills
- 6 Team-players/Ability to handle conflict

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

### Why not ask a few more questions? A few thoughts on recruitment

How professionally does a candidate handle his customers? Is he reliable? Does he keep his promises? Does he focus on customer needs?

Who could answer these questions better than the candidate's customers? Who could formulate the requirements better than the customers he will be serving? Maybe it is not such a bad idea to ask them? What makes the vendor's current salespeople successful? Just a few questions – just a few thoughts...

selves in the customer's shoes, and offer products that customers don't need.

When comparing the list of skills and competencies expected by customers to that used by vendors in recruitment, there are a number of similarities, as well as significant differences (see page 17). Subject matter expertise is at the top of both vendor and customer lists. Professionalism, which one-third of customers expect, apparently does not play a major role in vendor recruitment. Only 8 percent of vendors interviewed say they evaluate this actively during the interview process. It does not appear amongst the top-6 criteria used by vendors in recruitment.

This discrepancy highlights an important issue in the recruitment process: professionalism in candidates is not sufficiently assessed. One way to improve the recruitment process is to ask candidates to bring specific examples that demonstrate their sales professionalism, and integrate appropriate questions to identify professional traits into recruitment interviews.

*Professionalism is not one of the most important selection criteria for vendors in recruitment.*

## 3.2 Improvements in First Contacts and Meetings

Customers not only see deficiencies in individual salespeople's skills and competencies, but in each phase of the sales process – first contact, first meetings, proposal, presentation, contract fulfilment, and ongoing engagement.

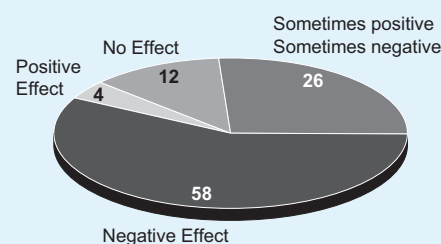
### First Contact

Chapter 2.2 showed the importance of preparing the first contact appropriately. To have a successful first contact by telephone, the vendor must identify a real, current need and base his approach on it (see page 11). Failing to identify a current need not only reduces the chances of success in the current approach, but will affect those in future with the same customer. Most customers state that persistent calls simply put them off – with more than 70 percent saying that they react negatively to this. Only 4 percent appreciate persistence, saying it has a positive effect on their willingness to grant a first meeting. In conclusion, first contact via telephone is not just a matter of persistent calling, but careful preparation and targeting.

Vendors who are unwilling to invest time to identify a valid business reason for initiating a contact, should consider using other approach methods for getting customer attention. When asked about other ways in which vendors can get their attention, more than half of the customers interviewed spontaneously mentioned news-

### Telephone Acquisition: Persistence Turns Customers Off

(Effectiveness of persistent calling – as a percentage of customers interviewed)



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

## Effective Alternatives for Getting Customer Attention

(Other methods mentioned spontaneously – as a percentage of customers interviewed\*)

1	Newsletter	49
2	Exhibitions/seminars/events	44
3	Direct mail	37
4	Advertising	22
5	Sending flyers, brochures, catalogues	9
6	Telephone contact by salesperson	6
7	Internet/web site	4
8	Industry magazines and periodicals	3

\* Customers were allowed to provide multiple responses.  
Source: Infoteam, F.A.Z.-Institut.

## Individualised digital customer information – how does it work?

A system which delivers the target person or group with information that is tailored to their individual needs is comprised of five elements:

1. The customer profile is parameterised in a CRM system
2. The information modules are stored in a content management system
3. Software combines customer profile and content to produce personalised documents
4. A campaign management system distributes information on focused topics
5. A tracking system registers which information is received by whom

## Individualised digital customer information – a practical example

An international bank totally changed the way it provides information to private banking clients: Individualised newsletters instead of costly and less-effective standard brochures. No more broad-market campaigns, but mailings targeted to address specific client needs.

The bank started by defining parameters using existing client data, such as country, language, and portfolio type. Standard brochures were replaced by two individualised publications with different frequency (weekly/monthly). Both the bank's clients and financial advisors welcomed the change to individualised information. Further steps are planned to move the bank towards more complete personalisation of client information. Financial advisors are fine-tuning their clients' profiles in one-to-one conversations, and clients can design the content of their own newsletter through a personal web portal. The fundamental change is that editorial content is no longer defined for a target document. Instead, it is made available to the bank's financial advisors, to create customised documents for each individual client.

letters. Exhibitions, seminars and events also work for 44 percent of customers. Even direct mailing and personal letters attract the attention of more than one-third of customers interviewed. The sobering statistic is that only 6 percent of customers interviewed say that telephoning them is an effective way to get their attention.

While these results may be disenchanting from the vendor's perspective, they do show that there are other, effective ways

to get new prospects' attention than the telephone. An alternative to the time-intensive preparation process to develop a highly personalised approach, vendors could more effectively leverage their marketing departments. Personalised newsletters, for example can be developed with significantly less detailed knowledge of the customer's business and can be quite effective for getting on the prospect's "radar screen", to make them more open for a call, or simply mo-

tivate them to call the vendor when a need arises. For quite a significant number of customers, this is the most pleasant approach. One customer stated, “I prefer to call the vendor, rather than them calling me.”

### First Meetings

Customers see major opportunities for improvement in the area of first meetings. The key area for vendor improvement, mentioned by 54 percent of customers interviewed, is to have a better understanding of and focus on individual needs. As one customer interviewee stated, “The vendor must identify and understand my interests, and tailor his offering accordingly.”

*Customers don't feel understood in first meetings.*

Customer expectations are not just technical, but also include behaviour, as illustrated by a quote from a customer in the fashion industry: “Manners are important, as well as dress code.” Even if this is a bit of an exception, it does highlight the need to adapt one’s approach to each individual.

While the majority of vendors are aware of the need to focus on customer needs, many significantly overestimate their own

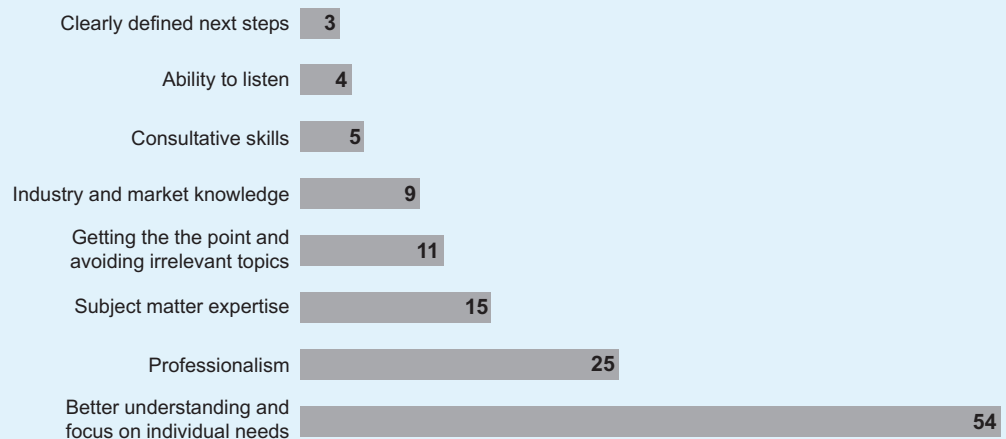
professionalism. Only 13 percent of vendors interviewed see the need to improve professionalism in first meetings, compared to 25 percent of customers. This illustrates how seldom vendors reflect on and analyse their approach, and by how much their self-assessment differs from customers.

This observation also applies to salespeople’s subject matter expertise; with many customers (15 percent) spontaneously saying it should be improved in first meetings. A scant 1 percent of vendors, however, feel there is room for improvement in subject matter expertise at this stage of the sales process.

Sufficient subject matter expertise is not only critical for fully understanding customer needs, but also reduces the risk of straying from the point. One customer noted, “No hot air please!” Just over one in 10 customers say that getting to the point and avoiding irrelevant topics is an area for significant improvement. Of particular note is customers' irritation over long, drawn-out presentations of the vendor's company, often recounting information readily available from their web site, or provided earlier in the sales process.

#### Areas for Improvement in First Meetings

(Suggestions for improvement mentioned spontaneously – as a percentage of customers interviewed\*)



\* Customers were allowed to provide multiple responses.  
Source: Infoteam, F.A.Z.-Institut.

### 3.3 Improvements in Proposals and Presentations

Greater care should be taken in writing and presenting proposals, to ensure their focus on individual needs. One interviewee expressed his expectations thus: “A good written proposal should match one-to-one with our stated needs.” Another said, “The presentation must be tailored to our individual needs.”

Purchasing managers interviewed place far less importance on individualised proposals than their non-purchasing counterparts. More important for them is the completeness of the proposal, the timing of its delivery, and precise information about the contact person.

Both of the previous paragraphs outline tasks that are obvious vendor responsibilities, and at first glance appear unsuitable for creating competitive advantage. But taking into account the deficits customers highlight in both content and format, there appear to be significant opportunities for vendors to differentiate themselves even on “the basics”. Comprehensibility of vendor proposals is an issue for 35 percent of customers interviewed, while 20 percent say that completeness is lacking.

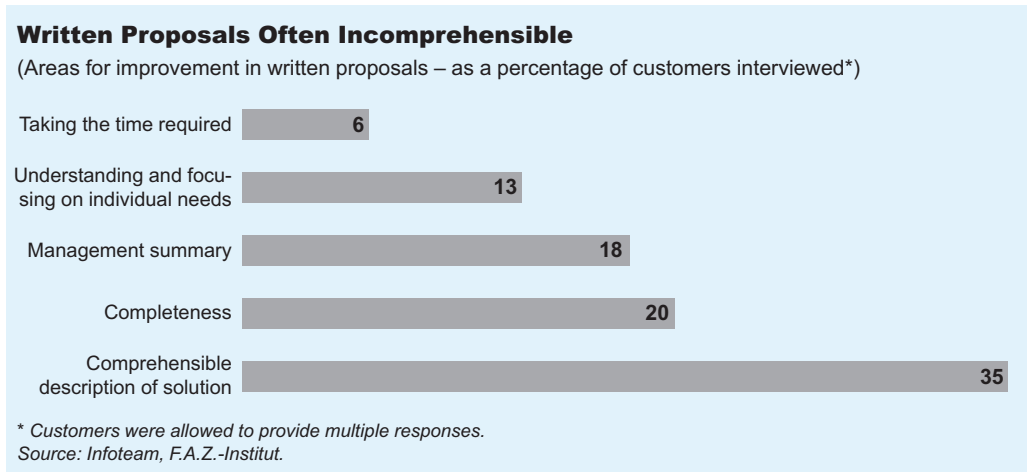
An additional 18 percent say that the lack of a management summary reduces the acceptability of the vendor’s proposal.

This highlights the communication problem between vendors and customers, and is reinforced by the significantly lower proportion of vendors that feel this needs to be improved. For example, only 13 percent of vendors see an issue in the comprehensibility of their proposals.

One potential solution to bridge this communication gap is for vendors to clarify customer expectations of the proposal before writing it. One customer offered this criticism, “All too often, I receive proposals that do not relate at all to what was requested.” After a proposal has been submitted, customers are often unwilling to invest the time and effort to clarify what was missing, and find it easier to simply reject it. Based on this finding, a strong recommendation for vendors is to agree with the customer up front their exact expectations for proposal content and format before writing it. This helps overcome the problem vendors face of the vast differences in customer perception of “completeness” and “comprehensibility”.

A short, concise management summary is a critical element of a good proposal for 72 percent (see graph on page 14). It helps the recipient communicate the key messages internally. Almost one in five customers point out a need for improvement in this area. One way to present a convincing management summary and clearly differentiate a proposal is a “one-pager”.

*There are vast differences in customer and vendor perception of proposal completeness and comprehensibility.*



## Structure of a “One-Pager”

<p><b>Current Situation</b></p> <hr/> <hr/> <hr/> <hr/>	<p><b>Your Goals</b></p> <hr/> <hr/> <hr/> <hr/>	<p><b>Solution</b></p> <hr/> <hr/> <hr/> <hr/>
<p><b>Benefits</b></p> <hr/> <hr/> <hr/> <hr/>		<p><b>Strengths and references</b></p> <hr/> <hr/> <hr/> <hr/>

The structure of a one-pager should be centred on the customer’s goals. It should describe the current situation and needs, and outline the key elements of the proposed solution, in language appropriate for the target reader. It should also summarise the tangible benefits, as well as the strengths of the vendor’s solution and organisation, and provide relevant references.

### Proposal Presentation

*The right “language” is crucial for a good presentation.*

The proposals of vendors on the customer’s “short-list” are often very similar, making the presentation a key opportunity for differentiation. Just as with the written proposal, the strong recommendation is to agree in advance the expectations for the exact content of the presentation, as well as specific requirements from each attendee. Vendors should dry-run their

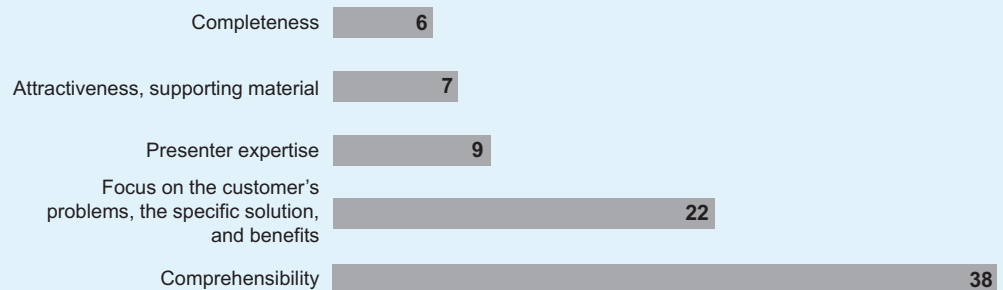
proposal presentations, and pre-empt potential questions and objections by integrating their responses to them directly into the presentation.

Vendor presenters must clarify audience participants in advance, and ensure they use the right language to avoid alienating people and ending up speaking to a room full of blank stares. This can address the lack of comprehensibility – something 38 percent of customers complained about. One customer said, expressing dissatisfaction about the lack of tailor-made presentations, “The presentation was too technical for the commercial people, and too commercial for the technical people.”

Vendors must focus on the key customer problems, the proposed solution, and specific benefits, points on which more than

## Presentations Often Too Long and Incomprehensible

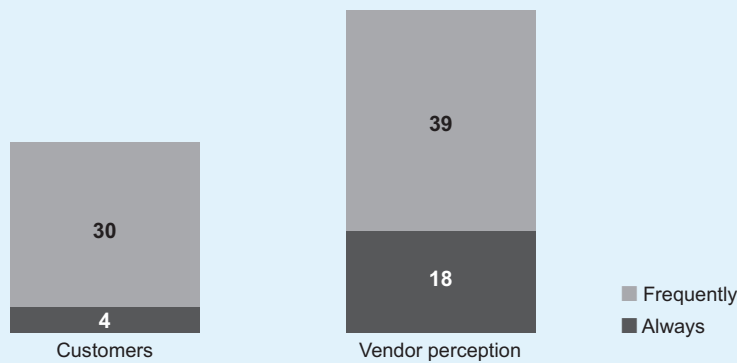
( Areas for improvement in oral presentations – as a percentage of customers interviewed\*)



\* Customers were allowed to provide multiple responses.  
Source: Infoteam, F.A.Z.-Institut.

### Benefits Not Sufficiently Quantified

(Frequency of benefit quantification – as a percentage of customers and vendors interviewed)



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

one in five customers say there is room for improvement in proposal presentations.

Vendors should also carefully consider which team members attend the presentation, as well as their roles and responsibilities during the presentation. It is worthwhile considering carefully which team members best suit the customer's requirements both on a technical and personal level. Customers often expressed dissatisfaction with the vendor presentation team, with 14 percent saying it was the reason for rejection of the vendor's proposal (see page 26).

This was summarised nicely by one customer, who said that he expects more authenticity from the presenters. "I prefer to have a down-to-earth person rather than someone who just turns up with shiny PowerPoint slides." This perception, however, is very individual, and could be different from customer-to-customer. Another customer could view not having polished PowerPoint slides as a lack of professionalism.

A total of 34 percent of customers criticise the lack of quantified benefits in the presentation, while 57 percent of vendors feel they communicate benefits clearly. This gap indicates the need for vendors to better understand the way in which customers measure solution benefits, and align their presentations accordingly.

### 3.4 Improvements After Contract Signing and Relationship Continuity

After winning the deal, the responsible salesperson cannot rest on his laurels. Although the responsibility for delivery is often transferred to another department, customers still expect the salesperson to be "present". Vendors can differentiate themselves significantly in this area by positioning themselves as a reliable and attentive partner.

Only 74 percent of customers say that vendor salespeople take responsibility for successful contract fulfilment, and only 4 out of 10 customers say that the salesperson validates the achievement of the benefits promised. Moreover, 15 percent of customers complained that vendors simply do not deliver what they promise.

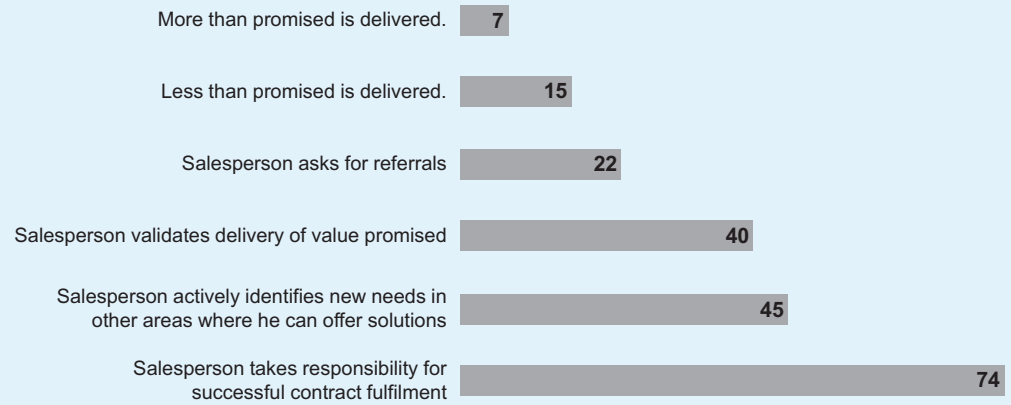
Continuity of the vendor-customer relationship is not just to the benefit of the customer, but the vendor as well. Only 45 percent of customers interviewed say that vendor salespeople always or frequently identify new needs in other areas where they can offer solutions, but 77 percent of vendors feel they do this well.

This gap highlights significant unexploited potential for new business generation. By improving the continuity of relationships,

*Vendors do not fully exploit revenue potential with existing accounts*

### What Happens After Contract Signing

(Activities always or frequently executed by vendors after contract signature – as a percentage of customers interviewed\*)



\* Customers were allowed to provide multiple responses.  
Source: Infoteam, F.A.Z.-Institut.

vendors can keep abreast of changes and developments within their customers to identify needs and generate new sales opportunities.

Maintaining regular contacts with existing customers requires the investment of significant time and effort, but the return on

that investment is not equal from all customers. Thus, vendors should focus account development resources on customers with the greatest revenue potential, and free up resources by ensuring they are working on the right opportunities. The next chapter examines ways vendors can optimise resource utilisation.

# 4 How Vendors Can Improve Their Sales Process

Vendors waste resources by pursuing requests for proposal that have a low probability of winning, and fail to recognise mistakes or develop best practices by analysing and learning from wins and losses. A more self-critical attitude and better qualification of opportunities would help them focus on the right projects and optimise the execution of the sales process.

To win a deal, vendors must invest significant resources in each phase of the sales process. Hence, it is important to decide whether to engage in an opportunity or not. If after the first visit it is clear that the customer is looking for solutions that do not match the vendor's core competence, or if this is the initial assessment after reviewing a request for proposal, the logical action for the vendor is to abort the sales process, and concentrate resources on better-qualified opportunities.

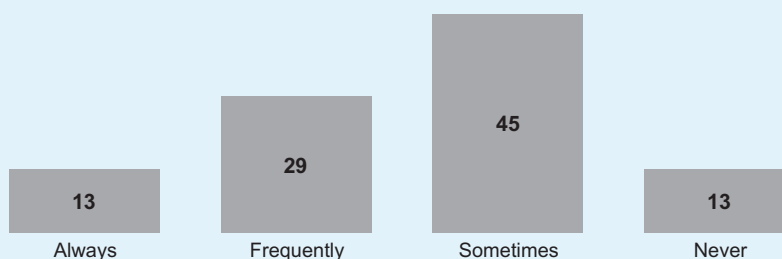
Many vendors do not follow this logic, which results in wasting precious resources. Fifty-eight percent say that they only "sometimes" or "never" abort the sales process when an opportunity does not match their strengths or there is a small chance of winning. One may ask: Why do vendors do this? There are a number of reasons:

1. Insufficient investment in lead generation, resulting in a too-small pipeline of sales opportunities, motivating the organisation to pursue every opportunity.
2. Inability to constructively explain their disengagement from an opportunity to the customer without appearing to be arrogant or fearing being excluded from future opportunities.
3. Inappropriate performance measures, such as pipeline size rather than quality, which motivates salespeople to include opportunities that should not be.
4. The behaviour vendors often seek when recruiting salespeople (motivation, ambition, persistence) can lead to a false sense of optimism when evaluating whether to include an opportunity in the pipeline.

*If the chances of success are poor, vendors should abort the sales process.*

## Resources Frequently Wasted

(Frequency of sales process termination if opportunity does not match vendor organisation's strengths or there is a low chance of winning – as a percentage of vendors interviewed)



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

## The Most Common Reasons for Proposal Rejection

Customer Perspective	Vendor Perspective
1 Successful competitor had a better price	1 Successful competitor had a better price
2 Successful competitor had a better solution	2 Lack of contact to important decision-makers
3 Decision criteria not sufficiently fulfilled	3 Successful competitor had a better solution
4 Insufficient understanding of customer needs	4 Specific benefits for individual decision-makers missing
5 Written proposal not convincing	5 Decision criteria not sufficiently fulfilled
6 Benefits not sufficiently quantified	6 Benefits not sufficiently quantified
7 Oral presentation not convincing	7 Late entry of vendor into evaluation cycle
8 Specific benefits for individual decision-makers missing	8 Insufficient understanding of customer needs
9 Vendor's team members failed to meet customer expectations.	9 Poor chemistry between vendor and customer staff
10 Poor chemistry between vendor and customer staff	10 Oral presentation not convincing

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

*Learning from wins and losses is an important prerequisite to improve the sales process.*

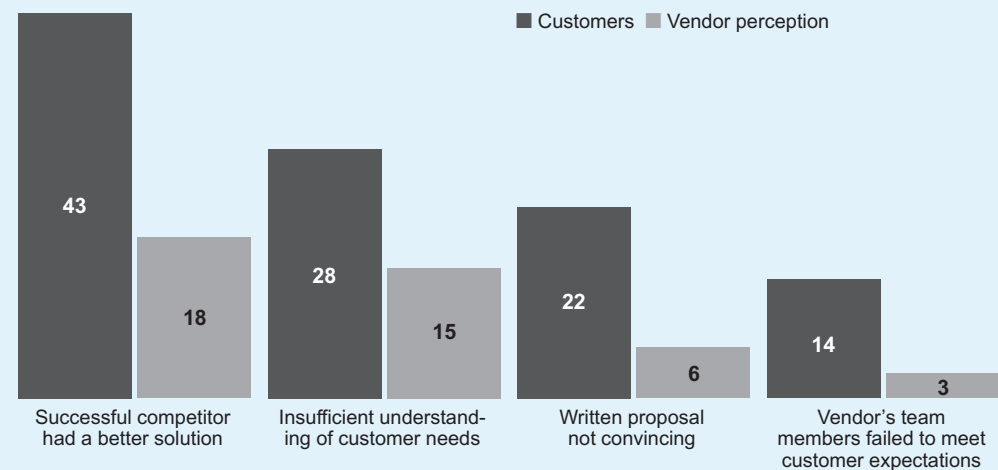
Vendors' sales management should define and ensure the consistent application of qualification criteria to avoid the double-edged problem of wasting resources on inappropriate sales opportunities, and not being able to pursue with adequate effort those opportunities that are well matched to their strengths. This would help vendors avoid the trap of mistaking activity, for productivity – a typical problem when there aren't enough sales opportunities in the pipeline.

## 4.1 Learning from Wins and Losses

Learning from past experience is crucial to the continued development of a salesperson and the sales organisation. Self-critical analysis of losses is prerequisite to identifying and eliminating mistakes in the sales process. Understanding the real reasons for wins gives insight into how resources can be focused on activities that customers appreciate.

### Vendor Self-Evaluation Not Critical Enough

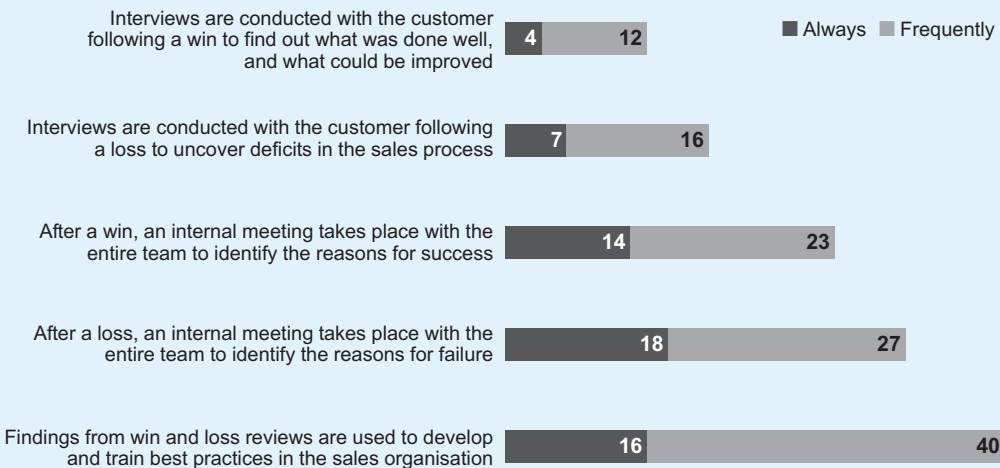
(Frequently stated reasons for proposal rejection – as a percentage of customers and vendors interviewed\*)



\* Customers were allowed to provide multiple responses.  
Source: Infoteam, F.A.Z.-Institut.

## Not Much Learning from Wins and Losses

(Activities conducted always or frequently in the sales process – as a percentage of vendors interviewed\*)



\* Customers were allowed to provide multiple responses.  
Source: Infoteam, F.A.Z.-Institut.

The research shows that there are numerous reasons for proposal rejection – the most frequently stated reason (76 percent) being a more attractive price offered by a competitor. This supports the finding that the most common reason for customers to change vendor, is price (see graph on page 9). The second most commonly stated reason for proposal rejection (75 percent) is the better solution proposed by a competitor. Salespeople often perceive both of these factors, competitor's price and solution, as being outside their influence.

Many of the other reasons stated by customers for proposal rejection are viewed by vendors as less important: unfulfilled decision criteria, insufficient understanding of customer needs, and unconvincing written proposals round out the top 5 from the customer's point-of-view, but are rated much lower by vendors. There is also a marked difference in the importance of the oral proposal presentation when comparing the customer and vendor views. One glaring omission from the vendor top-10 list is convincing written proposals.

The comparison of selected reasons for proposal rejection indicates unwillingness in vendor organisations to examine their

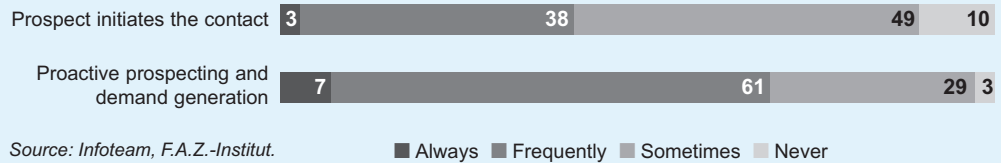
own practices critically. While 28 percent of customers say that an insufficient understanding of their needs is a reason for proposal rejection, only 15 percent of vendors feel this is the reason. A similar difference can be found when looking at the quality of written proposals, or the ability of vendor team members to meet customer expectations. A very small percentage of vendors, 6 percent and 3 percent respectively, perceive that deficiencies in these areas could be a reason for proposal rejection.

Vendors often excuse themselves by chalking losses up to a competitor's better price or solution, but they would be well advised to examine their own practices more critically. For instance, why was their solution or price perceived as inferior? Was it due to their insufficient understanding of customer needs or decision criteria? This type of self-critical analysis is rare today. Only 16 percent of vendors analyse wins by conducting interviews with the customer to find out what they did well, and what could be improved, while only 23 percent involve the customer in loss reviews to uncover deficits in their sales process. In short, vendors do not leverage customer feedback adequately.

*Salespeople see the reasons given for rejection as being beyond their influence.*

### New Business Generation Methods Not Fully Exploited

(How often different lead generation methods are used – as a percentage of vendors interviewed)



Lack of outside-in feedback can be compensated by critical self-analysis within the sales team, but less than half of vendors interviewed do this: 37 percent say they analyse wins in the team frequently or always, and just 45 percent say they do this for losses. Culturally, self-critique is a rare attribute, and most sales forces are still far from being “learning” organisations.

The paradox is that a majority of vendors (56 percent) say they use the analysis of wins and losses to develop and implement best practices in their organisations, but it remains a mystery as to how they do this without getting customer or selling team input!

### 4.2 Investing in Proactive Selling

*Vendors are passive: proactive prospecting is rarely done.*

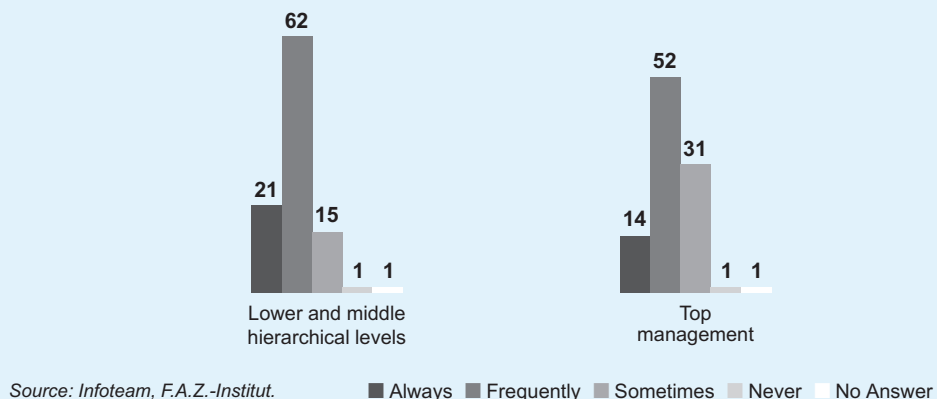
A vendor’s ability to win the customer’s trust is also influenced by timing – when they enter the buying process, and how early they establish relationships with key decision-makers. But, proactive selling re-

quires the investment of resources in activities that have an impact in the medium to long-term, but not necessarily in the short-term. It is particularly important when selling to customers that have a structured procurement process, in which decisions are heavily price-based, and vendor contact to non-purchasing people restricted, following the issue of the request for proposal. The research shows, however, that many vendors are passive when it comes to new business generation: only 7 percent say they always proactively prospect to generate demand, while 32 percent rarely or never do.

Examining the level of vendor relationships with customer organisations indicates a lack of contact with customer executives, where initiatives begin and final decisions are made. Only 14 percent of vendors claim they always have good relationships at that level. Salespeople must go beyond the low and mid-level in the customer’s organisation, leveraging their own managers to gain access to customer executives.

### Top Management Contacts – Room for Improvement

(Frequency of contact level in customer organisation – as a percentage of vendors interviewed)



### **Success through proactive selling – a case study:**

How can a vendor specialised in network operations outsourcing convince their prospect, a telecom operator, that they have a need, put themselves in “pole position” before the evaluation, and subsequently win the deal?

Step 1: Without an expressed requirement, the vendor approached the top management of the telecom operator. Using their research, they demonstrated a deep understanding of the prospect’s business, and offered the potential for significant savings and improved customer service by outsourcing their network operations.

Step 2: The approach was successful, and the prospect initiated an evaluation process, to which their current suppliers were also invited. By presenting a top-notch team with extensive experience in similar projects, the vendor gained credibility quickly, and submitted ideas that the prospect chose to include in the request for proposal.

Step 3: As the proposed solution would involve outsourcing nearly 300 people from the prospect’s organisation, it was imperative to convince them that their future would be secure. Thus, the vendor team worked intensively to build relationships with all key decision-makers. This was a critical step, as the existing suppliers had the advantage of long-standing relationships with them.

Step 4: At the end of the evaluation phase, two vendors with very comparable offers were still on the short-list, and each was given just 30 minutes with the CEO to present their case. The customer decided to buy from the new vendor based on the trust and credibility they had created throughout the evaluation process. The value of the contract awarded to the vendor was € 340 million.

When the customer’s project leader was asked why at the end they chose the new vendor, he answered, “They did a better sales job.”

Lack of multi-level customer relationships has two major impacts: it denies vendors the chance to identify customer needs, and convert them into new sales opportunities. Moreover, vendors who only engage with customer executives when there is a sales opportunity in play and ignore them otherwise are generally perceived negatively. Continuous engagement at multiple levels in the customer organisation between sales cycles could increase the proportion of cus-

tomers (41 percent today) that contact vendors themselves to initiate sales opportunities.

The benefits of proactive selling and implementing many of the changes recommended in this report are illustrated in the above example. It shows how a vendor specialised in outsourcing telecom network operations created an opportunity, executed a professional sales process, and subsequently won a major deal.

# 5 Final Check: How Good Is Your Sales Process?

The previous chapters outline the success factors in B2B selling as well as the areas in which customer feel there is room for improvement. To help you apply the findings from this research in your own sales organisation, we offer this pragmatic checklist. For each of the following statements, determine whether you agree or disagree based on a realistic evaluation of your sales organisation.

	Agree	Disagree
1 Our sales process is 100 percent focused on doing what the customer asks.	<input type="checkbox"/>	<input type="checkbox"/>
2 The majority of opportunities we pursue are discovered through requests for proposal.	<input type="checkbox"/>	<input type="checkbox"/>
3 We pursue every opportunity where our products or services could fulfil the needs.	<input type="checkbox"/>	<input type="checkbox"/>
4 In our sales process, we focus on the people we know and really satisfy their needs.	<input type="checkbox"/>	<input type="checkbox"/>
5 Our salespeople take responsibility for building and maintaining relationships with the key people in the customer organisation.	<input type="checkbox"/>	<input type="checkbox"/>
6 Our proposals contain a convincing value proposition for the customer's top management.	<input type="checkbox"/>	<input type="checkbox"/>
7 Our proposal presentations contain comprehensive information about our company.	<input type="checkbox"/>	<input type="checkbox"/>
8 Our salespeople have the skills and industry expertise required to establish credibility with customer executives.	<input type="checkbox"/>	<input type="checkbox"/>
9 We screen potential sales candidates based on key elements of our sales process.	<input type="checkbox"/>	<input type="checkbox"/>
10 Our salespeople remain engaged with the customer between sales opportunities.	<input type="checkbox"/>	<input type="checkbox"/>
11 We quantify the benefits of our solution in customer-relevant measures.	<input type="checkbox"/>	<input type="checkbox"/>
12 We frequently do not have opportunity-specific competitive information.	<input type="checkbox"/>	<input type="checkbox"/>

	Agree	Disagree
13 Our CRM system is perceived by salespeople as administrative overhead.	<input type="checkbox"/>	<input type="checkbox"/>
14 We systematically review sales wins to identify best practices.	<input type="checkbox"/>	<input type="checkbox"/>
15 Our salespeople take responsibility for developing and executing the strategy and action plan for their opportunities.	<input type="checkbox"/>	<input type="checkbox"/>
16 We try to identify a real, current need before making the first call to a prospect.	<input type="checkbox"/>	<input type="checkbox"/>
17 The quality of our sales process clearly differentiates us from our competitors.	<input type="checkbox"/>	<input type="checkbox"/>
18 All information about critical success factors in sales opportunities is available to the sales team and management.	<input type="checkbox"/>	<input type="checkbox"/>
19 We proactively identify and mitigate issues in the sales process.	<input type="checkbox"/>	<input type="checkbox"/>
20 The benefits achieved by customers are readily available for use in prospecting.	<input type="checkbox"/>	<input type="checkbox"/>
21 Our marketing communication is tailored to the needs of the target audience.	<input type="checkbox"/>	<input type="checkbox"/>
22 We understand the needs of all key decision-makers before submitting a proposal.	<input type="checkbox"/>	<input type="checkbox"/>
23 Our sales forecasts are reliable.	<input type="checkbox"/>	<input type="checkbox"/>
24 Management personally demonstrates the best practices expected from salespeople.	<input type="checkbox"/>	<input type="checkbox"/>
25 Our company's sales process helps us win business.	<input type="checkbox"/>	<input type="checkbox"/>

**To check your performance please turn the page.**

<b>Explanation</b>		
<b>Disagree</b>	1	While a good sales process addresses what the customer requests, other important elements must be executed to differentiate your organisation and ensure you are in the #1 position at the time of the final decision
<b>Disagree</b>	2	The RFP is typically issued at an advanced stage in the customer's buying process, leaving a vendor little flexibility or time to establish the relationships required to win and position the value of the solution.
<b>Disagree</b>	3	Good sales organisations qualify opportunities based on criteria beyond solution fit (e.g. access to key decision makers, competitive position, resource availability, distinctive value proposition, etc.)
<b>Disagree</b>	4	Known current contacts may have limited influence on the decision.
<b>Agree</b>	5	Good salespeople strive to identify all the roles involved in the decision-making process, and develop a contact plan incorporating the opportunity team.
<b>Agree</b>	6	A good proposal addresses the needs of the people directly involved in the evaluation, as well as those who make the final decision to buy.
<b>Disagree</b>	7	Feedback from customer interviews indicate strongly that proposal presentations should focus on their needs, how the solution addresses them, and quantified benefits. General company information should be brief and in the appendix.
<b>Agree</b>	8	The research clearly indicates that customers expect subject matter and industry expertise from vendor salespeople – yet it is one of the areas they find most lacking. The research clearly indicates that customers expect subject matter and industry expertise from vendor salespeople – yet it is one of the areas they find most lacking.
<b>Agree</b>	9	The execution of a proactive, repeatable sales process designed to meet customer expectations requires the right people with the required skills. The recruitment process should incorporate questions to understand the candidate's approach to selling.
<b>Agree</b>	10	The research shows clearly that continued engagement between sales opportunities is one of the key elements in building customer loyalty and preventing competitors from gaining a foothold.
<b>Agree</b>	11	Quantified benefits (often called a business case) assist the customer in the "internal" selling of the project to gain approval, budget, resources, and buy-in.
<b>Disagree</b>	12	Determination of a winning competitive strategy requires account and opportunity-specific information about competitors – beyond feature comparison – including history, relationships, positioning, etc.
<b>Disagree</b>	13	CRM systems should be used "intelligently" to support and enable the sales process. When used as a control mechanism or when perceived as administrative overhead, the quality of information declines rapidly, and drives "compliance" behaviour from salespeople – filling in the forms only because they must.
<b>Agree</b>	14	Reviewing wins to identify best practices is itself a best practice – particularly when the customer's point-of-view is obtained to determine which activities executed by the sales team were appreciated, and which not.
<b>Agree</b>	15	The salesperson must orchestrate the creation and execution of the strategy and action plan – incorporating other members of the sales team as required to contribute skills, knowledge or expertise.
<b>Agree</b>	16	The research shows that the number one reason customers grant a first meeting to a new potential vendor is their identification of a real, current need.
<b>Agree</b>	17	The customers interviewed said that vendors did little to differentiate themselves through their sales process – leaving other factors (including price) as a major determinant of who wins the business

<b>Agree</b>	18	A cohesive document (whether electronic or paper) helps the sales team focus on the most important issues, and unify their messages to the key people in the customer's organisation.
<b>Agree</b>	19	Regular team-based opportunity reviews during the sales process are a best practice in proactively identifying and addressing potential risks.
<b>Agree</b>	20	Customers want to hear about real results in projects executed by the vendor – preferably industry specific, and relevant to their business and role. This provides a significant opportunity for new vendors to break in.
<b>Agree</b>	21	Generic material is quickly discarded, but personalised information relevant to the individual's role and business needs has a significantly higher chance of being read, and motivating action.
<b>Agree</b>	22	Often the needs of key decision-makers – both operational and business – are not addressed in the proposal, thus providing insufficient information on which to make a favourable decision.
<b>Agree</b>	23	Forecast reliability is directly linked to sales process transparency. The accuracy of forecasts can be improved significantly by mapping opportunity progress to key milestones in the sales process.
<b>Agree</b>	24	Demonstration of best practice indicates acceptance.
<b>Agree</b>	25	A sales process based on best practices is completely focused on helping salespeople win more business. The farther the sales process gets from this idea, the less it is applied in daily business.

**Scoring Range:**

- 21 to 25: Congratulations, you have a world-class sales process, keep up the good work
- 13 to 20: Doing OK, room for improvement
- 0 to 12: Significant deficits in the sales process



# Imprint

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*Publisher:* Infoteam Sales Process Consulting AG  
Geissbergstrasse 2  
CH-8302 Kloten-Zürich  
Tel.: +41 44 804 11 77  
Fax: +41 44 804 11 70  
E-Mail: [admin@infoteam-consulting.com](mailto:admin@infoteam-consulting.com)  
[www.infoteam-consulting.com](http://www.infoteam-consulting.com)

F.A.Z.-Institut für Management-, Markt- und Medieninformationen GmbH  
Mainzer Landstraße 199  
D-60326 Frankfurt am Main  
[www.faz-institut.de](http://www.faz-institut.de)

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*Editors:* Dr. Annika Dröge  
Gopal Kamalakar RajGuru  
Phil Kreindler

*Cover Picture:* Rainer Sturm, „Dicht am Loch“,  
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Karen Baumann

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To be successful in B2B Selling vendors must understand and fulfil customer expectations in all phases of the sales process. The market research, based on interviews with over 300 customers, describes what customers expect of vendor salespeople and where they see need for improvement. Suggestions are made on how to eliminate deficits in vendor sales processes and a pragmatic checklist helps readers to check their own performance.

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# What Really Matters in B2B Selling

Customer Expectations of Their Vendors' Salespeople

**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, a subsidiary of the Frankfurter Allgemeine Zeitung, one of Germany's most respected daily newspapers. The F.A.Z.-Institute interviewed nearly 200 business executives in 14 countries. 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.

*Infoteam Sales Process Consulting AG  
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 abili-

ty 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 no room for improvement in the way vendors prepare for and conduct first meetings.

## **Written Proposals – Solution and price at a glance**

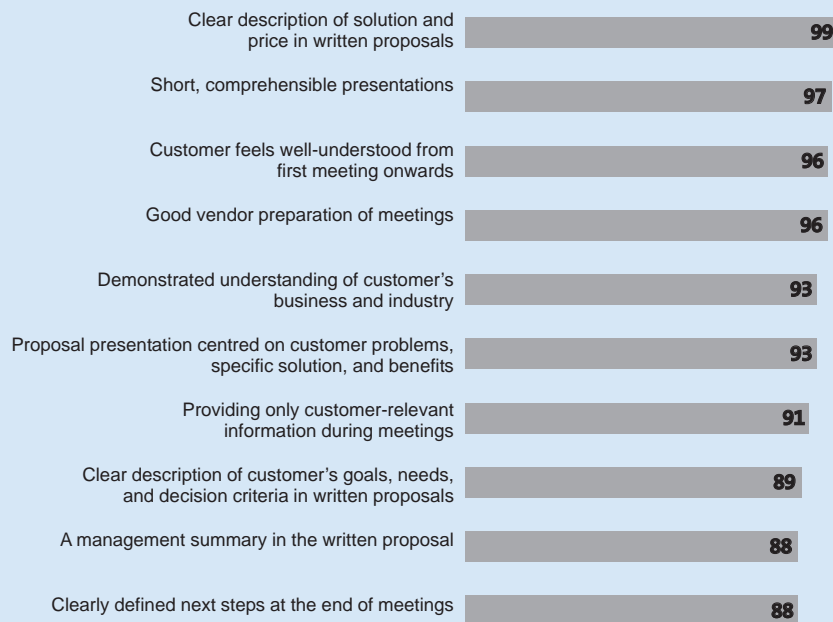
When evaluating proposals from multiple vendors, key decision makers have little time or patience to read long, boring documents looking for the information they need. Brevity and clarity on solution and price are critical. Furthermore, customers want a well-written management summary that helps project 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 interviewed<sup>1)</sup>)



<sup>1)</sup> 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 20% 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.

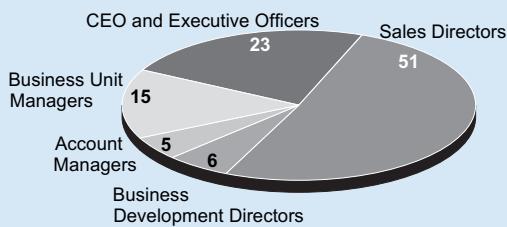
## Structure and Methodology

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

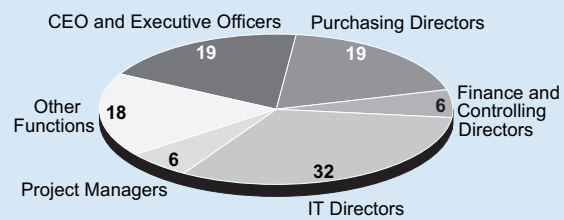
(As a percentage of vendors interviewed)



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

### Customer Interviewee Job Function

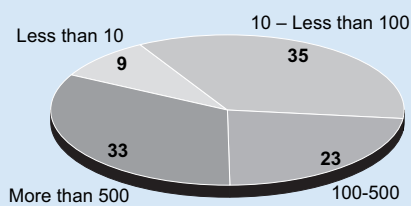
(As a percentage of customers interviewed)



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

### Vendor Company Revenues

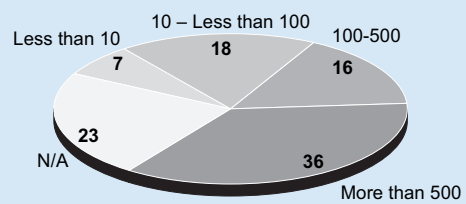
(In millions of euros in percentage of vendors interviewed)



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

### Customer Company Revenues

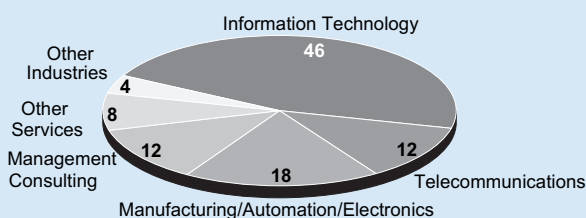
(In millions of euros in percentage of customers interviewed)



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

### Vendor Industry Split

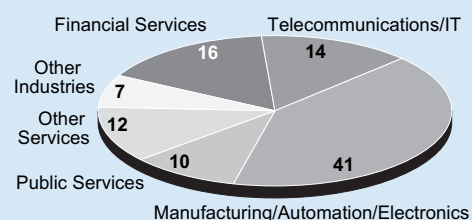
(As a percentage of vendors interviewed)



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

### Customer Industry Split

(As a percentage of customers interviewed)



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



# 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 salesperson 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.

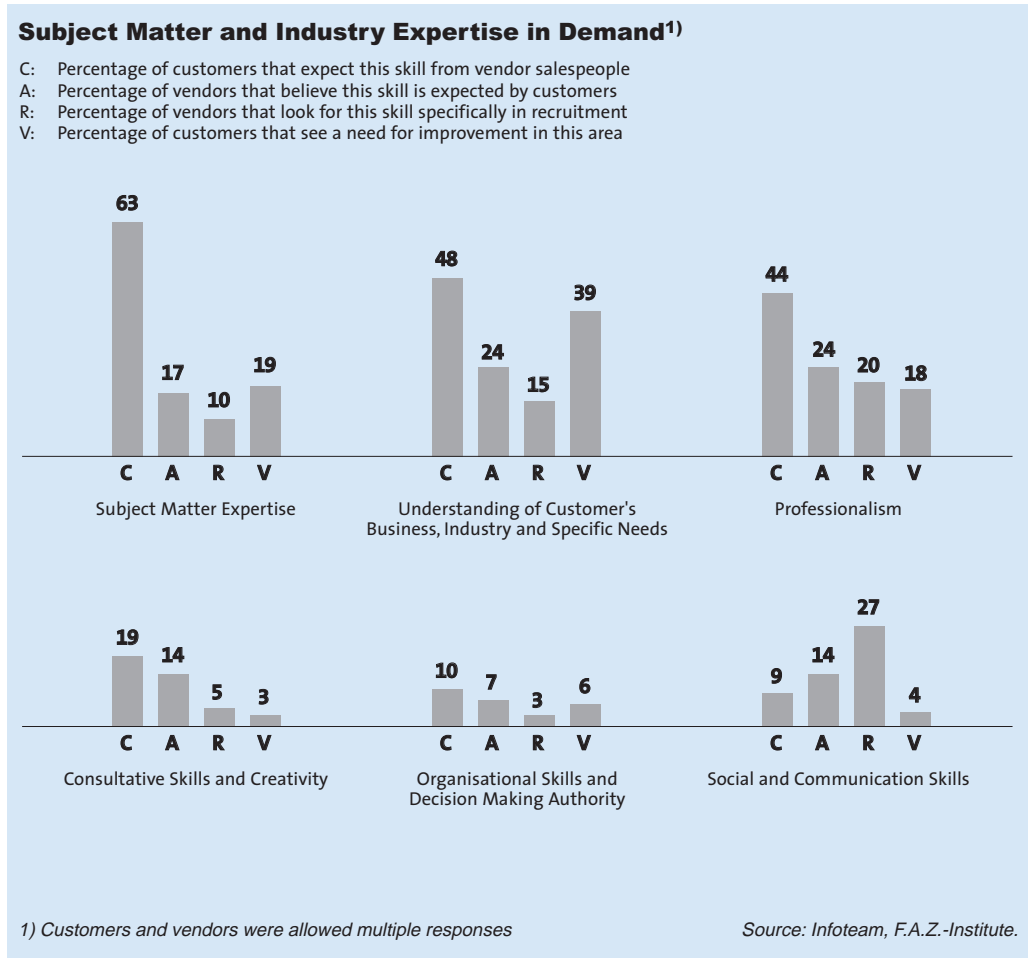
Nearly 20% of customers say that a salesperson's consultative skills and creativity are important to them. While vendors seem to recognise the importance of this to customers, they place very little emphasis on it during recruitment, ranking it just 6th overall. Customers expect new ideas, and want to 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%) both 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 rethink sales recruitment policies and people development practices.



# 2 The Sales Process – Key to success

The final decision is usually based on price, but this does not mean price is the only reason for winning. Price is an important decision criterion at the end of the customer’s decision process, but by that time, only the vendors who have earned the customer’s trust throughout all phases of the sales process are still in the race.

*The vendor companies who claim to win more than 75% of their sales opportunities use a structured sales process.*

Most vendor companies say they have a formal sales process, but the key questions are how good it is, how well it is used, and how it benefits the organisation. Nearly half of the 95% who say they have a structured sales process also say it needs to be improved. Only 7% say their sales process is fully understood and used daily by the sales force. A good sales process, however, appears to be key to success – all the vendor companies who claim to win more than 75% of their sales opportunities use a structured sales process.

Nearly one-third (32%) of vendors interviewed use a CRM system to support their sales process and are satisfied with the results. Slightly more than two-thirds (68%) say they either do not have a CRM system or want to improve the way it supports the sales process. This implies that the maximum return-on-investment from many CRM systems has not been realised. Apart from CRM systems, many pragmatic practices at each phase of the sales process can have significant impact on a sales organisation’s success.

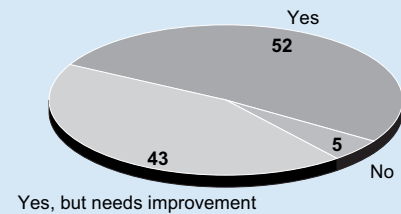
## 2.1 First Contact – Customer needs open doors

“We need to know more about the customer’s pains.” says an IT industry sales manager when asked about cold calling to obtain appointments. His comment high-

### The Structured Sales Process – Theory and Practice

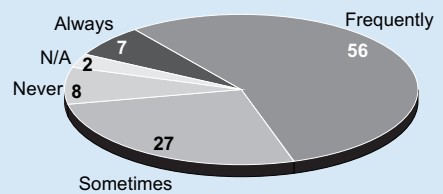
#### Does your company have a structured sales process?

(Percentage of vendors interviewed)



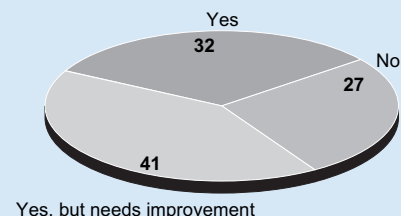
#### Is the sales process fully understood and used?

(Percentage of vendors interviewed)



#### Does your company have a CRM system that supports the sales process?

(Percentage of vendors interviewed)



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

lights the ultimate paradox for most salespeople – the information needed to get the first appointment is usually only obtained in the first appointment.

In the interviews, customers were asked what motivates them to grant a first meeting to a potential vendor when contacted by telephone. What these customers say can be applied to cold calls, as well as any other type of initial customer contact, such as the follow-up to event attendance or a letter.

According to customers, the best way for vendors to obtain a first meeting with them by telephone is to identify and focus on a real, current need. 59% “always” or “frequently” grant a first meeting if the vendor can refer to a concrete need during the phone call. But how does a salesperson identify concrete needs before the call? Focused research of the company and its people (what they say or write in the public forum), as well as leveraging knowledge of customers in the same industry sector can help identify areas of potential pain.

Close cooperation between the operations and sales staff is required to capture key information about customer successes – and use it to identify potential needs in target customers in the same industry. Operations must take responsibility for providing relevant information to sales about customer needs, solutions implemented, and benefits achieved. Many organisations lack a structured

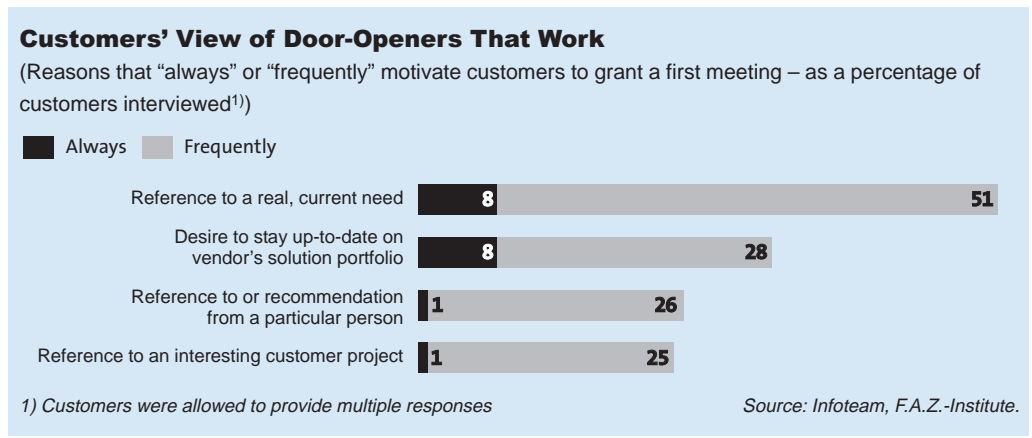
method to gather and leverage this essential information.

The second most powerful motivation for customers to grant vendors a first meeting is their desire to stay up-to-date on the vendor’s solution portfolio. Thirty-six percent (36%) say they “always” or “frequently” grant an appointment for just this reason. Market leaders, particularly the ones with strong brands, seem to be able to secure meetings without reference to a specific need, as their potential customers want to know what they are bringing to market. This implies that companies who do not enjoy market leadership must focus more on research to identify potential target customer pains.

*The best way for vendors to obtain a first meeting is to identify and focus on a real, current need.*

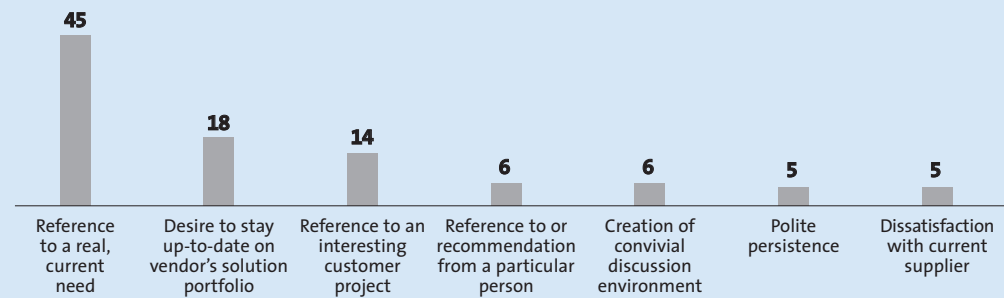
Comparing the two following graphs illustrates that vendors seem to know what motivates customers to grant a first meeting. The first two reasons stated by both customers and vendors – reference to a real, current need and the desire to stay up-to-date – correlate completely. Unfortunately, no question was asked about how well this is actually done today.

The third reason customers grant first meetings is the reference to or recommendation from a specific person. The power of this type of approach appears to be underestimated by vendors, as evidenced by the difference in overall importance – 27% for customers and only 6% for vendors. Clearly, personal references and recommenda-



### Vendors' View of Door-Openers That Work

(Reasons that vendors believe motivate customers to grant a first meeting – as a percentage of vendors interviewed<sup>1)</sup>)



1) Vendors were allowed to provide multiple responses

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

tions should be used by vendors more frequently to gain access to new customers.

Apart from the choices provided in the graph on page 13, customers were asked about other reasons for granting first meetings. The product or service being offered plays the most important role as an alternative motivator for 39% of customers interviewed. The innovative nature of the product or service being offered is particularly significant. The study also shows that one of the most common reasons for changing suppliers is the customer's impression that their current supplier's product or service is not up-to-date (see chapter 4.2).

dor who keeps calling. 77% of customers interviewed say vendor persistence does not lead to the granting of a first meeting. Vendors, however, believe persistency is as important as personal recommendations, and the creation of a convivial discussion environment. A final comment: Waiting for the telephone to ring does not appear to be a viable vendor alternative, as only 4% of customers say they prefer taking the initiative in contacting new vendors.

## 2.2 First Meeting – Success through customer knowledge

In the next phase of the sales process – the first customer meeting – salespeople should demonstrate that they can deliver what customers expect (see chapter 1). Customers seem to have very high expectations of vendors as all 8 of the attributes presented during the interview were seen as important.

Salesperson preparation and industry expertise are particularly important. 59% rate business understanding and industry expertise as “very important” and an additional 34% rate it as “important”. Good preparation is “very important” to 61% of customers interviewed, and “important” for an additional 35%. These figures speak for themselves – customers expect

*Salespeople should demonstrate that they can deliver what customers expect.*

Finally, customers were asked specifically about their reaction to a persistent ven-

### The Power of Recommendations

Vendors should use their personal network in existing customers more effectively by asking them to recommend other companies that might have similar needs. Satisfied customers may even be willing to provide a personal introduction. Very few vendors appear to make good use of this, as 43% of customers say their vendors rarely ask for recommendations (see chapter 3). It is clear that satisfied customers should be leveraged much more to generate new business.

## Good Preparation is the Making or Undoing of Vendors

(Very important and important attributes of a first meeting – as a percentage of customers interviewed<sup>1)</sup>)



1) Customers were allowed to provide multiple answers

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

vendors to do their homework, and not to ask questions about things they should know from their preparation.

Nearly half the customers interviewed see considerable room for improvement in these two areas (see graph on page 17). To improve customer satisfaction, salespeople should invest more time in researching the target company and determine potential strengths, weaknesses, opportunities, and threats in advance. Information regarding relevant references should be prepared, again highlighting the need for close cooperation with operations staff.

Time normally spent creating a comprehensive corporate presentation would better be invested preparing information on relevant reference projects. Hardly any of the customers interviewed (only 6%) expect vendor company information that is not related to their specific needs. More than 3 times as many customers (19%) want salespeople to come to the point quickly and avoid non-relevant topics. Monologue product portfolio presentations so often used to open first meetings actually have a negative impact from the customer's point-of-view.

After the choice-based questions, customers were provided the opportunity to list other attributes of good first meetings. A convivial discussion environment and the feeling of "good chemistry" between salesperson and customer are important for 22%. It appears that vendors again underestimate the importance of this, as only 6% name it as an important attribute of a good first meeting, ranking it 9th overall, thus falling off the graph of the "top-8 attributes".

Vendors dramatically underestimate the importance of how well the customer feels understood during the meeting. Just 2% of vendors spontaneously volunteered this as an attribute of a good meeting, whereas 96% of customers find this important or very important. So, it is hardly surprising that 44% of customers expect vendors to do a better job in this area.

Vendors tend to focus much more on the identification of sales opportunities and the definition of next steps. Customers also want clearly defined next steps, but it is more important to vendors (2nd) than customers (5th). Salespeople should place more emphasis on ensuring that actions agreed with customers are followed-up. This highlights the importance of good organisational skills and

*Customers expect vendors to do their homework, and not to ask questions about things they should know from their preparation.*

## Attributes of a Good First Meeting

Customer's Perspective	Vendor's Perspective
1. Vendor comes to the meeting well-prepared	1. Salesperson understands customer needs
2. Feeling of being well-understood	2. Clearly defined next steps
3. Vendor understands the customer's business and industry	3. Salesperson comes to the meeting well-prepared
4. Vendor provides only customer-relevant information	4. Sales opportunities are identified and qualified
5. Clearly defined next steps	5. Active listening and less talking
6. Vendor demonstration of subject matter expertise	6. Salesperson provides only customer-relevant information
7. Collaborative solution development	7. Salesperson understands customer's business and industry
8. Benefits of the solution are defined and quantified	8. Benefits of the solution are defined and quantified

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

decision-making authority (see chapter 1), as well as understanding the capabilities of their organisation, to ensure commitments are realistic and feasible.

Subject matter expertise is “important” or “very important” for 82% of customers interviewed. Only salespeople with true subject matter expertise can balance the need for creative solutions with feasibility. It is also prerequisite for another key customer expectation – the collaborative development of solutions, which 78% consider “important” or “very important”. The definition and quantification of benefits is “important” or “very important” for 76% of customers interviewed. Vendors should not

limit benefits to qualitative factors – quantification can increase the sense of urgency and help the customer position the project internally. Quantifying benefits, thus, serves both vendor and customer.

Overall, only 11% of customers are satisfied with the quality of first meetings. Satisfaction increases as the sales process unfolds, rising to 15% when written proposals are submitted, reaching 22% when they are presented. An important consideration here is that as the sales process progresses, unsuitable vendors will have been eliminated, and proposals will likely only be requested from those the customer seriously considers as a partner for the project.

*Only salespeople with true subject matter expertise can balance the need for creative solutions with feasibility.*

## The Difference between Understanding and Being Understood

To build the feeling in the customer's mind of being understood, vendor salespeople must possess and combine numerous competencies – such as tailoring their industry expertise to meet the customer's specific requirements. Customers are often unclear about their own requirements, and appreciate salespeople with the consultative skills to help them develop and articulate their needs in a collaborative environment.

A word of caution about using standard templates for company presentations or “reference” projects not relevant to the customer: Though this may be efficient, there is significant danger of “disconnection” with the customer.

Using customer language (rather than vendor-centric terminology) enhances the feeling of being understood. Making the investment to internalise customer language throughout the sales process pays dividends in the trust level achieved.

## Focusing on Customer Needs

(Areas for vendor improvement in first meetings – as a percentage of customers interviewed<sup>1)</sup>)



1) Customers were allowed to provide multiple answers

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

These statistics show how important the first meeting really is – and since 89% of customers are dissatisfied in this early phase, management should focus coaching on improving this area, rather than only getting involved at the end of the sales process when contracts and prices are negotiated.

## 2.3 Written Proposals – Solution and price at a glance

Customers have very clear ideas of what makes a good proposal and what is just “ballast”. A complete, well-structured and comprehensible description of the solution and price are the core elements expected. More than 70% want to see at a glance the solution proposed, and how much it costs. Although vendors also rank these criteria highly, 43% of customers say vendors fall short of their expectations.

Two potential reasons may explain the high degree of customer dissatisfaction – first, vendor and customer do not share a common definition of “completeness”, “good structure”, and “comprehensibility”, and second, that despite having a common definition, vendors fail to deliver.

Moreover, customers want vendors to incorporate their specific goals, needs, and decision criteria into proposals. More than

20% of customers see a need for improvement; again despite the fact that vendors agree it is important. Vendors either don’t incorporate this information into the proposal, or more likely, do not adequately understand the specific needs of the customer.

One cause may be poor internal communication – people writing the proposal are not the same ones meeting the customer, or information is not systematically exchanged between team members. Another cause is the sales team’s lack of contact with the real decision makers before submitting the proposal and the resulting failure to incorporate their expectations.

A good easy-to-understand management summary covering all the key points of the proposal is considered to be “very important” by 49% of customers, and “important” by an additional 39%. This reflects the high proportion of senior executives interviewed in customer organisations.

The management summary also provides project managers a tool to brief their superiors. Given its importance to customer executives and project teams, it is surprising that only 7% of vendors feel it is necessary to include one – making this an easily addressable area for improvement.

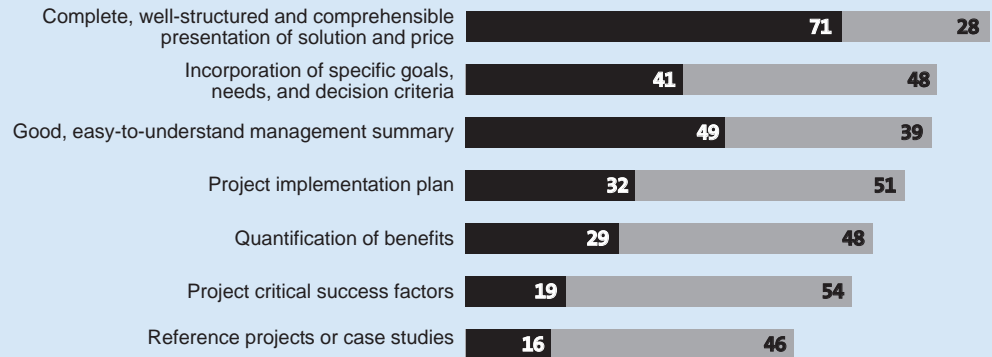
*A complete, well-structured and comprehensible description of the solution and price are the core elements expected.*

*Customers want vendors to incorporate their specific goals, needs, and decision criteria.*

## Transparency of Information

(Very important and important attributes of a good written proposal – as a percentage of customers interviewed<sup>1)</sup>)

Very Important Important



1) Customers were allowed multiple responses

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

Vendors understand that a lack of financial arguments can cause project delay or cancellation.

Fourth on the customer wish list is a project implementation plan. In response to the open question regarding attributes of a good proposal, only 2% of vendors say that a project plan is important – this clearly indicates a significant gap that should be addressed. A comprehensive project plan outlining timing, skills, resources, and roles (vendor and customer), as well as contingencies, demonstrates vendor experience, and increases customer confidence.

As expected, customers facing increasing economic pressure want vendors to quan-

tify the benefits of their solution (rank 5), while vendors rank it 6th overall. One-third of customers say the lack of quantified benefits in a vendor proposal is “always” or “frequently” a reason for its refusal (see chapter 4.1). Vendors appreciate that a lack of financial arguments can cause project delay or cancellation, while compelling “why now” arguments can help customers justify projects internally, and shorten the decision process. Moreover, this improves competitive differentiation, an attribute ranked 3rd in importance by vendors.

## Attributes of a Good Written Proposal

### Customer's Perspective

1. Complete, well-structured and comprehensible presentation of solution and price
2. Incorporation of specific goals, needs, and decision criteria
3. Good, easy-to-understand management summary
4. Project implementation plan
5. Quantification of benefits
6. Project critical success factors
7. Reference projects or case studies

### Vendor's Perspective

1. Complete, well-structured and comprehensible presentation of solution and price
2. Incorporation of specific goals, needs, and decision criteria
3. Customer benefits and competitive differentiators
4. Good visual presentation
5. Good, easy-to-understand management summary
6. Quantification of benefits
7. Good price-performance ratio

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

Greater discrepancy still is found in the vendor and customer view on including project critical success factors. Customers want to know where project risks lie and rank this 6th, while vendors seem to forget or ignore them altogether. Addressing this professionally creates trust, while ignoring it might give the impression of having overlooked important details.

Although information on reference projects in the proposal seems to have less importance for customers than other factors (rank 7), 46% still consider it to be “important” and another 16% “very important”. From the vendor’s perspective, including appropriate references only occupies position 10 on their list of priorities.

This discrepancy may, again, be caused by the lack of a common definition for what constitutes a “reference”. Many vendors include a list of customer names as part of the company presentation, but what customers want is detailed information on selected projects that demonstrate the vendor’s ability to deliver successfully. The recommendation to vendors is to focus on a smaller number of more suitable references, and to provide more comprehensive information on that

### Dealing With Critical Success Factors

Frequently project critical success factors are not uncovered by the vendor prior to proposal submission. One reason may be that project team members are not involved in the sales process or that their advice is not taken into account. Even if critical success factors are known, the fear of losing the project often leads salespeople to omit them from the proposal. This pre-programs problems into the project from the outset.

Rather than creating doubt, vendors who proactively show that they understand and can address project critical success factors increase their credibility. Even more so if they can refer to a project in which the same issues were resolved.

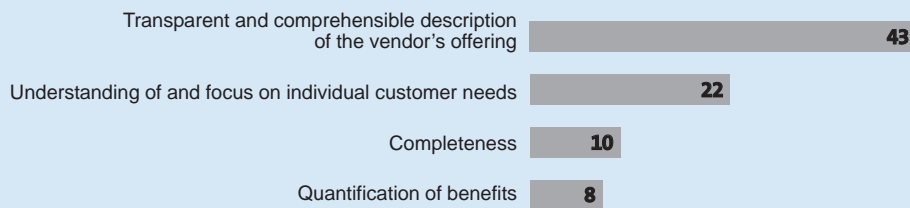
*The recommendation to vendors is to focus on a smaller number of more suitable references, and to provide more comprehensive information.*

customer’s goals, solution, project plan, benefits achieved, and how the critical success factors were overcome.

Just 15% of customers interviewed see no room for improvement in vendor proposals, so the vast majority of vendors could potentially improve the quality of their written proposals using the checklist outlined in this chapter.

### Better Comprehensibility Desired

(Spontaneous customer answers regarding areas for vendor improvement in proposals – as a percentage of customers interviewed<sup>1)</sup>)



<sup>1)</sup> Customers were allowed multiple responses

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

## The Vendor's Go / No-Go Decision – Staying in the Game at Any Price

Significant resources are invested to create a good, customised proposal and presentation. So, vendors should only pursue sales opportunities in which they have a realistic chance of winning. Selling risks should be identified early – and if they are unacceptable or cannot be mitigated, the logical conclusion is to discontinue (no-go decision).

Although 88% of vendors interviewed say their company has a process for making no-go decisions, only 28% say it is applied consistently. This implies that considerable resources are wasted pursuing sales opportunities with a low probability of success – making them unavailable for opportunities that have a higher probability.

Many companies use poor market conditions to justify pursuing all opportunities. When few projects are available in the market, the temptation is to put aside the no-go decision process and simply pursue them all. But, a hopeless project remains a hopeless project, so every cent invested is money down the drain.

Even companies that do have a no-go decision process should review the criteria used. The criteria vendors consider important indicate that many key factors are ignored. Analysis of competitors is at the bottom of the vendors' list. However, customers say that the most frequent reason for refusing a vendor's proposal is the superior solution offered by their competitor (see chapter 4.1). Moreover, 65% percent of projects are "always" or "frequently" awarded to a customer's current supplier (see chapter 4.2).

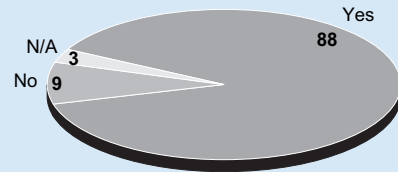
Given the importance of competition in the success or failure of a vendor's sales campaign, it is surprising that only 51% evaluate the competitive situation thoroughly before deciding to engage. The most important no-go decision criterion, the ability to fulfil the customer's requirements, can be of limited value if the competitor has a far superior solution.

In summary, a company's no-go decision process must be based on the right criteria, and used by management to focus the organisation on the right opportunities. Precious company resources may be wasted if salespeople are only measured by the number, rather than the quality, of opportunities in the pipeline.

### Consistent Application of No-Go Decision Criteria

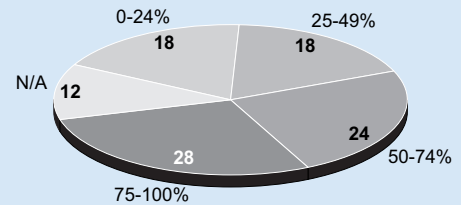
#### Does Your Company Have a No-Go Decision Process?

(As a percentage of vendors interviewed)



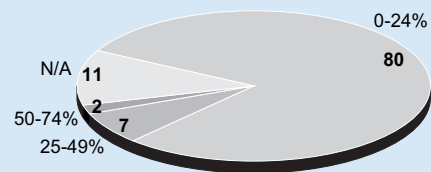
#### What Percent of Your Salespeople Consistently Apply the No-Go Criteria?

(As a percentage of vendors interviewed)



#### In What Percent of Sales Opportunities Is a No-Go Decision Made?

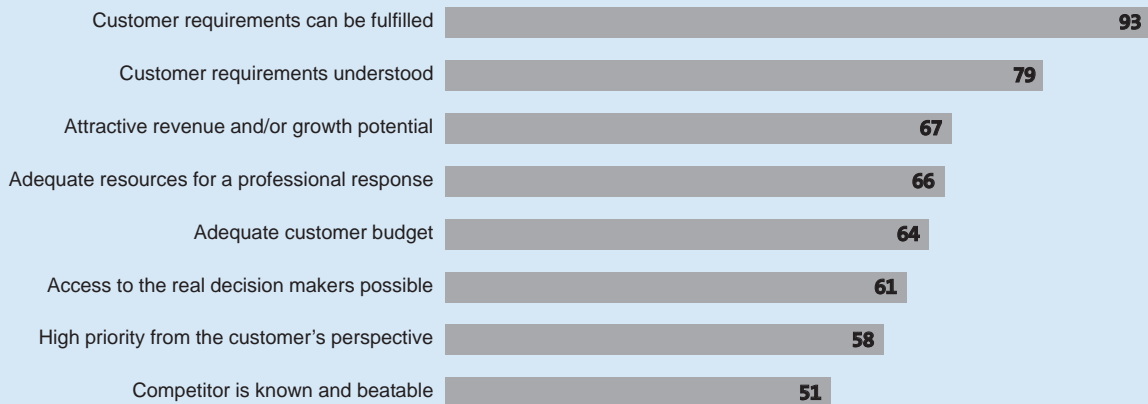
(As a percentage of vendors interviewed)



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

### Competition Not Evaluated Seriously

(Important and very important criteria in the decision to continue investment in a sales opportunity – as a percentage of vendors interviewed<sup>1)</sup>)



1) Vendors could provide multiple answers

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

## 2.4 Proposal Presentation – Talk about the customer, not yourself

Customers and vendors both believe that a good proposal presentation should be short, comprehensible, and tailored to the specific needs of the customer. Despite the high level of agreement, nearly a quarter of the customers see a need for shorter and more comprehensible presentations.

93% of customers interviewed consider it “very important” or “important” that their needs and the specific solution should be the centre of the vendor’s presentation. Furthermore, a third of them are not satisfied with the degree to which their vendors do this today. The discrepancy indicates that customers and vendors either have very different perceptions of what constitutes a “comprehensible”, “customer-focused” presentation or that vendors do not execute what they say is important.

Third on the customer wish list is that vendors should incorporate the individual requirements of the decision-makers into their oral proposal presentations, with 79% saying it was “important” or “very important”. Vendors, however, only rank this 6th, placing it outside the most important attributes on the list.

This should be given more attention by vendors – as it highlights a particular attribute of B2B selling. In contrast to selling to end

### Using the Right Language

Using the customer’s language is a key factor in making presentations more comprehensible. This means replacing vendor-centric terms with customer terms learned during the sales process. Contradictory statements from different selling team members can confuse customers and give them the impression of a lack of coordination, setting a negative expectation which may carry over to project delivery. To avoid this, the team members should coordinate their individual contributions better, and rehearse “one voice” to the customer.

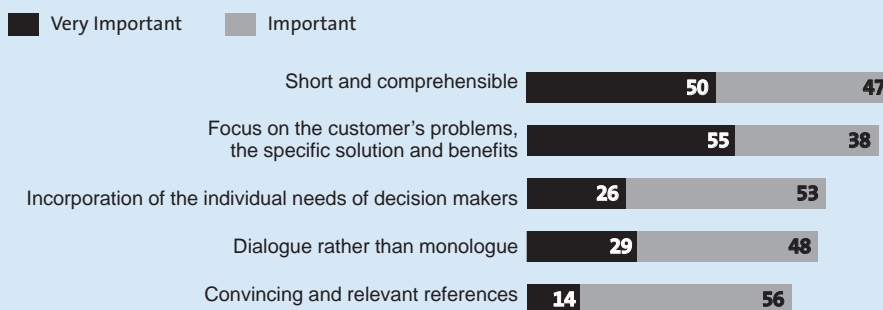
*Decision makers at different levels do not necessarily have the same needs and requirements.*

consumers, selling to a company involves a number of decision makers, each of whom must be convinced of the advantages of the same product or solution. Decision makers at different levels do not necessarily have the same needs and requirements.

Active involvement in the presentation is “important” or “very important” to 77% of customers interviewed and 9% complain about the lack of a constructive dialogue during proposal presentations. To improve the degree of satisfaction, vendors should actively ask for feedback during presentations, and, ideally, integrate the feedback into their presentation in real-time.

From a vendor perspective, having a credible team with the necessary subject matter and industry expertise ranks 3rd – customers also rank this quite high, but it

### Short, Sharp and To the Point (Very important and important attributes of a good oral proposal presentation – as a percentage of customers interviewed<sup>1)</sup>)



<sup>1)</sup> Customers were allowed multiple responses

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

## Attributes of a Good Oral Proposal Presentation

### Customer's Perspective

1. Short and comprehensible
2. Focus on the customer's problems, the specific solution and benefits
3. Incorporation of the individual needs of decision makers
4. Dialogue rather than monologue
5. Convincing and relevant references

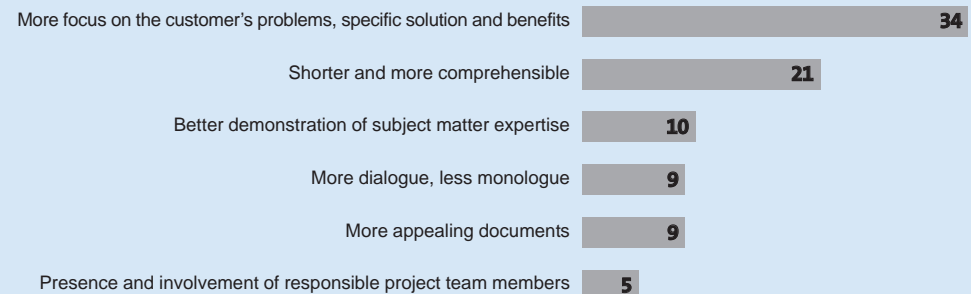
### Vendor's Perspective

1. Focus on the customer's problems, the specific solution and benefits
2. Short and comprehensible
3. Credible team with subject matter and industry expertise
4. Good presentation style – supported by appealing documentation
5. Good preparation for questions and objections

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

## The Customer as the Focus

(Spontaneous customer answers regarding areas for vendor improvement in oral proposal presentations – as a percentage of customers interviewed<sup>1)</sup>)



1) Customers were allowed multiple responses

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

*Ideally, answers to potential questions and objections should be prepared in advance and incorporated into the presentation to prevent them being raised at all.*

was not among the 5 choices initially presented in the interview. However, when asked about other important attributes, 18% say that the credibility of the team and their ability to demonstrate subject matter and industry expertise is "important". Even more customers spontaneously say that the visual presentation of documents provided is important, corresponding well to the vendors' ranking in 4th position. Preparation for questions and objections – 5th on the vendor list – is understandably only important from the vendor perspective. Ideally, answers to potential questions and objections should be prepared in advance and incorporated into the presentation to prevent them being raised at all.

## Access to the Real Decision Makers

The customer's expectations of good oral proposal presentations can only really be fulfilled if the vendor has had access to and understood the specific needs of key decision makers before the presentation. This requires advanced selling skills as customers rarely make that suggestion themselves. Already at the first meeting, the vendor should inquire about the decision making process to find the names of the Endorser, Decider, Assessors, and to ask how best to go about understanding their needs. Vendors must be careful not to give customers the impression they are being "spied on", and make it clear that the contacts are required to make a good proposal, which also benefits them.



# 3 Contract Fulfilment – Foundation of future business

The proposal and presentation have convinced the customer, and a handshake has sealed the deal – the salesperson who considers their work done is sadly mistaken, and will have great difficulty developing additional business. The customer's experience with a vendor during contract fulfilment heavily influences their desire to entrust the vendor with more business.

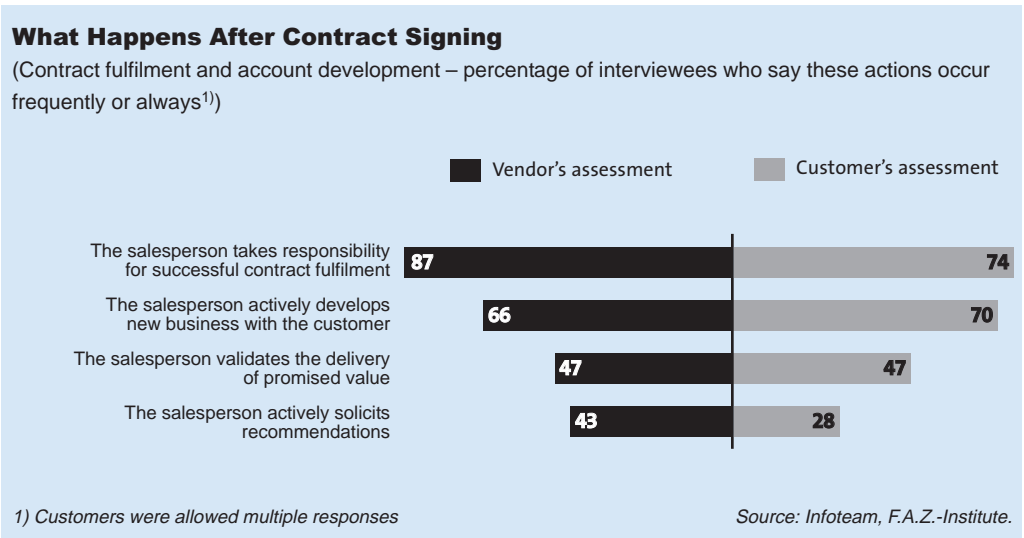
*Value propositions are mainly used as a sales tool for winning business.*

There is a surprisingly high correlation between customer and vendor responses as to the frequency with which contract fulfilment and account development activities occur. 87% of vendors say their salespeople “always” or “frequently” take responsibility for successful contract fulfilment, and 74% of customers concur. Both parties agree on the frequency (only 47%) with which salespeople validate whether the benefits promised are achieved.

It appears that value propositions are mainly used as a sales tool for winning business, but are rarely shared with or reviewed by the operations staff that are responsible for delivering them. En-

suring that the expected benefits are delivered is an important prerequisite for a continuation of the vendor-customer relationship – customers who feel they do not get what was promised may be hesitant to award the vendor additional business.

Perhaps putting the cart before the horse, 66% of vendors say their salespeople actively develop new business with existing customers, but only 47% ensure that the contracts already sold deliver the value promised. The majority of vendor interviews were conducted with sales managers and executives, which may have injected a bit of wishful thinking into the account development figure.



### **Know-How-Transfer between Sales and Operations**

Sales and operations teams must work together more closely – ensuring that expected benefits are communicated internally to operations staff that are responsible for delivery. If operations staff only receives the contract and not the value proposition on which the customer based their decision, customer and delivery team dissatisfaction may be built into the project from the outset, affecting project efficiency and implementation costs.

Failing to validate whether the project delivers the value promised means that salespeople lack access to important customer satisfaction information which supports their targeting of new customers in the same industry. The strategy for vendors must be to sell what they can deliver, and ensure systematic sharing of relevant customer information between sales and operations.

Although both customers and vendors say that salespeople actively try to grow the business, satisfied customers are rarely asked for recommendations. Only 28% of customers interviewed are “always” or “frequently” asked by vendor salespeople for recommendations, while 43% say this

is “seldom” or “never” the case. Vendors are clearly missing potential sales opportunities, since the analysis of successful strategies for first contacts shows that recommendations are very effective (see chapter 2.1).

# 4 Success and Failure – Learning from wins and losses

At the end of the sales process the vendor receives a “yes” or “no”. Regardless of the outcome, careful analysis of the reasons behind the customer's decision is an important aspect of a sales organisation's work. Learning from wins and losses is the best way to improve the sales process and prevent mistakes from being repeated.

## 4.1 Acceptance or Rejection – A question of competition

*Research clearly indicates that vendors should spend more time and effort to understand the strengths and weaknesses of other competitive solutions.*

“Why do we lose?” many vendors ask themselves. “Competition” is the answer given by 79% of customers “always” or “frequently” – saying that a superior solution or better price is the most common reason. This contrasts with just 50% of vendors who feel this is the

reason for losing. (see graphs on pages 27 and 28).

While vendors tend to focus a great deal of effort on their own offering and whether it meets the customer's requirements, the research clearly indicates they should spend more time and effort to understand the strengths and weaknesses of other competitive solutions under evaluation.

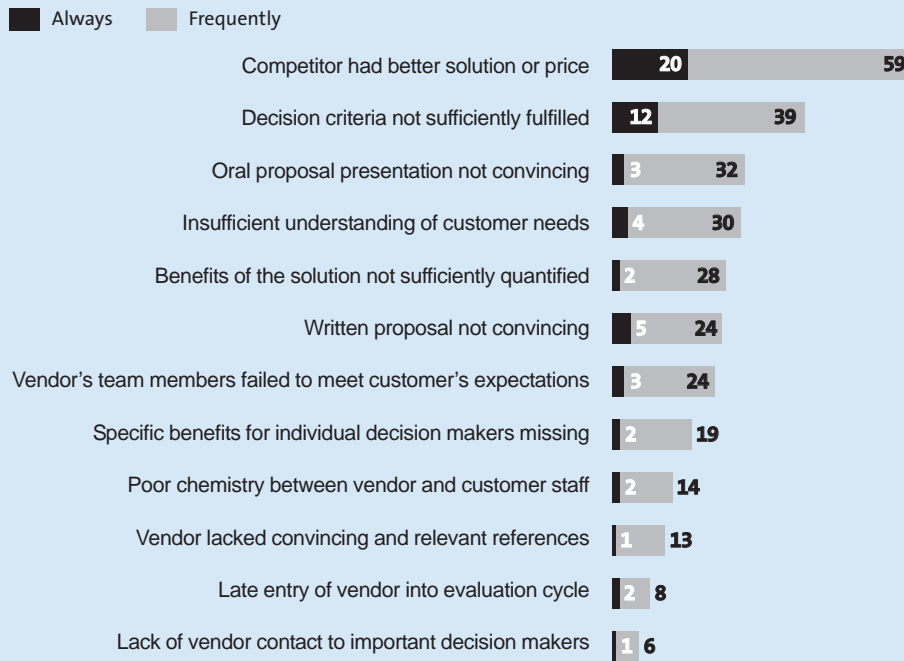
### The Most Frequent Reasons for Proposal Rejection

Customer's Perspective	Vendor's Perspective
1 Competitor had better solution or price	1 Specific benefits for individual decision makers missing
2 Decision criteria not sufficiently fulfilled	2 Lack of vendor contact to important decision makers
3 Oral proposal presentation not convincing	3 Competitor had better solution or price
4 Insufficient understanding of customer needs	4 Late entry of vendor into evaluation cycle
5 Written proposal not convincing	5 Benefits of the solution not sufficiently quantified
6 Benefits of the solution not sufficiently quantified	6 Decision criteria not understood
7 Vendor's team members failed to meet customer's expectations	7 Vendor's team members failed to meet customer's expectations
8 Specific benefits for individual decision makers missing	8 Insufficient understanding of customer needs
9 Poor chemistry between vendor and customer staff	9 Poor chemistry between vendor and customer staff
10 Vendor lacked convincing and relevant references	10 Oral proposal presentation not convincing
11 Late entry of vendor into evaluation cycle	11 Vendor lacked convincing and relevant references
12 Lack of vendor contact to important decision makers	12 Written proposal not convincing

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

## Customers: Choosing the Better Option

(Reasons “always” or “frequently” given for rejecting a vendor’s proposal – as a percentage of customers interviewed<sup>1)</sup>)



<sup>1)</sup> Customers were allowed to provide multiple answers

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

The second most common reason for proposal rejection, nearly thirty percent lower, at 51% of customers interviewed, is the vendor’s inability to fulfil the decision criteria. This result is hardly surprising, as 45% of vendors say they did not fully understand the decision criteria. Thus, correctly identifying and potentially influencing the decision criteria should play a more important role in the vendor’s sales process.

Customers say that the quality of a vendor’s written proposal and oral presentation has a strong influence on their decision – with 35% quoting this as a reason for rejection. The low level of satisfaction and areas for improvement were discussed in chapters 2.3 and 2.4. The majority of vendors, however, feel that the quality of their written proposals and oral presentations are only “sometimes” the reason for rejection – ranking only 10th and 12th.

One fifth of customers see the lack of articulated benefits for individual decision makers as a reason for proposal rejection. At first glance, this appears low, but if the interviews had been conducted with a group of people in customer organisations rather than just one individual, the outcome may well have been different.

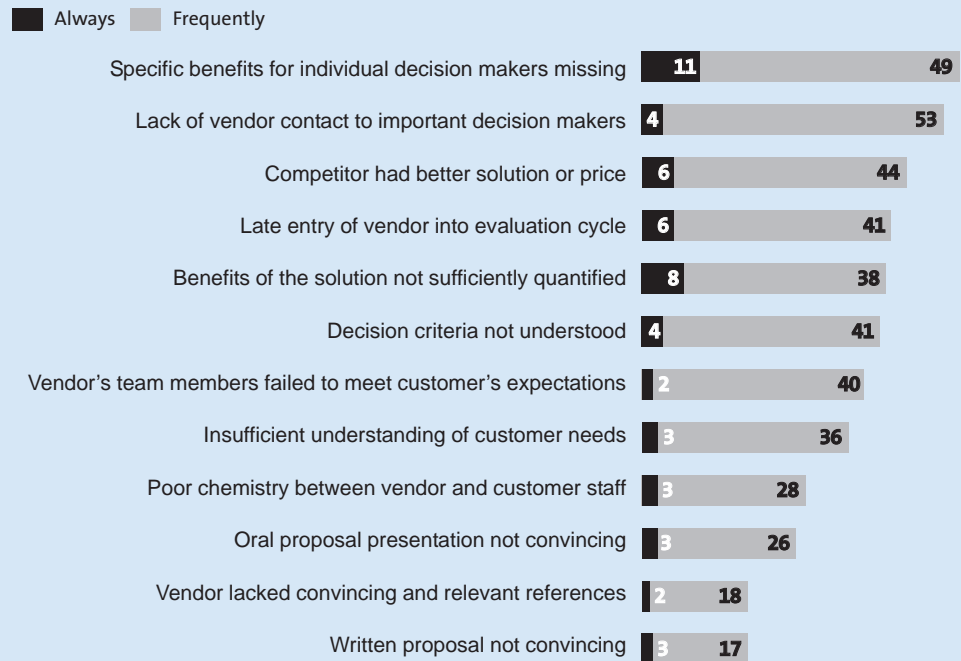
The size of the customer organisation interviewed plays a smaller role in the responses than originally anticipated. The expectation that large organisations place more emphasis on the presentation of benefits for individual decision makers is not supported by the results. In companies with less than 250 employees, the percentage of rejections based on the lack of benefits for individual decision makers is 32%, while for companies with more than 1.000 employees, it is just 23%.

From the vendors’ perspective the failure to articulate benefits for individual decision makers is the most frequently stated rea-

*Customers say that the quality of a vendor’s written proposal and oral presentation has a strong influence on their decision.*

## Vendors: Relationship to Decision Makers is the Key to Success

(Reasons “always” or “frequently” given for having a proposal rejected – as a percentage of vendors interviewed<sup>1)</sup>)



1) Vendors were allowed to provide multiple answers

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

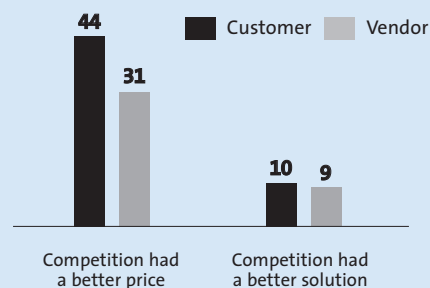
Vendors equate late entry into the sales process with competitive disadvantage as it limits the opportunity to gather valuable information.

son for proposal rejection. 60% feel this is “always” or “frequently” the reason they lose. Close behind, at 57%, is the lack of contact to real decision makers. So, vendors understand the importance of developing and communicating value, their key issue is the lack of information due to insufficient contact with the right people.

Relationships with the right people are often an issue of timing – late entry into the customer's evaluation cycle is quoted by 47% of vendors as a reason for losing. For customers, this is hardly relevant, with only 10% saying it is important. Vendors equate late entry into the sales process with competitive disadvantage as it limits

## The Importance of Price

(Other spontaneously provided reasons for rejecting a vendor's proposal – as a percentage of customers and vendors interviewed<sup>1)</sup>)



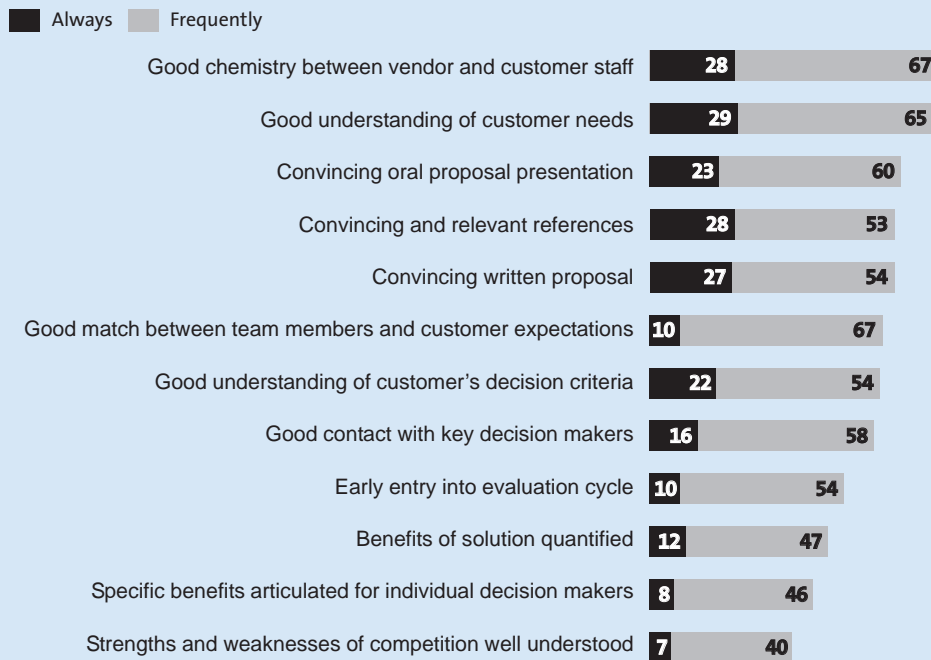
1) Customers and vendors were allowed to provide multiple answers

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

What really makes a vendor's proposal attractive to the customer? Is it a question of product quality or price? In the end, both parties seem to agree that it's price. 44% of customers and 31% of vendors say that price is the most important decision criteria. When it comes to a better solution as the reason for proposal rejection, both customers and vendors say this is the reason in approximately 10% of cases.

## Vendors: Demonstrating Customer Understanding

(Reasons “always” or “frequently” given for winning – as a percentage of vendors interviewed<sup>1)</sup>)



<sup>1)</sup> Vendors were allowed to provide multiple answers

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

the opportunity to gather valuable information about customer needs and to influence decision criteria.

“Why do we win?” vendors ask themselves. “Good chemistry” is what 95% say in response. What is surprising about this answer is that a factor effectively beyond the vendor’s control is rated higher than factors they can influence, such as understanding customer needs, proposal quality, presentation, and references.

Comparison of reasons for rejection and acceptance from the vendor’s perspective produces some important discrepancies. 31% of rejections are attributed to chemistry, compared to 95% of wins. High quality proposals, presentations and references are amongst the top 5 reasons vendors say they win, these same criteria rank just 10th, 11th, and 12th on the list of reasons for losing.

Vendors have a tendency to attribute success to their own good work, and rejections

to factors beyond their control. Given the evidence, the customer’s perception probably presents a more realistic representation of why vendors actually win and lose, as well as providing a list of areas for improvement. Factors that are important in the customer’s eyes such as vendor reliability and subject matter expertise are not even mentioned by vendors even when asked for other reasons for losing business.

## 4.2 Change of Suppliers – Quality and price decide

In a market where the number of vendors and solutions is increasing faster than the number of customers, a company can only grow at the expense of its competitors. Salespeople must acquire new business just to compensate for reduced revenues in existing accounts, let alone grow. Thus, just focusing on companies that are actively looking for new vendors is not sufficient; they must also pursue customers who are satisfied with their current suppliers.

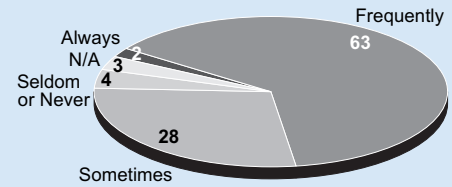
Only 2% of customers say they “always” award contracts to existing suppliers, leaving 98% as potential opportunities.

The majority of customers say they award contracts to their current suppliers. However, only 2% say this is “always” the case, leaving 98% as potential opportunities. The number one reason customers feel motivated to move away from their existing supplier despite a longstanding relationship, is a superior solution offering from a new vendor. Customers say solution quality is as important as price, but vendors seem to believe that price is much more frequently the reason for change. The interview results show that 60% of customers have, in the past, changed suppliers because a new vendor offered a better solution, not necessarily a cheaper one.

Both vendor (46%) and customer (49%) agree that a change of supplier frequently happens because a new vendor is more actively engaged than the existing supplier, underlining the need for continuous, account management. The competition, it appears, does not sleep, which is both a warning to existing suppliers, and an opportunity for new vendors. Existing suppliers cannot afford the luxury of just relaxing and relying on existing contacts. Customers want them to prove they still value their

### How Often Are New Contracts Awarded to Existing Suppliers

(As a percentage of customers interviewed)



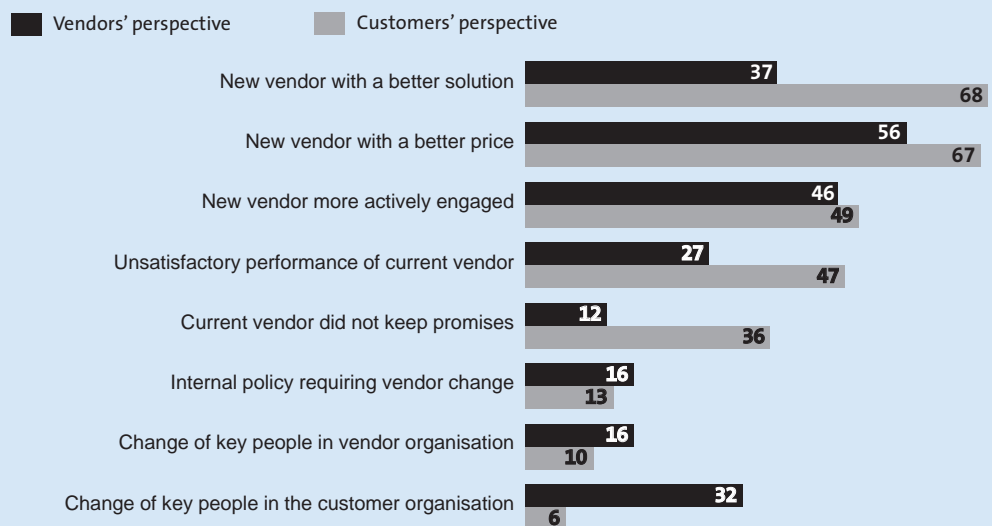
Source: Infoteam, F.A.Z.-Institute.

business, and compete actively for every new opportunity.

47% of customers say that dissatisfaction with the performance of the current supplier is a frequent reason for change. In 36% of cases change is motivated by the current supplier not keeping their promises. These figures indicate that maintaining ongoing high performance and fulfilling contract expectations (see chapter 3) need more vendor attention. Vendors seem to underestimate the importance of delivering the value promised during the sales process. Only 12% of vendors admit that unfulfilled customer expectations are

### Replaced by the Competition

(Reasons “always” or “frequently” given for awarding a contract to a new vendor despite a longstanding business relationship – as a percentage of vendors and customers interviewed<sup>1)</sup>)



<sup>1)</sup> Vendors and customers were allowed to provide multiple answers

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

frequently a reason for change, and only 27% consider customers dissatisfaction as a reason change. Customer responses paint a different picture.

From the vendors' perspective, changes of people in key roles in the customer organisation are a frequent cause of supplier change. Customers, however, are reluctant to admit that the departure of key staff is a reason for changing suppliers. This is most likely due to their unwillingness to admit that vendor choices are often based on personal relationships.

When asked what other reasons there are for changing suppliers, beyond the 8 choices provided, customers most frequently say that the reason is a new vendor's more up-to-date solution portfolio. So, existing suppliers must continually update their solution offering, and keep up with the market. An up-to-date solution portfolio is on one hand a prerequisite for keeping existing customers and on the other, an entry point for new vendors if it is not done.

### 4.3 The Learning Sales Organisation

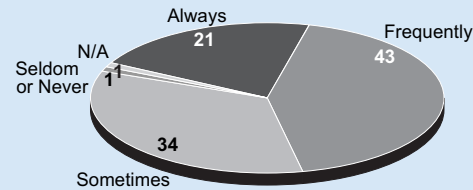
Learning from successes and failures is an integral process of successful organisations, using the results to improve the chances of winning current sales opportunities. Unfortunately most vendors work hard to quickly forget lost sales opportunities – engraining the culture of not learning from mistakes.

Vendors should not rely only on information provided by customers when analysing wins and losses. Customers typically provide “textbook” reasons such as price, solution, and competition. Rarely will a customer say that a vendor did not identify the real decision makers, failed to use customer language, or entered the evaluation process too late, missing important opportunities to understand customer needs.

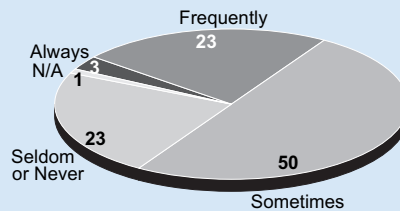
#### How Wins and Losses Are Analysed

(As a percentage of vendors interviewed)

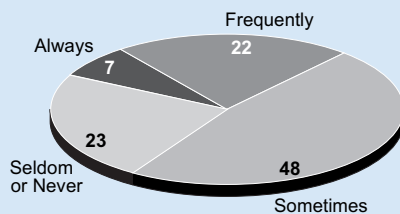
#### An internal briefing takes place with the opportunity team



#### A detailed customer feedback meeting takes place to identify sales process deficits



#### The learnings from win-loss analyses are used to develop sales best practices



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

Vendors that accept customer feedback at face value will continue to make the same mistakes over and over again. Critical self-analysis is necessary to really improve the quality of the sales process and performance. Every company should have a clearly defined procedure for analysing wins and losses.

*Vendors that accept customer feedback at face value will continue to make the same mistakes over and over again.*

64% of vendors say they “always” or “frequently” have an internal opportunity team debriefing following the customer’s decision, but, only 7% use the learnings to develop best practices. The reintegration of learnings is a necessary step to prevent the repetition of mistakes.

Customer interviews also provide a good opportunity to learn from mistakes, but are

not very common among vendors – only 3% say they always do it, and 23% admit they never do it. These interviews are very effective, but present the sales organisation with some challenges – who should conduct them, and how will the information be used? Used appropriately, this study could also provide sales organisations an opportunity to improve their learning practices.

# 5 Conclusions – Customer value as the foundation for corporate strategy

The key finding of this study is that deficits in the B2B sales process strongly impact vendors' chances of success and that mistakes which could easily be eliminated are frequently repeated. Most of the deficits uncovered stem from one common problem: customer value is not at the base of all activities throughout the sales process. From the customer's perspective, the question is not "How good is the solution?" but "What is the value of the solution to me and our company?"

Customer value should be the core of a vendor's strategy during the sales process, throughout contract fulfilment and account development. The value cycle begins when obtaining the first meeting, and at its end provides the basis for the generation of additional new business. But for many vendors, the cycle is broken at numerous points.

One key cause of breaks is in the recruitment of salespeople, where vendors place too little emphasis on industry expertise. Salespeople who cannot demonstrate industry knowledge have difficulty from the outset getting appointments with the right people. As the sales process continues, customers want vendors to focus on understanding their specific needs. Only someone who knows the customer's industry and incorporates their language into presentations gives the customer the feeling of having truly been understood.

Furthermore, the specific attributes of B2B selling are often overlooked. The customer is a company, not an individual. Vendors who lack the skills to contact the real decision makers have difficulty tailoring their offering to meet the specific needs of each individual. The result is the inability to effectively convey customer value. But problems are not just limited to the exter-

nal vendor-customer relationship; there are significant internal vendor issues as well. The first of these is team selling. The numerous facets of customer requirements can only be met by a capable team that combines both industry and subject matter expertise. A team lacking sufficient solution knowledge may make recommendations that cannot be implemented.

To avoid any discrepancy between the solution sold and the one delivered, information flow between departments must be improved. Salespeople must communicate the value propositions used in the sales process to the operations staff responsible for delivery. Operations staff must communicate the details of project success to salespeople who can use the realised customer value to generate additional business, and to target new prospects in the same industry. The study shows that bi-directional know-how transfer between sales and operations must become more systematic.

Improving sales performance requires the identification of sales process deficits and the incorporation of learnings from them in the organisation. Hopefully, this study will encourage you to critically examine your current sales practices, and improve performance through a program of continuous learning.

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# Imprint

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*Publisher:* Infoteam Sales Process Consulting AG  
Geissbergstrasse 2  
CH-8302 Kloten-Zürich  
Switzerland  
Tel.: +41 44 804 11 77  
Fax: +41 44 804 11 70  
E-Mail: [admin@infoteam-consulting.com](mailto:admin@infoteam-consulting.com)  
[www.infoteam-consulting.com](http://www.infoteam-consulting.com)

F.A.Z.-Institute for Management, Market  
and Media Information GmbH  
Mainzer Landstrasse 199  
60326 Frankfurt am Main  
Germany  
[www.faz-institut.de](http://www.faz-institut.de)

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*Editor:* Dr. Guido Birkner, Eric Czotscher,  
Kristina Merkner (F.A.Z.-Institute)

*English Translation:* Phil Kreindler, Gopal RajGuru (Infoteam)

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Bernd Kampe

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