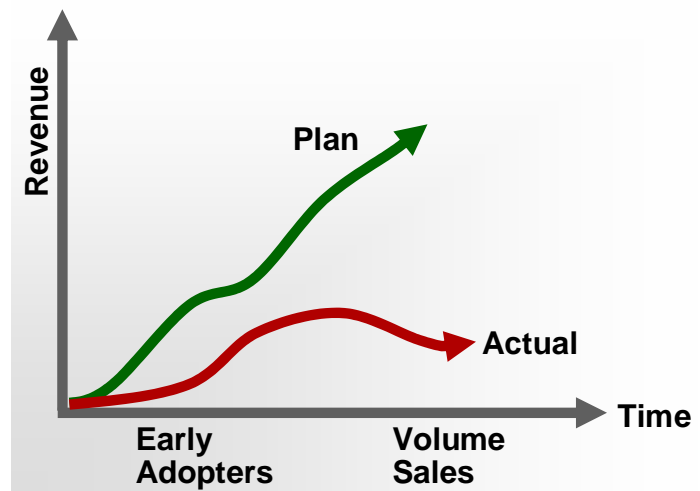


From a sales perspective...

# Why Product Launches Fail

## Briefing Paper



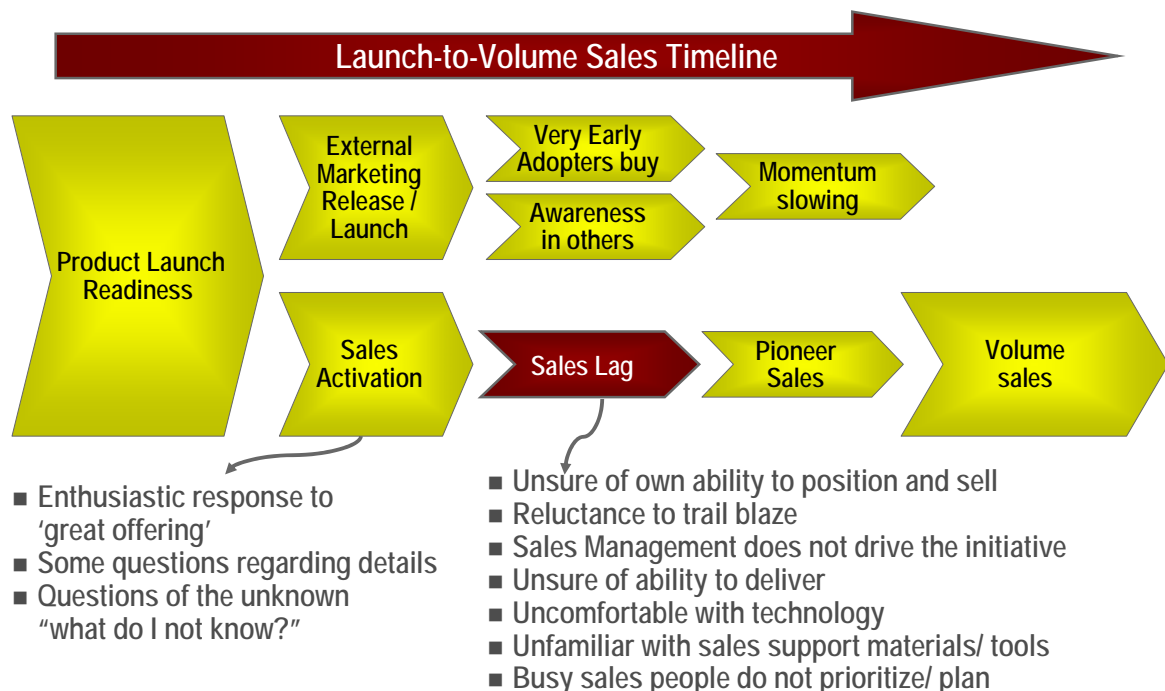
## Overview

This paper summarizes the main reasons why internal product launches to sales teams, and to partner sales channels, fail. It is designed to be relevant to all Marketing and Sales Management in complex business-to-business (B2B) enterprises, approaches the topic from the sales perspective, and draws on our substantial experience in IT and Telecommunications businesses. Throughout we refer to product / solution / offering; all of which can refer to a hardware, software or service offering.

A major challenge for most organizations is in quickly launching advanced solutions to their sales teams and partner channels, and to achieve very profitable volume revenues as quickly as possible.

## The Sales Lag

We observe that there is generally a lag between launch of a new offering and volume sales. There will often be an initial flurry of activities and orders from those customers who have either a pent up demand for the offering or simply want the latest and greatest (bleeding edge purchasers). There is then a period of relative inactivity, particularly with products that involve new technology and very particularly into new application areas. During this period salespeople will respond to any requests, but will not be proactively generating demand.



The reasons for the salesperson reluctance to proactively seek new opportunities for even a great new offering are many and varied, including:

- Reluctance to 'trail blaze'
- Lack of confidence in ability to deliver (does it work, can we deliver, can we implement, can we support?)
- Lack of understanding of how to sell it (who to target, what are their pain points, how do I hold a sensible conversation etc?)
- Fear of the unknown (what are the 'gotcha's' with this new offering?)

The result is that many launches 'fail' by which we mean new revenues were not generated in the timescales that were, or should have been anticipated, leading to slower revenue take-up, significantly reduced profit from margins that are available during the short window of opportunity **and** the loss of early market share which may never be recovered. This 'failing' additionally has implications for the marketing department in terms of credibility and political power as well as the organizational impact from a sales force and a marketing group that do not have mutual respect.

Our analysis of many launches is that there are many factors that influence success and failure. Borrowing concepts from human behavior theory, we have classified these into Hygiene Factors and Motivators.

## Hygiene Factors

These are issues that need to be got right (clean) from a sales perspective. In order to stand any chance of a successful launch, these issues need to be addressed and maximum effort needs to be applied if any of these are seen to be blockers in the mind of the salesperson. Once fixed, there is little benefit to be gained from applying more time or resource into these areas.

**Offering reality:** does the product / service exist, does it work and is it available. While this is probably an issue for Product Management if the salesperson does not perceive that it is real, then it will not get sold. Salespeople will generally quickly see through any vaporware / slideware offerings.

**Market reality:** Does this product / service add value, meet a real need that customers could have, and is our solution capable of beating the competition. Many Product Launch Events do a great job in this respect, and probably too good a job. From a sales perspective I just need to know that there is a market that I can compete in.

**Implementation reality:** can it be delivered, implemented, serviced, and supported. Again salespeople will steer well away from anything that is likely to give them issues in the future. Assuming that your salespeople are industry experienced, they will have scars that still hurt, and will need convincing that the organization is properly geared up to effectively implement the new offering – again they will see through promises, especially if these are from marketing rather than the part of the company responsible for implementation. Salespeople will want to see real evidence that the capability exists (for example number of people trained, investment in spares etc.)

**Basic information:** that allows customers to buy: the nuts and bolts of the transaction including technical specifications, data sheets, Statements of Work, reasonable quality brochures, slideware, quick/easy configuration tools, ability to produce quotations without undue effort etc.

**Reasonable pricing:** pricing is a complex topic that will be long analyzed and debated by marketing. From a sales perspective, while the salesperson would like good (i.e. low but not too low) pricing, and they understand that their role is to sell the value of a superior solution, the pricing has to be in a realm that they would consider being 'arguable'. If pricing is perceived as too far distant from legacy or competitive norms, then they will simply avoid getting into those discussions i.e. they will not proactively sell.

**Remuneration issues:** we will discuss later that remuneration (commission, bonuses etc.) can be a Motivator to stimulate early sales and get through a potential sales lag, but we also include remuneration issues as a hygiene factor. In today's increasingly complex world, many organizations are implementing sophisticated commission and remuneration systems (whether this is a good or bad thing is debatable, but outside the scope of this paper). Any new offering could potentially have a negative impact on remuneration if it has not been designed into the commission plan from inception. Thorough checks should be put in place before launch to uncover any potential negative impacts on remuneration which could come about through commission, bonuses, accelerators, gating numbers that could be in place to do with product / application / industry mix, timing of order versus revenue, etc. If there is a potential direct or indirect effect on remuneration, and you haven't spotted it, then somebody in the sales team will point it out within five minutes, the rest of the sales team will know a minute later, and the chances of proactive selling are reduced to zero.

### Motivators

While the Hygiene Factors have to be fixed to a point where they do not inhibit proactive selling, further investment in these areas will not have significant impact. The Motivators on the other hand, are issues where you can continually improve, and each improvement will have a positive impact on outcomes. In many marketing organizations, even if the Hygiene Factors are addressed people are surprised when volume sales do not happen rapidly. This is because Hygiene Factors simply open the door for proactive selling, there is still much to be done if salespeople are going to want to walk through that door quickly.

**Remuneration:** as all parents know bribery works, but only up to a certain level, and only if used sparingly. It is certainly true that if you offer significant additional money to salespeople for sales of a particular product, you will see an uplift in orders. But this mechanism is by itself no guarantee of success particularly if the Hygiene Factors have not been taken care of, and it has to be used very sparingly. Marketers should expect great push back from sales management when seeking to introduce new bonuses or commission kickers, because the golden rules of remuneration design are to focus on desired total behavior, and to keep it simple. Introducing new remuneration elements tends to bring out 'the Law of Unintended Consequences', so any element of this needs careful crafting and testing.

#### Top 10 Reasons why the Launch Event fails

1. Not having a clear objective – which is not about the product, rather giving salespeople the ability and confidence to proactively sell the product
2. Focus on the product (pain-killer) and not the customer issues (identifying pain)
3. Too much information
4. Failure to position how to engage in the customer purchase cycle
5. Having product experts present (if a competent salesperson cannot give the presentation, there is too much / irrelevant information – experts can be good for Q&A)
6. Lack of empathy with real selling issues
7. Talking about the market (irrelevant to a salesperson) rather than customer types
8. One way communication; forgetting the golden rules:  
What I hear, I forget;  
What I see, I may remember;  
But what I do, I understand  
*Confucius 451 BC*
9. No clear value propositions (why should someone want to buy this), and where presented, not specific to typical customer types
10. No follow through

**Recognition:** given that salespeople are generally very status oriented, and despite the fact that sales will never admit to the fact, recognition systems do work. Again, they need to be used sparingly and carefully crafted, but can be a powerful component of the motivation mix.

**Management approval:** a very powerful motivator, often overlooked is the support and approval of first and second line sales management, who in most organizations are the real change drivers of the sales force. In some ways this is a variant of recognition, as salespeople are great 'boss watchers' and take their lead from the often subtle (and sometimes not so subtle) signals given by their immediate line management. Gaining the endorsement, buy-in and active support of this group of highly influential people is crucial if marketing are going to change behavior. How this can be done could be a campaign in its own right, but is an area that marketing would be wise not to ignore. In some organizations, in addition to formal Line Management approval, it may also be relevant to gain support of the informal opinion formers that float around the company.

**Pull through and Account Control:** whereas a product marketing manager is rightly concerned mostly with the success of their particular offerings, an Account Manager perceives themselves to be managing a complex series of inter-relating issues and relationships within their customers. Introducing a new product can be viewed as making the task more difficult and is a possible inhibitor to proactive selling. The issue that would get them wanting to aggressively create demand is if they are convinced that this new offering will help them to secure other business, to give them more control of their account, and to keep out or reduce the influence of competitors. While it is not always possible, this issue is very often overlooked during the product launch process. Many launches will position the offering within your own technical / architecture map of offerings, but will fail to consider how it fits into the customer overall needs map or the account competitive / political landscape.

**Ease of selling:** a Mathematic Professor once proclaimed that all good mathematicians are lazy, in that they will always seek the easiest, most simple solution to a problem. Good salespeople are similar, in that they have a difficult task to accomplish, and will (indeed should) find the easiest route to achieving sales, satisfying customers and building long term sustainable relationships.

In order to encourage them to proactively sell a particular new product, it is sensible to make sure that it is as easy to sell as possible, giving them all of the tools that they would find practically useful. In Hygiene Factors we discussed the need to have everything in place for a transaction to take place (allowing the customer to buy), whereas here we are talking about tools needed earlier in the sales campaign during the interest arousal and demand creation phase. The types of tools that would be useful here include:

- Case studies, showing real customer business benefits
- Guidelines suggesting customer issues (pain points) that are typically addressed by this offering, to a level of detail that looks at typically who within a particular vertical market account has business, financial or technical issues and how to engage with them at what point in a sales campaign
- TCO / ROI / Full business case calculators and typical examples

## **Confidence**

In our experience lack of confidence, although not expressed, is the biggest single reason why salespeople will not grab even the best of new offerings and proactively sell it. Product launches will fail if they do not leave salespeople confident that they know enough about the product, confident that it can be sold and delivered painlessly, and confident in their own ability to successfully sell it.

How to instill this confidence can be quite simple if the new offering is a straight replacement for an existing solution and internal case studies, showing how salespeople have successfully sold this (or very similar) offerings in the past may suffice. At the other end of the spectrum it may be necessary to implement major exercises in skills development and behavior change for offerings into new applications involving different people in the purchase cycle.

Anything other than a straight replacement product is likely to involve sales people in changing their habits somewhat, and doing something for the first time, and doing it reasonably well, are the pre-cursors to having the confidence to go out and repeat the behavior enthusiastically.

## **Follow Through**

It is easy for the Marketing Group to fall into the trap of thinking that once the product launch event has taken place their job is largely done. Given the huge efforts that have probably been put in over a long time, the temptation is to breath a huge sigh of relief, get some rest, and start work on all of the other issues that may have been neglected leading up to a major launch.

For the sales teams, the product launch is only the beginning of potential additional work, in an environment where they are already juggling many critical issues. It is during the initial period following product launch that maximum support, encouragement, cajolement, leadership and reminding needs to take place for the sales person to move into slightly unknown territory by proactively creating demand for a new offering. This may involve coaching in particular high visibility / leverage sales opportunities, recognizing and publishing 'heroes', spotting and fixing issues as they occur.

We have witnessed some truly remarkable product launches, where sales people were left with all of the knowledge, skills and motivation necessary to rapidly accelerate new revenue opportunities. However, the campaign has faltered because once they return to their office they get caught up in their demanding roles, and continually 'put off until tomorrow' the business of proactively selling a potentially great new offering, a situation that ultimately results in the dreaded re-launch!

## A Product Launch from 2 Perspectives

### *The Product Launch; A Marketing Perspective*

The day started well. Although tired from the rehearsals the previous night, everything was prepared and the hotel served good breakfast before I got into the main conference room 45 minutes ahead of the kick off.

The opening video was brilliant, and the money spent on the production company more than justified the impact that this had on the audience, who appeared settled and in good spirits.

The boss gave the opening presentation and the materials we had prepared showing market trends and the huge opportunity was well received. I think that the salespeople have been very impressed and gained a good understanding that this is a very strategic move by the company.

I gave the main presentation, which seemed to go down well. All the hours that we put in with corporate marketing to make sure that the slides really conveyed the essence of what this new offering is all about, meant that it was easy to present. I think the joke at the start helped and everyone appeared very attentive. A couple of questions from some of the pre-sales guys were easily handled, and I'm glad that I'd visited the development labs so that I could give in-depth answers to some of their questions. This did mean that the session over-ran a little, but the first rule of presenting is to meet the needs of the audience.

The formal Q&A at the end was a bit of a disappointment. I wish we had someone there from Sales Ops to handle the questions about how this affected commission accelerators and how to get a quote out of the bid support team, but we'll make sure that this is followed up with an email response within the next couple of days.

The senior sales manager who closed the session did a good job of stressing how much investment the company had put into this new offering. He then wanted a few minutes with the team while they were assembled, so those of us from marketing retired to the coffee area, where I got some very positive feedback from my colleagues – this really is a great bunch of people to work with.

I managed to circulate with a few of the salespeople when they finally emerged. They were obviously a little pre-occupied with some of the messages that their management had given out about an end-of-quarter push, but they were all complimentary about my presentation and certainly didn't have any questions.

All in all a good session. It was completed by a phone call on my way back, when I was tipped off that my boss was recommending me for a special monthly award, because of all the midnight oil I'd been burning on putting this whole show together. I think I'll take my spouse out for a nice dinner tonight to say thank you for putting up with my long hours.

### *The Product Launch; A Sales Perspective*

Not a good start to the day. I got up at what seemed like the middle of the night to drive to some out of town hotel, with the rain and roadwork combining to make it a miserable experience.

Just as I pulled into the parking lot I got a call from an important prospect that needs answers to some technical questions by lunchtime, otherwise our chances of making the short-list are in danger. Still, I managed to get to the conference room in time, and even managed to grab a cup of lukewarm coffee and half a Danish.

Had to sit through a new product launch with all of the usual stuff. It was a good opening video and I liked the skiing shots, but don't really want to hear the theme from Chariots of Fire again!

Some marketing guy showed us lot's of graphs going upwards based on what was probably very expensive market research; it is nice to know that someone is worrying about what might possibly happen in three years time.

The product pitch lasted for ages, but it seemed to keep the techies amused. Managed to answer a few emails during this bit. Got the impression that we've got some hot boxes coming out, which is nice to know. I'll make sure that my pre-sales guy includes a few of the slides in next quarter's account update sessions.

We had a bit of a Q&A session where I got a bit worried as it seems, yet again, that these new products are not ready for quoting, and could affect the gates on our commission accelerators. So we'll wait and see if that gets sorted out. It shouldn't be a problem, as it will take a while for my customers to figure out if they need these new solutions, which are in a new application area that involve people I would find it difficult to have a conversation with.

With the product pitches out of the way, the boss kept us behind to once again give a 'pep talk' about the need to maximize this quarter numbers – apparently they are ok but there is pressure to over achieve given that some of the other sales teams are going to miss by a long way.

Managed to get more emails sorted out during the lunch, and checked up that we'd answered all the questions from the top prospect.

Grabbed a couple of the new T-shirts on the way out, which are always useful for the kids. Just remembered to make sure that my attendance had been registered, to prove that I've gone through this stuff – don't want to have to take the online course which will mean me having to beg one of the presales folks to give me the answers to the test again!

The drive back to the office was horrible again, although I made some of the calls that I should have made this morning.

## **Inside the head of the Salesperson**

Salespeople come in many shapes and sizes, and there is no easily understood formula for defining how a salesperson thinks or acts; even rigorous application of psychometric profiling has not resulted in a universally accepted identification of standard ‘types’ for sales people in complex B2B selling. We have observed the following general traits in successful sales people, although there will be many exceptions.

Salespeople are in a somewhat different situation to others in an organization in that their personal performance can be measured very precisely in a regular, short-term fashion. Even though there are many factors involved in sales success, the outcomes are very clear. In this sense salespeople are like sports people where the result of any game is the final score. Salespeople have nowhere to hide and are held accountable. Their personal remuneration, not to mention their job security, is dependent on hitting pre-defined numbers over which they have some, but not total control. This leads to some interesting attitudes and behaviors, which will be different than people in the rest of the organization.

Salespeople generally seek two things – *fame and fortune*;

- Fame - they are the type of people who have chosen to live in a world dominated by achievement against results and will crave recognition and status. T
- Remuneration, although in our view often money is simply a way for great salespeople to ‘keep score’.

Salespeople operate in a very competitive, complex environment, and will regard their craft as a black art, resisting attempts by others to introduce replicable processes. They will generally resist all external attempts to document or formalize what they do, although while there will be constant battles to get them to publish accurate forecast information, all good salespeople will keep their own very detailed personal funnel analysis.

Salespeople are generally regarded, by themselves if not the rest of the organization, as having full responsibility and accountability for their customers – where the buck stops. Salespeople also recognize however, that they have very little authority, leading them to be very protective of customer relationships.

Salespeople are adept at multi-tasking and juggling many competing priorities including dealing with different accounts, managing complex internal relationships within their accounts, balancing short versus long term proactive selling, handling existing customer issues and managing a virtual team.

## **Implications for Marketing**

While the above is grossly oversimplified, and there is no such thing as the ‘average’ salesperson, there are several broad implications for marketing departments who are seeking to change sales behaviors (for example to proactively sell a new offering):

- Treat salespeople with respect – they deserve it, and if they don’t, they will believe that they deserve it.
- Approach salespeople with a consultative / facilitative approach – do not tell them how to do their jobs.
- Give them easy to use tools that add value, but avoid prescriptive approaches such as many playbooks.
- Appeal to their desires for fame (recognition) and fortune (remuneration)

It is important to understand and put your messages in the context of a complex, demanding, competitive environment where you are judged harshly on simple outcomes. This means that a salesperson is never going to get excited about a point product / solution. Instead focus on how they can succeed in selling it.

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