

Are You Overlooking Your Greatest Competition?



How to clinch sales.

By Peter Meyer



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Abstract

This article provides guidance for any business engaged in selling to other businesses. It explores a frequently overlooked cause for failing to meet forecast sales more than half the time. If a manager wants to create a new market, get a higher percentage of proposals closed, or if the business can use “bluebird” sales (unexpected sales), the possible cause explored In this article is worth considering.

“Inertia” As A Sales Problem

Mathilde Collins runs a rapidly growing company named Front. Her team helps their customers respond to users of their own product more quickly and effectively. If a business' customers communicate by email (still the predominant medium) or text or tweet, all the messages appear in one place for the supplier. They can be shared

seamlessly across its entire team. If the organization uses Front's product, it can respond more completely and in less time. Its product seems like an obvious choice to businesses who frequently touch base with customers. However, many companies don't buy.

Does Front have competition? Yes, but it is not just the competition that most of us expect. As managers, we usually define sales competition as other companies, their products, and how they set prices. But for many of its customers and prospects this misses a more substantial "competitor": Inertia

If Front can develop products that compete with other like startups, it's good engineering. However, unless Collins' team can get established customers to change their habits—their inertia—that may not matter. Selling to a potential customer may require getting it to change a pattern it follows in deciding to make a purchase. The primary "competition" may not be other technology or consulting firms, instead its major "competition" may be a customer's desire not to change.

Why Does "Inertia" Exist In A Customer?

Inertia takes when the customer of a business like Front's is moving along a path it does not want to change. In physics, inertia is a property of matter by which it remains at rest or in uniform motion unless acted upon by some external force. The same concept applies in business. Once a business starts down a path, it becomes difficult to change that path.

How you help a business change and make a deal happen depends on how the inertia is built. For the sake of this article, let's look at skills based inertia and political based inertia.

Skills Based Inertia

In many organizations, "silos" form. A team gets very good at what they do, and they don't work with the organization's other teams to do it. In these businesses (small or large), departments grow themselves and start to resemble grain silos. Each exists next to each other, but each operates independently of their neighbors. For example: Sales may work in a silo. Information Technology (IT) inhabits a parallel silo. Human Resources (HR) occupies another. None of these are subordinate to the other, they are just isolated in adjacent silos.

In their silo, each team will have well developed skills. They will also have well developed habits that become a path to success.

Because they are good at it, they tend to do it more. Since a business needs good HR and lots of revenue, the business might want them to practice their skill without

distraction. So managements let these teams create silos. And the better they do, the more room they are likely to be given to do that and only that. They build potentially beneficial inertia in their silo.

A business sets up skills such as IT, marketing, and so on. For the same reason that we used to put blinders on horses, a business may want to have each team just focus on what they are paid to do and stay on a defined path. This poses a sales problem for a company that wants to provide a new product category. The same is true if the supplier's service, like Front's, works best if these teams remove their blinders. Then the inertia of a business to which they are selling may be a more important problem than any competitor.

Political Inertia

A customer almost certainly has political inertia. To be clear, political is not a judgement. A business should want politeness in their organization. The choice to be polite or not is based on how we want to approach our world or have the world to approach us. Sometimes we just don't want the boat to rock. The business is moving forward, there is no reason to change the path.

IBM sales teams often used this inertia to their advantage. For IT units, it seemed axiomatic that they would not get criticized for buying and running IBM. While those days may be over for IBM, the principle is the same: Inertia can be politically safe.

If you want to drive a change in your customer, the product's competition may not matter as much as the desire of the customer team to follow a familiar path. Having a better product or price does not guarantee that you will succeed with a given prospect. You may have to help its managers to break inertia as well.

The Other Inertia Trap -- Your Business' Own Inertia

Robert has a different kind of inertia challenge. He runs a practice in a larger firm and his customers are internal to the company. Ellen's division could be one of his customers, but she has consistently and politely declined to use his services. Instead, she has hired outside consultants to do the same work.

Robert is convinced that the outsiders are delivering lower quality solutions at a higher price. So he has gone to Ellen and used his best product analysis. His "sales" pitch has been crisp and clear thinking. And it hasn't worked. Ellen is choosing not to buy the services from him.

This makes no sense to Robert. However, since he feels bound to try and sign this department onto his platform, he is trying to sell her his solution.

In order to overcome our own inertia, we need to choose to be ready to explore the unknown. This often appears to be the riskiest part. For a sales person, it is to stand at the door (physically or electronically) and knock. For a practice owner, it may be to set aside the way that the practice was built. For Robert, it means to stop being logical about his offering and start asking Ellen what she values. It means quietly listening to her answer no matter how she responds.

In this case, the competition from inertia isn't about Ellen. Robert has been stuck in his own path. This is often the same for each of our businesses. We are used to selling in a certain way and to getting the same requests and same objections and handling them as we always have.

Perhaps half of the time, that works. The question is: What do we do if we want more than half of the business? If you sell a commodity product, like pencils, then missing half the business may be acceptable. If you run an internal practice like Robert's, then missing a substantial department may not be satisfactory. To get that key sale means changing your own habits--addressing your own inertia.

For Robert, this meant setting aside what he considers logical concerning his offering. It meant setting aside thinking about his offering entirely. The answer was to go to Ellen and ask her to explain her business values. So he went in and just listened. He asked her to just talk about her business, not his platform. It meant paying attention without commenting as Ellen talked about what she valued in her own practice.

The solution took a few cups of coffee, and some serious listening by each of them. As Robert thoughtfully listened, he began to understand that the 'product' that his practice offered missed Ellen's needs. Ellen began to realize that Robert was willing to pay attention to her, not just to his own needs. The conversation allowed them to find a hidden deal that they might have otherwise missed.

And that is the substantial upside: When you break inertia, you might find a hidden opportunity.

The Hidden Bluebird Deal

The difference between a good sales year and a great year is often the addition of a single deal that you don't expect. It might be a high margin sale that wasn't forecast two quarters ago, but it is one that you found a way to make happen this quarter.

This kind of deal has two common denominators--one is that neither you nor your customer forecast that it might be possible. The second is that it is based on the customer's definition of value, not your own.

Inertia and Making Hidden Deals - Mercedes Benz

Inertia take many forms in organizations. It takes only one or two people to change the inertia. When you do that, a hidden deal might emerge.

While Jean was a sales rep in London, she was losing a sale with Mercedes Benz. The purchasing team was clear on two points. One was that Jean presented great quality, but the second was that the purchasing team was looking for lowest cost. Jean's pricing was not competitive.

This wasn't a large deal, but Jean wanted it. She wanted the revenue and the prestige of the auto maker's name on her customer list. No matter what she did next was a risk, so she acted to break the inertia.

She did this by finding the Mercedes business executive who was paying for the project. Then she flew to Germany and asked that executive why he was funding it. The change in inertia was that instead of talking about the bids and costs, she directed the conversation to where the executive wanted to take his division. She focused on his sense of value.

To Jean's delight, the executive was interested in having that conversation. The Mercedes purchasing department was looking for the least common denominator, but he was not sure that anyone was looking after the business issues that mattered to him. When Jean seemed interested, the executive took the risk and talked to her. This was a change in inertia, a new path for both Jean and for the Mercedes executive.

After some thought, in his conversation with Jean the executive laid out some requirements that purchasing would not address, but that Jean's firm could meet. This was one of those situations where purchasing was following the familiar path. Inertia would have resulted in a deal that did not meet the needs of the business unit. Jean and the executive chose to break inertia and address the higher business value. This became a hidden deal.

The result turned into a much bigger bluebird transaction for Jean's firm. In terms of sales, it made Jean's year. More important, it truly helped the Mercedes team. Jean and the executive crafted a solution that broke inertia and added real value.

This kind of deal has two common characteristics. One is that neither you nor the customer forecast that it might be possible. The second is that is based solely on the customer's definition of value.

The first is a form of changing inertia. If we follow old paths, then these hidden and perhaps large opportunities don't happen. We have to bump ourselves and our sales teams out of our normal paths to make them happen.

We call these luck or bluebirds, but can we make them happen? Yes, we can do it when we change inertia.

Changing Inertia One Pallet at a Time

Hidden value is often beyond your product. IBM sales teams helped change inertia not just with technology, but with business practices. For many years when I was with IBM the company helped our customers to rent and not buy hardware. This was not about better technology (although IBM did offer great hardware and software) as much as it was about making computing more accessible.

This is not an esoteric solution, it can apply to those simple wooden pallets used in shipping. Instead of users buying those ubiquitous shipping platforms and then storing them in giant piles, a company named CHEP is changing the inertia.

If you get a delivery of cauliflower or washing machines on CHEP pallets, the company will take over removal and managing the pallets. As a produce or appliance supplier you don't need to manage and store giant piles of wood to be available for the few times a year that you do need a large quantity. Your space and dollar resources go further when you can let someone collect these pallets and recall them as needed. Pallets are not new. Renting them is. CHEP's plan promotes change to the inertia of how companies manage pallets.

The same applies to Collins' core business at Front. Email, text, and web chat are not new, but combining all of the consumer threads into one place is new. And for some prospects this is an inertia issue. Collins' team is succeeding where customers do not yet have silos. The challenge: What to do with larger customers who have established practices where inertia is the competition.

For those customers, a different sales approach will become important: Looking for the hidden deal in each case.

Practical Lessons

Inertia can be a substantial competitor for a business. Hidden deals are often the reward for pushing aside inertia. The key is that you get to decide when to choose to do that.

Inertia is useful to organizations in many ways. However, if you are losing a sales deal you might want to ask if your competition is another company, or if it is a customer's inertia or perhaps your own.

If a business finds that it is consistently missing deals, then it is almost certainly inertia in its own team. If this applies to your organization, consider whether to direct the people on your team to carefully break customers' and their own inertia.

Any time that you would prefer not to be dealing with the lowest common denominator, set your product aside, and ask your customer (internal or external) what they value. Listen to the business' needs as Jean and Robert did and be willing to break patterns. Then consider building a new and different project just for one customer. It may be a way to add real value to your transaction. You may be able to create a new market and to have more fun at the same time.

