

for Growing Enterprise Revenue

> LILIA SHIRMAN FOREWORD BY JILL KONRATH

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Foreword by Jill Konrath

Selling to large enterprises is complicated. Selling complex products and solutions to these same organizations is even more difficult.

As I travel around, presenting at sales meetings, professional conferences, and industry events, sales professionals are very open with me about the challenges they face. It's tough to set up meetings with busy decision makers, get them to move off the status quo, and set themselves apart from competitors.

It's not any easier for executives. They're struggling to adapt their companies to the turbulent business environment, stay unique, maintain market share, and drive ongoing growth.

Sound familiar? You probably live with these issues every single day. And everything keeps changing. The large enterprises you sell to are in constant flux. They regularly reorganize, open and close offices or entire divisions, and change emphasis among geographies, products, and brands. The roles, priorities, and identities of decision makers shift. Meanwhile your competitors nip at your heels, as they close in on your once-differentiated offering.

Your own company is also evolving, creating its own new set of challenges. You're introducing new products, implementing new marketing strategies, and launching lead generation initiatives and sales programs. The sheer amount of new information overwhelms a seller's ability to keep up, plus creates internal conflict for their mind share.

In response, they resist or ignore new approaches, and stick to selling what they've sold before, to customers who have bought before, using

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techniques they used last time. To compound the challenges to field adoption, companies are slashing sales enablement budget. They're keeping reps in the field and out of training.

This prevents the transfer of knowledge required for in-depth business domain expertise. We're left with sales forces that know the product details and the high-level messages, but not the context in which it all comes together. For decision makers, this leads to messaging overload. Every vendor seems to promise a similar set of benefits, but few truly understand the relevance to their organization.

As a result, decision makers mistrust salespeople, tune out their claims and put up barriers to keep them at bay. They have no desire to waste their precious time with product-pushing peddlers who are under extreme pressure to shorten sales cycles and bring in the business now.

In my book, 'Selling to Big Companies,' I show sellers what it takes to overcome these road-blocks and get the attention of corporate decision makers today. But salespeople can't do it alone.

'42 Rules for Growing Enterprise Revenue' gives dozens of ideas for turning customer relevance into a company-wide effort. Sales reps want products that deliver on customer needs and are simple to deploy and use in the context of the customer's business. They want the intelligence and awareness that an effective marketing organization provides. They want the extra boost in deal size that comes from selling well thought-out service offerings.

Sales reps need to be able to articulate to partners and customers why their products are a great fit alongside complementary offerings. If their organization doesn't give them what they need, salespeople will improvise. Many do it regularly and well.

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But they are more effective if they don't have to make it up as they go along. They are also more efficient if they don't have to spend time re-creating sales tools, messages, and pitches because marketing just didn't get it. When you give them what they need, average salespeople immediately perform at higher levels, and new sales professionals get up to speed much faster.

Sales efforts don't take place in a vacuum. They are accelerated and amplified when the entire company focuses on what matters to customers. When you follow the excellent strategies outlined by Lilia Shirman in '42 Rules for Growing Enterprise Revenue,' that's exactly what will happen.

Jill Konrath Author, 'Selling to Big Companies' CEO, SellingtoBigCompanies.com

Intro

The concept of customer centricity is over a decade old. In that time, companies have gotten better at tracking customer information, incorporating customer input into product design, and identifying customer needs in their sales and marketing messages. Despite these advances, the most frequent complaint by decision makers involved in complex purchases is that vendors don't listen, don't understand their problems, and don't convincingly articulate value. Something is obviously missing from all that customer-centric activity.

What's missing is context. Most definitions of customer focus center on understanding "customer needs." In practice, that leads to corporate tunnel vision. Marketers zero in on the needs and "pain points" of key audiences, but not on the context within which those needs represent high-value sales opportunities. That may sound like a subtle difference. It's not.

That's because the context, not the need, determines value for both the buyer and the seller. Your relevance to customers starts from understanding needs in context, and your ability to deliver tangible, unique value comes from meeting those needs in a way that fits the context of the customer's business.

'42 Rules for Growing Enterprise Revenue' is about becoming more relevant—about mattering more to the customers and markets that represent the greatest opportunity for growth. Here are numerous integrated, cross-functional initiatives that enable companies to grasp and define the context for revenue opportunities. These rules embody three key themes:

Customer relevance is at the core of any successful growth strategy.

Growth in new markets hinges on targeting the segments in which your product or solution really matters. Expanding in existing markets, whether through deeper account penetration, sales channels diversification, or focusing in on specific industries or audiences, also requires that you prove why you matter. This focus on relevance ensures that customers will value and reward your investments in new growth initiatives.

Being relevant demands cross-functional execution.

This book is not about marketing, or sales, or alliances. It's about initiatives that succeed most spectacularly through cross-functional action and collaboration. Relevance in enterprise-wide scope encompasses more than product design and marketing message. It includes services and support, channels, sales processes, pricing and packaging—any aspect of business that matters to customers. Marketing create brilliant programs, deliver well-qualified leads, and produce outstanding "air cover" in the press. Unless that success is accompanied bγ complementary throughout the organization, the company as a whole cannot reap full benefits.

Sustainable relevance and growth require ongoing innovation and experimentation in every aspect of business.

The rules cover a broad range of strategies because my intent is to encourage companies to examine and experiment with a variety of go-to-market approaches. While some of these strategies will be new to your company, others are reminders to finally implement the commonsense practices you know about, but have yet to carry out.

The rules represent the most effective strategies implemented by B2B companies to increase the relevance and value they deliver in order to drive steep growth curves. The book contains seven

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sections. The first, Relevance is a Corporate Initiative is about going to market as a single integrated entity rather than a collection of loosely integrated functions, and laying the foundation for relevance throughout the organization. Pursue Markets Where You Matter discusses identifying markets in which you have the potential to deliver the greatest value. Context Defines Relevance and Cultivating Customer Collaboration, Succeeding with Solutions, and Live in Your Customer's Universe discuss approaches for developing, articulating, and delivering benefits that truly matter to customers. Finally, Nurturing Your Channels comes back to one of the most important and oft-neglected factors for successful growth—the ability of the sales channel to comprehend customer needs and context, articulate why you matter, and adapt in sync with the rest of the company.

The ideas in '42 Rules for Growing Enterprise Revenue' have been successfully implemented by leading enterprises including BEA Systems/Oracle, CA, Cisco Systems, Citrix, Informatica, National Oilwell Varco, Symantec, and many others. You will find some of their experiences described in these pages. Use these strategies to experiment and collaborate on similarly successful growth initiatives and to drive relevance, value, and innovation within your business.

Rule

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Relevance Is Multidimensional

Place task-specific and broader business needs in context. What does it mean to matter to customers? Any company with a cent of revenue already provides products and services that address customer needs. Most continue to identify customer needs or pain points as part of their ongoing product management and marketing efforts. But a focus on needs is not enough. As many growing companies have demonstrated, a narrow focus on customer needs may obliterate differentiation, or value, or both.

At high level, all companies need to increase revenue, reduce costs, and retain customers. So many vendors now claim to help with these needs that such claims have become nearly meaningless. Certainly, they are useless as differentiators. At the opposite extreme, all businesses need to accomplish myriad tasks more effectively and efficiently. Vendors often sell product capabilities to fulfill these task-specific needs, without regard for the broader context within which the tasks are taking place. As their market matures and competitors catch up on product features, the focus on task-centered needs exposes the vendor to commoditization and margin degradation. In this situation, both differentiation and value diminish over time.

To matter to enterprise accounts, offer relevant, provable, and unique value and deliver it in the way best suited to the customer's company. That's a much more ambitious mandate than

selling products that meet customer requirements. It requires that you place task-specific and broader business needs in context.

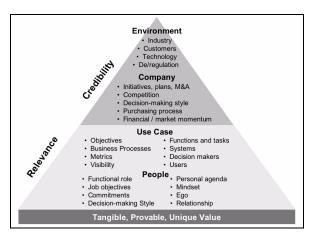


Figure 1: The Context of Enterprise Purchases

The context for enterprise contains at least four layers: the external environment, company situation, use case, and people. Competent sales people know they must understand the first two to gain credibility.

Your customers will hear a recitation of Porter's Five Forcesⁱⁱ or similar descriptions of the external environment from every vendor they speak to. They will also hear repeatedly about their own high-level needs as derived from publicly available information on the company's situation and initiatives. Understanding of this level of context is table stakes, required just to be invited to the game.

Your objective, of course, is not simply to be invited into the conversation. To win the deals and deliver value, you need to matter to customers in a unique way. Relevance and perception of value lie in the other two dimensions of context: use cases and people. These determine what aspects of your offerings and relationships matter most, and how customers will assess the value you deliver.

Context should not only define product features and marketing messages, but should guide every aspect of your business. Environment and the company information are useful for more than credibility. Use them to define account micro-segments and guide the customization of everything from pricing models to purchase and support contracts. The context of people and use cases is at the core of defining what you sell, to whom, and how. The rules in the following sections discuss ideas for segmenting markets and audiences and identifying use cases to create greater relevance.

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Markets Are Audiences and Needs

To accurately size the addressable opportunity, look at the intersection of needs and audiences.

The word "market" is used to describe different aspects of an opportunity. We think about geographies, product categories, target buyer groups, and combinations of these as markets. VIII To clearly assess an opportunity and define actionable strategy to pursue it, be clear about what "market" you're really after.

Though markets are often defined in terms of product categories, what really creates a market is a need. Mobile phones met the need for mobile communication that had previously been addressed by phone booths. Of course, mobile phones also meet the need for communication in general. As a result, fixed-line voice revenue is declining and fixed-line service is slowly following the phone booth into oblivion. Once a need is met by another product category, the market for the old category disappears. The market to address the need remains, and often expands. Companies like MCI that identified too strongly with the product category (fixed-line telephone networks), rather than with the need (communication), have found themselves in dire straits. Kodak is facing a similar fate. The company identified so strongly with the film camera market that it was unable to move quickly into the digital photography category, despite internal analysis showing that the need to record experiences would soon be met entirely without film.

We also define "market" in terms of groups of buyers, as in, "the North American market" or "the small and medium business market." Categorizing audiences provides insight into needs, and can guide definition of product roadmaps and go-to-market strategy (Rule 9). To accurately size the addressable opportunity, look at the intersection of needs and audiences.

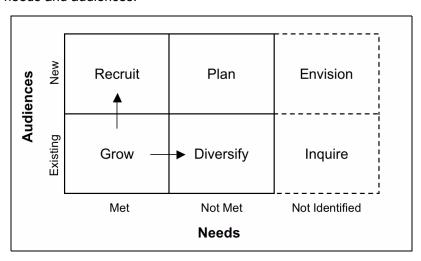


Figure 3: Markets as Intersections of Audiences and Needs

There are growth opportunities in every region of the Audience-Needs matrix, but the strategies for pursuing them are very different. Growing sales to your existing customers by better meeting a consistent set of needs is likely to involve tactics such as cross-selling and up-selling that raise revenue per customer. You might introduce product or service enhancements, but all new offerings will closely relate to those you sell already. To meet different needs of your existing customers will likely require new lines of business. Recruiting new customers who have the same needs as those you already serve places an emphasis on sales and marketing rather than on new product development. The competitors you face in each quadrant may be different as well. To find and pursue the most relevant growth opportunities, evaluate the intersections of needs and audiences in terms of both the size of the opportunity, and your company's ability to execute (see Rule 4).

There is less risk in moving one step at a time, rather than jumping simultaneously into addressing needs you have not met before for target buyers to whom you have never sold. When introducing new products in the same category as your existing offerings, evaluate whether they are truly complementary—that is, whether they address a common need or audience.

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You don't need to dive into an ocean of social media and networking tools in order to have conversations.

There are now so many channels for communication, it seems customers should be more engaged than ever. Are yours? If not, or if not enough, take a look at how much time your marketing people spend on outbound messages, and how much on creating and participating in conversations with customers.

Your customers are participating in social networking and contributing to social media. MyBlogLog.com, a site that attempts to consolidate data across multiple communities lists 55 social media services. LinkedIn, Twitter, Technorati, Digg, Plaxo, a sea of blogging platforms...new ones pop up almost daily. Find out which your customers frequent, and design a process for participating in those.

The good news is you don't need to dive into an ocean of social media and networking tools in order to have conversations. Here are some ideas for making some traditional marketing methods more interactive.

Collateral and White Papers - Create a Wiki instead of static product data sheets, brochures, and white papers. Provide a framework and some base content, then give your customers the ability to contribute. You can moderate to ensure accuracy, of course. You'll have more complete information, on topics that are relevant to your audience. Best of all, the information will be more trusted, and customers will feel ownership for what's there.

Websites - Don't hide customer feedback and support in a corner of your site. Place feature request and comment links right on product pages, so that customers can respond immediately to the content they see. Asking a question gets the customer more engaged than downloading a white paper. Involve product management and engineering in responding to the queries. It's a great way to for them to touch the customers they otherwise rarely or never see. Post the most interesting questions and answers or turn them into additional content.

Press Releases - What if your PR people became your customers' and partners' PR people? Lots of stories would best be told by someone other than a vendor. Having customers as narrator would also make the stories more likely to get picked up for coverage. Give your PR group the assignment to build relationships with customers' and partners' PR staffs, in addition to the press and analysts. Rather than writing every story, your PR staff can then assist partners and customers with replying to PR opportunities.

Webinars - By now, webinars are a "traditional" marketing tool. Many companies tend to make webinars broadcasts rather than conversations. Be sure to use interactive tools. Select the webinar hosting services that offer polls, chat, and Q&A. Use surveys both before and after your webinars. And don't limit the surveys to "Did you find this useful?" Ask questions that help you understand customers. Ask questions that customers will be interested in too, and then share the results either during the webinar, or as a value-added follow-up.

In-person Events - These are expensive, so why spend the entire time lecturing on information that's already in your collateral? Third-party presenters can be more interesting, but any lecture can get dreary fast. Give attendees lots of time to interact with you and with each other, while you listen and take notes. Consider a workshop rather than a presentation format so that the entire event is interactive.

If opening a conversation with customers seems too fraught with risk, try letting a small group of customers you know well contribute, then open further when you're comfortable managing a broader conversation.

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Know What It's For

Your impact on customers' business will be different for each use case.

Understanding a customer's industry and corporate objectives are the first steps in defining the context for your products. Unfortunately, many vendors stop there, with the result that the generic value propositions such as raising revenue, improving customer loyalty, and lowering cost lose credibility in the din.

A compelling value proposition must be relevant, as well as tangible, provable, and unique. Creating such value claims requires a deeper understanding of the use case—the purpose for which customers use your products or services. Use cases address the simple question of, "What's it for?" The answer is the key to identifying where and how you offer the greatest value. Consider, for example, a simple screw. It holds things together. But that general description fails to define its value. Holding a cabinet knob in place carries a very different value than holding together an airplane wing. The value depends on the use case much more than on the differences in materials or manufacturing.

Use cases consist of the scenarios, people, processes, and systems that contribute toward some corporate objective. Defining value within the context of a use case creates immediate relevance. Only through the use case can you fill in the details that lend credibility and demonstrate uniqueness in how your product's capabilities relate to high-level corporate objectives.

Find target use cases by identifying the business processes, functions, and challenges that most frequently form the context for customer purchases. Examine how critical each use case is to customers today and in the future, and what role you play within it. Use cases that are top of mind for customers and within which you can deliver significant benefits are those that warrant enhancements of products and services. Use cases where you can create significant impact, but which are lower priority for customers, can drive sales and marketing content, without changes to the product roadmap. Where your impact is smaller, consider participating in partners' solutions that target such use cases more directly.

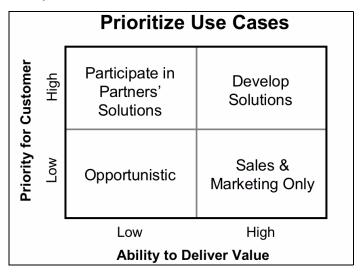


Figure 5: Selecting Target Use Cases

Interview customers to identify the key metrics within each use case, and how you've helped improve these. Learn the language decision makers use to describe their area of responsibility, and how they think about your products within that context. These testimonials create the basis of proof for use case-based value propositions.

To move away from a product-centric mentality, Informatica proactively engaged customers in developing use cases. The company hired a user experience team to help understand how customers worked with data, and how Informatica could help them. "The use case approach exposes what the customer is trying to get done, and therefore how they expect the solution to work," commented Judy Ko, SVP of Product Management and Marketing at Informatica. The approach has been so effective that use cases now drive Informatica's product roadmaps and cross-product requirements.

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If You're Horizontal, Stand Up

Specializing around vertical markets presents an enormous opportunity for growth.

Many B2B vendors offer products or services that are useful in multiple industries and usage situations. An enormous opportunity for growth lies in the fact that the same capabilities play a very different role at companies in different industries. Depending on the vertical markets they participate in, customers may see what you provide as mission-critical, or "nice to have"—at the core of a revenue stream, or part of a cost center. Customers in different industries also use different languages to describe their businesses and their needs. Do your customers earn their revenue from customers, clients, subscribers, or accounts? When they fulfill orders, do they ship, activate provision, approve memberships, or open accounts? When they bill, is consolidation, mediation, collection, rights management, or risk management their main concern?

Specializing around vertical markets presents an enormous opportunity for growth for companies selling to enterprise customers. In our 2009 study of industry specialization by B2B companies, over 70% reported that industry specialization had a positive impact on revenue. Two-thirds planned to further increase the level of specialization in key vertical markets. Companies that have focused on target verticals have improved customer relationships, increased competitiveness, identified more sales opportunities, engaged more senior buyers, and

accelerated revenue growth. xi Demonstrate that you understand their world, and you can serve customers better and close more business. So get vertical!

Despite the benefits that industry specialization provides, I've come across multiple companies where some portion of the executive team strongly resists any industry-specific investment. The common concerns are that industry specialization will turn the company into a niche player, fragment sales and product development efforts, or damage the company's position as the underlying platform for an entire ecosystem. These concerns represent an all-or-nothing view. Re-organizing the entire company along industry lines is usually not the end goal. Aligning key sales, marketing, service, and development resources to key customer segments makes the organization more customer-centric. In fact, industry alignment can begin small, and expand only as fast and as far as is appropriate for your company.

You may consider a vertical focus in reaction to requests from existing accounts, or to protect market share from competitors. In other cases, there may be the opportunity to prevent commoditization or proactively drive growth. The following situations are good indicators that you should consider some level of industry specialization.

Reactive indicators:

- Customers expect expertise, proof points, product content, or services that are specific to their industry.
- You are losing deals to competitors who have closer relationships with the customer.
- Your product is losing its differentiation as competitors catch up on features and value.
- Your sales reps have difficulty in justifying price, and deals fail in the budgeting phase.
- Your horizontal product lags behind the market leaders, but appeals to niche markets, and can be adapted to dominate those niches.

Proactive indicators:

- An industry's spend in your market space is growing faster than your company's revenue is growing in that industry.
- You want to penetrate further into existing accounts or increase average deal size.
- You want to engage high-level decision makers concerned with business rather than technical or functional issues.
- Your company's growth is creating a critical mass of resources within marketing, sales and services to allow for greater specialization and improved customer focus in key markets.

What if your company is already the leader in a horizontal market and has the strongest offering for solving a specific problem? In this situation, your primary focus will be on consolidating the market and dominating horizontally. Even then, paying attention to industry-specific customer needs can enhance sales and marketing efforts.