

# Beating Commoditization

## ***Conceptual Selling***®

Drop the conventional product pitch and learn a better way to interact with clients that positions your solution for greater wins.

For new prospects and existing clients, *Conceptual Selling*® is a new approach to an old target that gets you repeat sales, great referrals and long-term profitable client relationships.

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## Beating Commoditization

By Robert Miller

Selling from the buyer's point of view is nothing new at Miller Heiman—it's been our underlying philosophy since our founding three decades ago. But thanks to the forces reshaping the global business landscape, adopting that mindset is more critical today than ever before.

Buyer-centric selling has never been part of conventional sales wisdom. When I was a junior salesman, just starting my career, my supervisors told me over and over: "Understand what the customer needs and sell to that." All too often, that meant my job as a salesperson was to get the customer to *need* what I had to *sell*--which is very different from the approach that our research indicates is key to business success in the 21st century.

Today, the salesperson's job requires stepping back, taking a hard look at each customer's big picture and working with those customers to develop customized solutions that add true and differentiating value.

That's a long way from the one-size-fits-all 20th-century approach epitomized by Henry Ford's famous statement that buyers could have a Model T in any color they wanted-- "as long as it's black" (because black paint dried faster than any other color, allowing for faster production).

Writing in *Time* magazine nearly a century later, auto titan Lee Iacocca noted that what he called Ford's "to hell with the customer" attitude eventually impeded the company's ability to hold off competitors. Iacocca--the former Chrysler Corporation chairman whose early resume included a successful career at Ford Motor Co. where he was known as the father of the famous

Mustang--also described the "as long as it's black" comment as emblematic of Ford's emphasis not just on mass *production*, but on mass *consumption*, of his products. The "sell-sell-sell, buy-buy-buy" approach may have worked in the early 20th century, but it certainly won't fly in the 21st.

### Now vs. Then

What's changed in recent years? Well, the whole world, really. In his brilliant best-selling book *The World is Flat: A Brief History of the Twenty-First Century* (Farrar, Straus and Giroux, 2006), the Pulitzer Prize-winning journalist Thomas L. Friedman argues persuasively that globalization is doing more than leveling the playing fields--it's flattening them. By that, Friedman means that powerful economic forces ranging from trends like outsourcing and off-shoring to technologies like workflow software and--above all--the Internet are reducing the costs of entry. Today, almost anybody can play.

Easier entry, in turn, means that all goods and services become commoditized. In fact, when we talk to our clients, they tell us that commoditization is their No. 1 problem. They say it's tougher and tougher to differentiate themselves not just from their serious rivals, but from everybody else in the game.

Almost literally overnight, markets can be eroded with new players, or even old players with new products. And unlike the past, when it took years for newcomers to ramp up to serious-threat level, many contenders enter the game on essentially equal footing.

The reason: Customers and prospects no longer automatically see an individual company's brand value. Clients tell us they hear arguments like this all the time: "Your products and services are indistinguishable from those offered by your lower-cost competitor, so your

prices should match your competitor's prices as well."

The problem isn't limited to the United States and Europe. Other nations--from South Africa to Australia to Singapore--are feeling the pain as well. Companies worldwide are finding they must either convincingly justify their prices or differentiate themselves with some kind of perceived recognizable value.

Accomplishing the latter requires that the salesperson abandon that old one-size-fits-all approach for good and, instead, focus squarely on each customer's immediate and long-term goals, needs and challenges. In other words, they need to engage in buyer-centric selling.

### **Strategy vs. Concept**

We've long talked about the importance of taking a scientific approach to sales, of following a logical sequential process to each transaction. That advice is fine, as far as it goes. But it's no longer enough to thoroughly understand the selling process. Buyer-centric selling requires that you also understand each customer's buying process and know where they are within that process at all times.

Of course, buying and selling processes are roughly corollary processes involving similar steps. But they're not identical. And nowhere is that more evident than when you're talking about today's complex business-to-business sales—that is, those involving multiple players at different levels, each of whom can say "no," but only one player is able to say "yes." Salespeople who want to survive and thrive in such environments must know their prospects' buying processes as well as they know selling.

"Strategic" selling is about understanding where WE are

in our sales process. In contrast, "conceptual" selling is about understanding where the customer is in THEIR buying process. We need to remember that two independent but corollary processes are going on at the same time in any transaction, and we must be able to track where we are and where the customer is in each process.

Why "conceptual"? Because when customers want to buy something, they always have a concept or "solution image" about how whatever they're seeking will help them meet a need, achieve a goal or solve a problem. (Of course, sellers also have concepts about what their products will accomplish, change or fix, but they're usually quite different from those of their prospects.)

So in today's world, successful salespeople must understand each buyer's concept. In fact, you don't really even know what you're selling until you know what each customer is buying.

Often, customers themselves aren't yet sure what they're buying. They haven't conceptualized that image; possibly, they haven't yet defined the problem. In such cases, your first step is helping the client recognize or identify the specific need and develop a concept around it. Otherwise, you and your customer will be in different places in the buying process, passing like two ships in the night.

If you're still not convinced, consider this fact: Our research shows that the biggest reason salespeople miss their forecasts is they understood where they were in their sales processes—but they didn't understand where their customers were in their buying processes.

One simple way to find out: Ask. Ask your customer: "Why now? What's the trigger event, the reason, for us having this conversation right now?" The answer--whether it's "we're gearing up for a big competitive

push” or “we had a couple of lousy quarters on Wall Street”—will go a long way toward defining the customer’s concept and buying timeline. (As an aside, asking questions is an excellent tactic for buyer-centric selling. We recommend that salespeople spend about 80 percent of their time asking questions rather than pitching products or services.)

### Products vs. Solution

Historically, sales have been product-led, meaning that salespeople functioned primarily as product experts. For decades, the sales process was reactive, often beginning in response to a list of customer requirements issued in a formal request for proposal (RFP) or a request for quote (RFQ). In such cases, the salesperson’s job was to fit product capabilities to customer needs as dictated by those documents.

Then, in the 1980s, progressive businesspeople began talking about the benefits of solution-driven sales. That model required salespeople to function more as trusted advisors.

Today, the most successful salespeople rely on a process that’s far more proactive. The true stars understand, keep up-to-date on and even anticipate their clients’ problems, offering customized solutions. In the increasingly rare cases that require RFPs and RFQs, salespeople and customers typically collaborate in preparing mutually beneficial specifications.

Personal relationships have changed dramatically as well. In the past, sales representatives typically dealt with one or two buyers in each organization. Today, most of those low- and mid-level purchasing jobs have gone the way of the passenger pigeon.

Instead, salespeople often now face a slew of senior-

and top-level executives who actively participate in shopping for solutions and must approve major purchases. (At Miller Heiman, we’ve even enhanced our training with new strategies and tactics specifically geared to sales reps anxious about having to move higher and higher within their customer companies.)

### You + Me = Mutual Success

Major change always generates some growing pains, and, as the evolution of those relationships indicates, the shift toward a conceptual selling approach is no exception. But we believe our clients when they tell us the long-term benefits are well worth some short-term discomfort.

Ultimately, the conceptual approach is a premiere example of non-manipulative win-win selling. It’s the only stance proven to lead to repeat business, long-term relationships and satisfied customers.

Again, that’s a big improvement over the approach of, say, 30 years ago. During the Watergate era, Americans lost faith not only in their government, but in other established institutions as well. They were particularly suspicious of salespeople. Back then, if you wanted to clear a room, all you had to do was tell people you worked in sales. Comparing someone to a used-car salesman was a pretty serious insult.

The animosity worked both ways. Salespeople used all these sports and war metaphors expressing contempt for buyers: The customer was the enemy. You were supposed to “get” him before he “got” you. Someone had to win and someone had to lose. Salespeople who wanted to get ahead in their careers worked hard to stay victorious.

Miller Heiman’s mission is—and always has been—to

replace that unpleasant “I win-you lose” mindset with the more collaborative, and ultimately more effective, “win-win” approach. That philosophy, considered revolutionary when we founded the company 30 years ago, may sound like simple common sense today. In fact, people often ask us: “Doesn’t everybody sell like that now?”

Interestingly enough, many still don’t. Many still focus more on sales than on customer satisfaction. They’re still more interested in getting customers to buy products or services than helping them to accomplish goals, avoid headaches or fix problems. They haven’t yet learned that, unlike approaches that manipulate or trick buyers, “conceptual” selling leads to long-term customer relationships; in the best-case scenarios, it all but automates future sales. They’ve yet to discover that customers who feel like winners are far more likely to come back, make bigger purchases and refer additional business.

Bottom line: Those deep, strong relationships involve customers who are satisfied because, essentially, they’re buying something that was at least partly their idea in the first place. That builds loyalty. That adds value. That differentiates the buyer-centric sales organization from its competitors. And that’s why the commonsense approach of conceptual, solution-driven selling is the formula for 21st century success.

*Robert Miller developed the initial Strategic Selling® program in the early 1970s, and has continued to add new content and relevant sales courses, all of which were incorporated into Miller Heiman, Inc. which he co-founded with Stephen Heiman in 1978. After divesting his ownership interest in 1986, he continues to work full-time with Miller Heiman today in a consulting and advisory capacity, focusing primarily on product development.*

### About Miller Heiman

Miller Heiman has been a thought leader and innovator in the sales arena for almost thirty years, helping clients worldwide win high-value complex deals, protect and grow key accounts, manage talent and optimize sales strategies and operations.

With a prestigious client list that includes Fortune 500 clients, Miller Heiman helps companies in virtually every major industry to build high performance sales teams that deliver consistent sustainable results to drive revenue.

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