

# Characteristics of the Successful Solution Selling Organization

## Briefing Paper



## Introduction

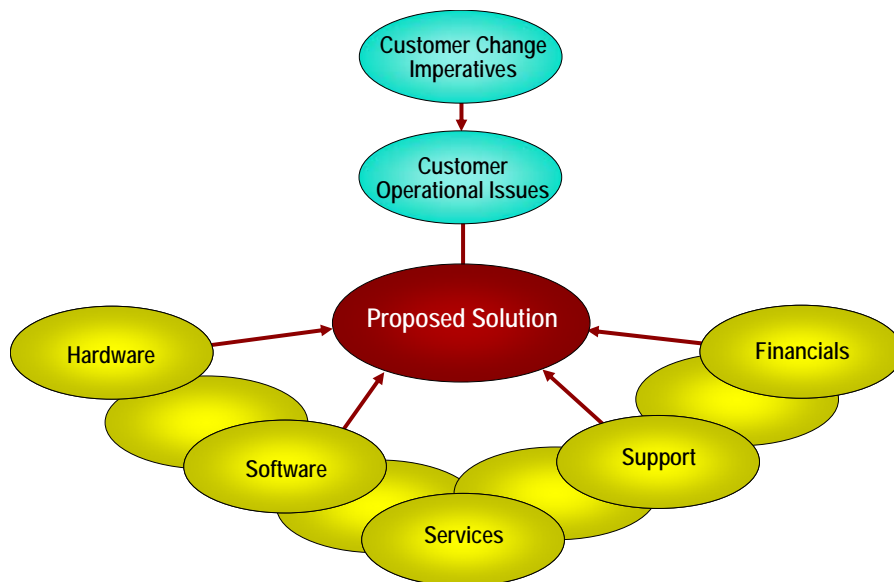
This Briefing Paper has been prepared following discussions with many senior sales managers, who have requested help in the transformation to a 'Successful Solution Selling Organization'. The question that most often arises is "How does a real Solution Selling organization behave, and how can I measure the transition?"

*ProAct* Business Development consultants have worked with many clients to help in this transformation, typically in terms of discrete consulting assignments, as well as training / development of the selling teams. Below are some of our observations on the key characteristics of a 'Successful Solution Selling' selling force, together with ideas as to how organizations are measuring their progress. Our observations are based on assignments carried out exclusively within high technology, complex business to business selling environments, mostly in the IT and telecoms sectors, in both Europe and the U.S.A.

First, we offer a definition of 'Solution Selling', and then describe the key characteristics of a 'Successful Solution Selling Organization'. For each characteristic we provide an example and then ideas on how to measure your progress against it. We also offer a quick checklist of the sales behavior characteristics of the 'Successful Solution Selling Sales Person'.

## Definition of Solution Selling

Our definition of a solution is an offering, normally made up of a number of discrete components, which is proposed as a solution to some specific business issues that a potential customer is experiencing.



'Solution Selling' differs from 'Product Selling' in that the starting point is the customer issue, rather than the offering itself. Using this definition, a Solution Selling approach could include sales of 'products', however it would not normally be cost effective to approach the market in this way.

Therefore a 'Solution' would typically be made up of different items of hardware, software, services, support and financing, which may be 'standard' or 'customized items'. Interestingly, and a new departure for some organizations, several of these components may come from external third parties.

## Why transition to Solution Selling?

There are a myriad of reasons why a Solutions Selling approach should be adopted, dependant upon specific organizational and market dynamics. Typical drivers for many high technology business-to-business enterprises would be:

- Customer demand for complete 'one stop shop' solutions
- Higher impact of particular technology solutions on customer business core competitiveness
- Falling margins for particular discrete elements, for example hardware, dial-tone, break-fix maintenance
- Need to differentiate from competitors
- Increased competition
- Movement of decision making from technical to business / finance in many sectors

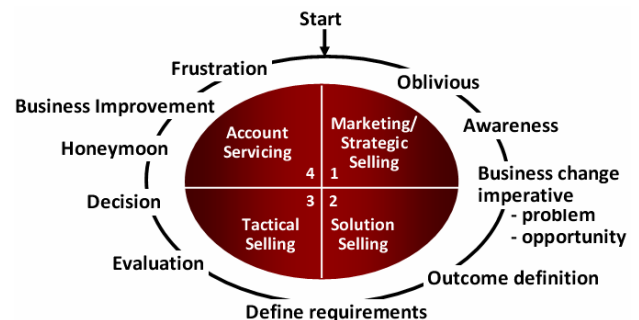
## The Key Characteristics of Solution Selling

### 1. Earlier Engagement

Solution Selling organizations typically engage much earlier in the customer buying process – the Purchase Decision Cycle. They will start at the 'Business Change Imperative' stage. At this stage the customer has identified a business problem or opportunity that he wants to address, but has not yet determined the business solution and has not even considered the technical solution.

In contrast 'product-selling' organizations will focus on the tactical selling stage, which starts once a potential customer has defined their technical requirements.

Engaging earlier in the cycle will change the shape of the sales funnel / pipeline, and non-traditional qualification techniques are required earlier in the demand creation / demand shaping phases.



#### Potential measurements

Consider the shape of your sales funnel. In a traditional product business, the funnel will have a suspect / prospect / win ratio of say 10:4:1, While in a Solution Selling organization it will be 10:3:2

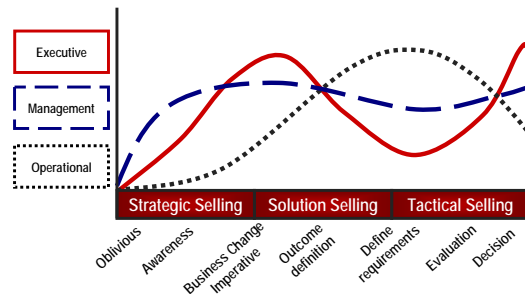
Consider the length of different phases of the sales cycle. In product selling, the pre-qualification phase is very short compared with the tactical selling phase into a qualified project. In Solution Selling organizations, the pre-qualification phase may be significantly longer than tactical selling. For example traditionally suspect to prospect may be one month, and prospect to order may be 3 months. In Solution Selling organizations, suspect to prospect could be 6 months, and prospect to win might be 2 months.

*Example: Medium sized total communications integrator. This client embarked upon the transition to a Solution Selling organization, and changed the role of the telephone based internal sales people. While previously their cold calling had focused on finding qualified projects, they now call at higher levels into their target accounts, searching for*

acknowledgement of potential business issues, which could be addressed with their solutions portfolio. 'Qualification' at this stage involves mapping the suspect profile against a company designed 'best-fit' profile involving size, business state, vertical market, competitors present, management style, possibility outline and others.

### 2. Multi-level Selling

Product selling is characterized by selling to medium and low levels within the customer organization about specific offerings, which are well understood (maybe even commodity items). A true Solutions Selling approach means calling at all levels in an account, from CXO to technical specialist. We meet with different levels at different times in the sales process,



and clearly the discussions will focus on different aspects. We will meet with senior executive level individuals at very early stages while we are generating possibilities, and again at very late stages during the final closing phase. Mid level management will potentially be involved in early scouting for possibilities, and will then be involved throughout. Lower level specialists will only be engaged during the tactical selling / evaluation phases, where they will consider the technical,

usage and procurement aspects, making recommendations to others.

#### Potential measurements

In addition to measuring the total number of meetings for your sales team, determine the Executive Level (typically EVP and CXO), Management Level (typically Director and VP) as well as Specialist. Typically we would expect to see at least 15% of meetings at the Executive Level, and 25% at the Management Level.

*Example: Significant global communications equipment vendor. This client embarked upon a campaign to develop higher level relationships into target accounts, and organized a battery of activities including breakfast / dinner informal 'roundtables' for Executives, and a formal Executive Sponsorship program, pairing up their own senior level Executives with their functional equivalents in their target accounts.*

A Briefing Paper describing our Purchase Decision Cycle model is available for free download from [www.proactbd.com](http://www.proactbd.com)

### 3. Team Selling

Solution Selling is not an endeavor for the 'lone-wolf sales person', as it will involve developing, configuring and crafting offerings with many different aspects, all of which will need expert inputs and representation.

In addition, the need for multi level selling means that the Solution Seller needs to be an orchestrator of different people, with different skills and levels of seniority, interfacing into the account. We call this role the 'Virtual Team Leader', as the sales person needs to lead this team effectively, usually with no 'management' authority. This capability is essential to ensure that the sales campaign is coordinated, effective and efficient (avoiding multi-legged calls!).

### *Potential measurements*

While some organizations measure the effectiveness of team selling directly, in practice this is a behavior, which is best considered as part of the total Cost of Selling metric, together with measures for multi level selling.

*Example: Independent Business Unit of a significant global IT Services Provider. In addition to developing Solution Selling skills for the entire selling force, all members of the account team were trained in 'Virtual Team Working'. In addition the organization developed 'Virtual Management' skills for all Account Directors. The training and development of these people across the global organization was funded from the particular Business Unit, who reported back increases in effectiveness of account teams, improved customer satisfaction and a number of new opportunities identified and developed in the first six months.*

## **4. Business Planning**

### **Opportunity Planning**

During the 1990's and early 2000's many organizations invested in Opportunity Planning and Opportunity Management Methodologies, which significantly improved the effectiveness and professionalism of sales people involved in complex sales. (We have a vested interest in this area as our *MAP2* and *MAP2.Q* methodologies are examples of this approach.)

During this period there were many sales opportunities to bid for, and rigorous qualification and planning methodologies were necessary to ensure that we invested our time and resources in opportunities that we could, and wanted, to win. We would describe these activities as 'reactive' in that we applied them to projects that were well defined from a technical standpoint, generally to the point of 'Statement of Requirements' or equivalent. Rarely were we involved in the earlier stages of the Purchase Decision Cycle and took little part in shaping the technical definition of the solution.

### **Account Planning**

In order to engage in the earlier parts of the Purchase Decision Cycle and become a Solution Selling organization, proactive Account Planning needs to be implemented. This involves a careful analysis of our relationship with an account today, a clear and agreed vision of where we want to get to in the future, and a detailed plan of how to get there – which we can then execute as a team, with constant monitoring and review. The Account Plan is a roadmap to help us 'Win the War' and 'Win the Peace'. Along the way we will fight many 'Battles' where we will continue to use our Opportunity Planning and Opportunity Management Methodologies. Indeed these Opportunity Planning and Account Planning Methodologies should be parts of an integrated whole.

We distinguish between the implementation of an Account Planning Methodology (a 'Strategic Thinking Process', designed to support the account team and make them more effective) and the implementation of an Account Plan 'Template', which is seen as a form filling exercise and just another overhead by the account team. Solution Selling organizations recognize that Account Planning is a proactive endeavor designed to change the whole way in which they sell to large accounts; it is not simply a repository for current account information.

### **Portfolio Planning**

In a Solution Selling organization, Sales Management will be using the concept of Portfolio Planning to proactively manage, at a macro level, the whole portfolio of accounts that are being actively engaged by the sales team.

The objective of good Portfolio Planning is to ensure that a sales manager has the optimal set of accounts, with the optimal level of resources engaged in the optimal manner, to meet overall business goals.

### *Potential measurements*

The implementation of an integrated Portfolio / Account / Opportunity Planning Methodology that is driven successfully by sales management and account teams to proactively change the way in which they conduct business with their major accounts. The support of line executive management is crucial.

Indicators here include having regular account plan reviews by senior management, using account plans as inputs to the resource planning / allocation process as well as an integral part of bid review processes.

A particular measure is the accurate visibility of Possibilities (proactively generated potential projects) in addition to qualified Opportunities.

*Example: A global IT Consulting organization re-engineered account allocations based upon the desired profile of relationship (using the ProAct Account Segmentation Matrix), implementing Account Planning in addition to rigorous Opportunity Management. The result was a major change in the shape of the future business pipeline, coupled with dramatic increase in long range forecast accuracy.*

## **5. Partnering**

As organizations transition to a Solution Selling model, then partnering will become a key component of their sales activity.

Solution Selling organizations engage at the 'Business Change Imperative' stage, where the customer has identified a business problem or opportunity that they want to address, but have not yet determined the business solution. The Solution Sellers role is to help shape the customer's thinking in determining the business solution, and then jointly develop the operational specification and technical solution.

This 'Complete Solution' will often involve third party products and services. Solution Selling organizations must work cooperatively with these suppliers to be able to provide the customer's 'Complete Solution'. There are a myriad of relationships possible including the simple reseller model, joint bidding, and prime contracting.

The role of 'Virtual Team Leader' highlighted earlier includes the role of managing these third party relationships in relation to the specific engagement.

### *Potential measurements*

Measures can include:

- Percentage of business where partnering applies (defined as say significant joint sales effort)
- Percentage of the customer spend (bid or account) that the partnership team bid
- Win ratios in partnered bids versus traditional supplier only business

*Example: A major vendor of voice and data communications hardware having enjoyed only moderate success with a traditional channel model within a strategically important division, embarked upon a strategy of focused partnering with major systems integrators. Initial engagements were focused on particular bids, leading to joint business planning into selected vertical markets. Success was measured within a short period of time in terms of increased win ratios, revenue growth and reported satisfaction levels of customers.*

### 6. Commission Plans

Solution Selling organizations use commission plans to proactively drive the change in sales behavior and results that are desired. They will typically be gross margin based and very positively reward the sales of the key solution offerings. Often the development of an organization's commission plan can lag the fast changing goals of the business. In this situation it will generally be the commission plan determining sales behavior rather than the business goals.

In large organizations, with complex solution offerings, there is often more than one sales person who may be rewarded for a particular sale. For example 'Specialist' or 'Overlay' sales people responsible for certain specific solutions or solution areas are common in the technology sector. It is crucial that the commission plan drives the desired behavior of sales people both individually and collectively as an account team. In these cases it will often be necessary to pay commission to a number of different people for the same piece of business. Solutions Selling organizations realize that this is a necessity, and pay particular attention not only to the design of the commission scheme, but also to the targeting.

Commission plans can be a very effective tool in driving the process of cross-selling; they can also all too frequently be an inhibitor.

#### *Potential measurements*

An audit of the commission scheme architecture will concentrate on examining potential complex solutions scenarios, to identify inhibitors and motivators of all aspects of a Solutions Selling organization.

*Example: A large Network Integrator with a key business objective of driving up the number and value of Managed Service contracts has used the commission plan very successfully to change the behavior of the sales people. Qualifying sales are paid at a higher commission rate, double counting of revenues is controlled against a dynamic double targeting model and the organization gives an attractive bonus to any sales person selling a service over a particular value threshold. This has generated a huge recognition value and competitive spirit within the sales teams, and helped to generate the change in business profile that was desired.*

### 7. Infrastructure Tools

A particular issue for organizations moving to a Solution Selling approach is that infrastructure tools will often lag behind the change in business behaviors, acting as an anchor on transformations. A successful Solution Selling organization will as a minimum have reviewed all infrastructure tools to eliminate or change processes, procedures, systems and tools which inhibit the change. Typical operational infrastructure matters to address include:

- Customer records, where the need to differentiate individuals according to their position and profile in the buying process is paramount
- Forecasting processes (especially processes which include burdensome specific product forecasting)
- Qualification tools (often tuned to single product opportunities)
- Review meetings
- Bid Review processes (where sales and delivery risk management need to be emphasized)

### *Potential measurements*

An audit of infrastructure should be carried out at instigation of the Solution Selling transformation and periodically thereafter.

## **8. Selling Tools**

A key characteristic of the Solution Selling organization is the availability of good sales tools.

A Solution Seller is engaging earlier in the Purchase Decision Cycle and at multiple levels within the customer's organization, and will need strong 'proof-points' to support the sales activity. This will crucially include:

- Strong customer references of where they have provided similar solutions before, preferably by market sector
- Detailed Case Studies assessing the real business impact (including detailed ROIs) of various solutions on the customer Business Change Imperatives and their Operational Resistors and Accelerators
- Sales & Marketing collateral that is tailored for the three key levels in an organization, Executive, Operational and Specialist

### *Potential measurements*

An audit of selling tools will typically involve a matrix of materials applicable to specific vertical sectors, by the main levels of audience (Executive, Operational Management and Specialist)

## **9. Sales Management Behavior**

In a traditional product-selling environment, the role of sales manager will focus heavily on planning and control of the revenue generation process. In a successful Solution Selling model, because the sales team is intimately involved in the customer business, the role of Sales Manager needs to change to being considerably more focused on coaching of sales people and as a resource to be used in Executive relationship development.

It can be argued that the first line Sales Manager is the key change agent within the selling force. Training, executive communication, tools and other reinforcers will have little impact unless the Sales Management community both enthusiastically champions the transformations required, and through their daily behavior, expressly reinforces the practices of Solution Selling.

### *Potential measures*

Behavior of sales managers cannot be easily measured however good indicators will be the number of accompanied and unaccompanied customer visits, in addition to 360-degree feedback concentrating on a coaching rather than directive style of management.

*Example: A major global PC manufacturer attempted many initiatives to transform the selling operation away from 'box shifting' to Solutions Selling in the enterprise market. The initiatives were only moderately successful until first line Sales Management were included in the change process, with Executive Management briefings, heavy involvement in sales training activities, and personal development in management style and coaching skills.*

## Successful Solution Selling Sales Person Characteristics

The 'Successful Solution Selling Sales Person' needs many of the same basic attributes as a 'Product Selling Sales Person', such as drive, enthusiasm, honesty, inter-personal acceptability etc. There are several characteristics however, which are different or enhanced for the sales person operating successfully in a Solution Selling manner. These include the following:

- Questioning skills
- Listening skills
- A deep understanding of the customer business issues and processes, especially in focus vertical markets
- Political awareness
- Style adaptability
- 'Team Player'
- 'Orchestrator' and Virtual Team Leader
- Having longer term vision building skills

## Conclusions

We would stress that all the characteristics highlighted here need to be viewed as a 'blended whole', rather than taken in isolation. Measuring some of these characteristics over time allows us to understand how far we have come in transforming from a product selling to a Solution Selling organization, and how far we have yet to go.



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