

"*The New Power Base Selling* will take its place on the required reading list at my company."

Bill McDermott, Co-CEO, SAP

THE NEW POWER BASE SELLING

LESSONS FROM 28,000 SELLERS AND 50,000 DEALS:

*Master the Politics,
Create Unexpected Value
& Higher Margins, and
Outsmart the Competition*

**JIM HOLDEN
& RYAN KUBACKI**

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FOREWORD

The nature of sales has changed dramatically since the hugely successful *Power Base Selling: Secrets of an Ivy League Street Fighter* first appeared in 1990. The era of Internet-powered globalization, along with a recent recession, has made buyers more discerning and demanding than ever.

And yet, the fundamentals still apply. Large-scale corporate sales still require preparation, persistence, and a deep understanding of the customer. And they still involve real human beings, with all their brilliance and flaws.

In *The New Power Base Selling*, the sales world now has an updated guide that takes into account the timeless realities of human nature—as well as the contemporary tools that can empower a sales team to capitalize on that nature.

Through their hands-on research into thousands of sellers and competitive deals, Jim Holden and Ryan Kubacki demonstrate the importance of mastering the intangibles: the internal politics and individual motivations that invisibly—and inevitably—shape every transaction.

At a time when products and services are often at relative parity, these intangibles can be the primary differentiator in the success of a sale. But mastering them requires more than simple alertness; it requires a discipline that borders on the scientific.

In that regard, *The New Power Base Selling* represents an important advance for the profession of selling. It applies logic and metrics to the complex relationships that determine the outcome of a considered purchase. Then it goes where its predecessor couldn't go, by demonstrating how to harness social media and other online resources to gather intelligence on both buyers and competitors.

These lessons are especially relevant within the ever-changing software industry, where today's influencer is tomorrow's authority. But they apply to any industry in which the key to success is not only knowing one's customer but also deeply understanding that customer's business value, political value, and cultural value.

Through its unique perspectives and practical techniques, *The New Power Base Selling* will take its place on the required reading list at my company, SAP. I expect it will at yours, too.

May the best Stage IV Customer Advisors win!

—**Bill McDermott**

Co-CEO

Member of the Executive Board

SAP AG

Newtown Square, Pennsylvania

PART 1

**SALES AS MANAGEMENT
SCIENCE**

CHAPTER 1

SEEING THE INVISIBLE

It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change.

—often attributed to Charles Darwin

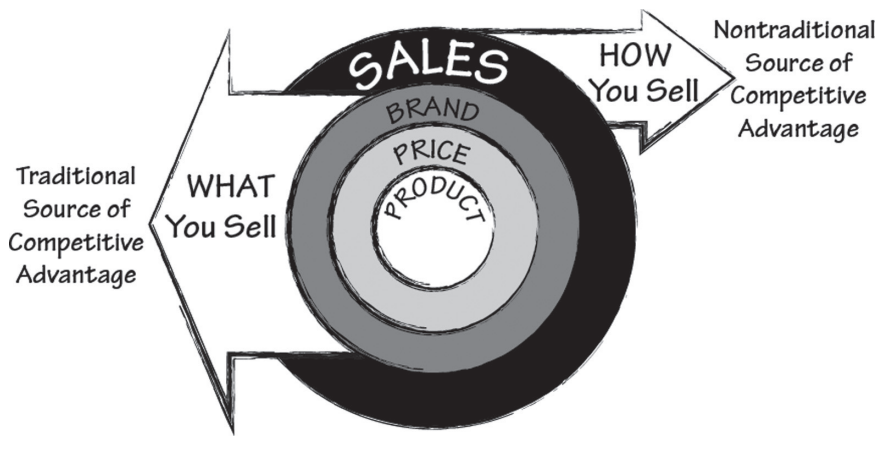
“**K**now this about yourself: there is only one reason professional salespeople lose orders. They are **OUTSOLD**,” began our first book, *Power Base Selling*, in 1990. Assessing over 28,000 sellers and coaching more than 50,000 competitive deals since then affirms that the best sellers are politically astute, driven to provide significant value to customers, and strategically competitive, as a matter of habit.

The best sellers win because *how* they sell increases the value of *what* they sell. In fact, how they sell adds value for their customers and for their own company, beyond the value inherent in their company’s product, price, and brand, as shown in Figure 1.1. Even without product superiority or price parity, the best sellers outsell their competition *and* please their customers. They are a source of competitive advantage for their company and are compensated accordingly. And you can be, too!

Most sellers do not gain clarity about their customers’ informal political structure—the *Power Base*—that really makes an organization run. At the same time, they focus on *only* their customer and do not *engage their competition*. Without insight into politics and competitors, it is almost impossible to get a sense of the larger issues that will determine your ability to improve your customer’s business, deepen loyalty, and win deals.

Let’s look at a practical example. Meet Amy. She was selling an online software solution to a large retail customer. When she previously sold to this customer, the information technology (IT) team made most of the decisions. In this current sales situation, she believed that she would close the deal because the IT team had confirmed that her product was the most innovative, it best matched their buying criteria, and she knew the

Figure 1.1
Maximizing Sources of Competitive Advantage



IT organization chart inside and out. The Chief Information Officer (CIO), with whom she had met, appeared to be supportive. In addition, she linked her product's value to business impact for the customer. Specifically, she made the case to the IT Department that her solution would facilitate more efficient communication among the customer's supply chain. This, in turn, would enable her customer to stock lower-priced products on its store shelves much faster. Amy correctly identified this as an important business issue for the customer during a prolonged economic slowdown.

Confidently, Amy informed her manager of the probable win and began to think about how she would spend her commission check. Then, something started not to feel right. The customer had not given her the official order, and her contacts in the IT Department were not returning her e-mails or calls. After several weeks, the customer informed her that they "went in a different direction." Amy was caught off guard. Her product was the best in the market. She established business value and developed a good relationship with the customer, who made it clear that things were looking good for her. She dreaded telling her manager, who had already forecasted the business as a win to upper management.

Have you ever been in Amy's shoes? What happened? What didn't she see? To find out, let's meet Sara, who is the Account Manager for Amy's competitor, calling on the same customer. Like Amy, Sara sells for a technology company and met with the customer's IT team. Sara also positioned the business value of getting lower-priced products on

the customer's shelves quicker. However, *Sara saw three things that Amy did not.*

1. *Sara studied the politics of the customer organization, seeing how authority and influence flowed.* She identified that there had recently been management changes at the customer organization. An IT governance committee had been created to evaluate all IT decisions. This group consisted of company leaders from the Business, Finance, and Legal Departments. Sara recognized that this was something new. A *new type of Power Base* had formed. Its influence would likely assert itself over the IT team's authority. Sara utilized social media sites such as LinkedIn and Facebook to gain as much insight as she could on the new players and identified patterns and connections in their past. She met with several of them and asked thoughtful questions, made observations, and tried to confirm hypotheses she had formed regarding the new flow of influence.

While listening to the customer's quarterly earnings call, Sara became aware that the customer's Chief Financial Officer (CFO) had launched a new initiative, called Supply Chain Leadership, that focused on building relationships with more financially stable suppliers to reduce costly and disruptive supplier turnover. Sara also knew that the customer's Chief Legal Counsel was focused on data privacy issues.

Furthermore, through the course of her meetings, Sara observed that political conflict was taking place between the customer CIO and CFO. The CFO wanted IT to be more accountable to company initiatives, while the CIO sought independence. Sara noticed that the CIO's influence seemed to be waning among his own team, while the CFO was a proven company leader.

2. *Sara provided the customer with Unexpected Value in addition to meeting the customer's stated needs.* Working with an IT Director, Sara produced a quantified expression of value that reflected a product solution that was 90 percent as capable as the alternative. Still, this solution represented *expected value* to the customer. Sara needed more. To provide *unexpected customer value*, not only did she stress compliance with the new initiative, but, focusing on the financial strength of her company, she also stressed the clear data privacy policies that the CFO could announce as an early example of his new initiative.
3. *Sara assessed her competition and formulated a sales strategy.* She analyzed who Amy was calling in the account and what type of value Amy was proposing. After firsthand evaluation, Sara concluded that the product Amy was proposing had superior capability. However, Amy's

company's unclear financial health and unproven data privacy policies represented potential vulnerability.

Armed with her political and competitive insight, Sara formulated a sales strategy and partnered with an IT Director to approach the CFO, shifting the decision focus from *only* the stated buying criteria defined by the IT Department to *also include* the ability to fulfill the broader organizational needs as defined by the CFO and Chief Legal Counsel.

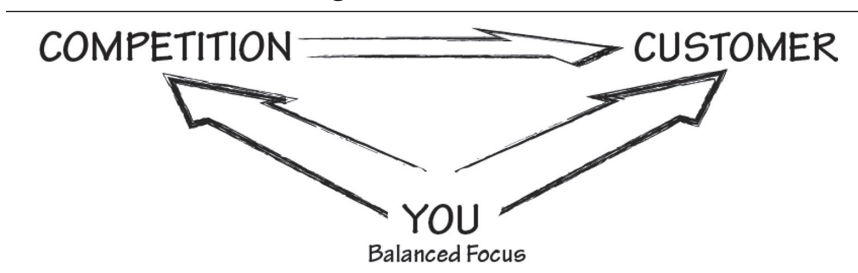
At the end of the day, Sara outsold Amy and better served her customer by seeing the three intangibles: politics, Unexpected Value, and strategy.

SELLING SKILLS ARE NOT ENOUGH

It's fairly common knowledge that you must master certain skills to succeed in sales. Abilities such as prospecting, asking good questions, structuring a sales call, building a business case for your product, and establishing rapport with a customer, to name just a few, are essential. However, a majority of the techniques that dominate today's notion of selling help sellers in only one dimension of their efforts: establishing the relationship between seller and buyer. Focusing solely on a prospective buyer assumes that there is only one thing between you and getting the order—the customer. It produces a distorted vision of what selling is all about, and it blinds you to the real threat—the competition.

Think about it this way: as much as you want the customer's business, so does someone else. But typical sales campaigns don't make provisions for competitive threats. Amy's "quote and hope" mentality will not be enough when she's up against an advanced seller like Sara. She needs a more complete sales approach, one that incorporates a view of the world as it really is—a three-dimensional interplay between you, your customer, and the competition, as shown in Figure 1.2.

Figure 1.2
Selling Is Multi-Dimensional



GOOD PRODUCTS ARE NOT ENOUGH

Without question, a superior product, price, and brand give you an advantage. However, the times when you have an exceptional product and are the only game in town are rare; and although you can coast along for a while on only the capabilities and reputation of what you offer, this won't last long. These glad circumstances mislead many people into believing they are selling well—when in reality, the product is doing all the work. The seller is just along for the ride.

This is far more serious than a mere case of mistaken identity. If you judge yourself and your efforts by the strength of your product, you might also judge the potency of your competitors only by the strength of their products—and make a fatal error in the process because:

The best product does not always win.

As much as product superiority can produce competitive advantage, it can also lull you into a false sense of security, as Amy found out.

A lot of sellers do not sell; they surf. Their prospecting is more like searching for the perfect wave than working to make things happen in accounts. They do not create demand. They become adept only at servicing demand, identifying niches for “hot” products that have developed a certain momentum and appeal. As with champion surfers, they make the job look easy—and it may be easy, for a while, until the currents shift. And they always do.

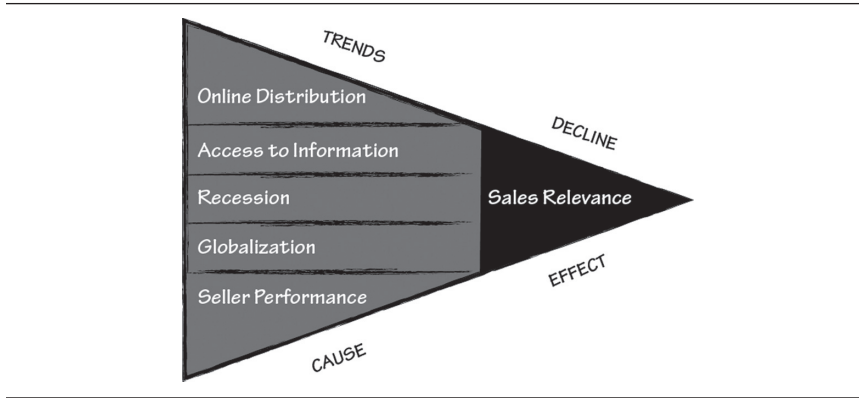
THE RELEVANCE REVOLUTION

It is hard to imagine a time when more currents have shifted than from 1998 to the present. New skills, attitudes, behaviors, mind-sets, and approaches are now required for sellers to thrive. However, insight from our seller surveys and deal reviews indicate that sellers are struggling to keep up with a business market that has been changed forever.

We see five trends disrupting traditional selling methods and challenging seller relevance, as shown in Figure 1.3.

1. *Online distribution models do not require human sellers.* The rise of the Internet and the advances of computing have made it possible for buyers to purchase products with less direct interaction with sellers. Business-to-consumer online sales models, such as Amazon.com, are now finding their way into business-to-business sales. Industry analysts speculate that over time, customers will manage many of their

Figure 1.3
Disruptive Trends



supplier relationships with little or no interaction with sellers. This has prompted Gerhard Gschwandtner, Chief Executive Officer (CEO) of *Selling Power*, to ask in a recent editorial, How many salespeople will be left by 2020?¹ “If we don’t find and fill a need faster than a computer, we won’t be needed,” he concludes.

2. *Access to information has increased buyer leverage.* Pre-Internet, customers had to meet with the seller, in order to learn about the product. Sellers could define their relevance by their mere presence, as an information provider. Now, most customers are well informed about products, having studied websites, participated in online demos, and attended webinars. Therefore, a customer who meets with a seller expects more than product information.
3. *The Great Economic Recession has increased buyer scrutiny and complexity.* The economic challenges that started in 2008 have forced all companies to insist on stronger business justification for all expenses. The result has been an increased number of customer individuals involved in the buying process. Gone are the days when you could sell to one person or even one department, as Amy found out in our earlier example. Now, there are buying committees and professional procurement departments to navigate.
4. *Globalization has increased competitive intensity.* Better access to education and the increased wealth of nations has increased the number

¹Gerhard Gschwandtner, *Selling Power* editorial, May/June 2011.

and intensity of qualified competitors from more educated countries. The rise of China, India, Russia, and Brazil, to name just a few, are changing the face of global competition. Further intensifying this competition is the difficulty of sustaining product superiority in a world where the Internet and other computing advances have leveled the playing field by increasing the speed of commoditization.

5. *Seller performance is not meeting company expectations.* Aberdeen Group, a leader in analyzing sales effectiveness and training, reports that most sellers are not achieving their sales quotas.² They report that at the “industry average middle 50% of companies” just 49 percent of sellers achieve their annual quota; at the “laggard bottom 30% of companies” just 4 percent achieve their quota; and even at the “best top 20% of companies” only 87 percent achieve their annual quota. This means that *less than half* of sellers are meeting the expectations that their companies have for them!

The result is that sellers are in the midst of a Relevance Revolution. From the customer perspective, a seller must evolve from the role of an information provider who shows up with extensive PowerPoint presentations, along with an eagerness to conduct product demonstrations, to that of a Customer Advisor. The latter helps customers improve their businesses and competitiveness. In the eyes of their own company, sellers are being asked to help win market share and provide intelligence to enhance the company’s overall competitive advantage—to help them grow during challenging economic times.

The implications for sellers are real:

There is a slippery slope from being outsold to being OUTPLACED.

To succeed in this new market, the best sellers are no longer relying on *traditional* advantages inherent in their company’s product, price, and brand. They seek more than a “quote and hope” approach. The best sellers are elevating their profession by becoming *nontraditional* sources of competitive advantage. How? By understanding sales as a management science, particularly as it relates to employing sales strategy.

²Sales Training 2011: Uncovering How the Best-In-Class Sustain, Reinforce, and Leverage Best Selling Practices, Peter Ostrow, Research Director, Aberdeen Group, September 2011. For the full report, visit www.aberdeen.com.

SEEING THE ROAD FORWARD TO SUCCESS

Sales strategy consists of identifying how you will achieve relative superiority—that is, the point at which you have a decisive advantage over your competition.³ In other words, strategy answers the question “What are you counting on to win?” And winning means improving your customers’ businesses and growing your company’s revenue and profits by defeating a competitor trying to do the same thing. Insight from our seller surveys and deal reviews outlines three specific nontraditional sources of relative superiority that advanced sellers both “see” and “manage,” while others do not, enabling them to lead the change in this market. More specifically, the best sellers:

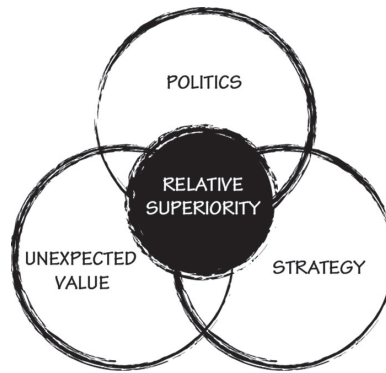
1. Start with a focus on customer *politics* by identifying influence and going beyond the tangible authority of organization charts to know who to call on.
2. Provide *unexpected customer value* that goes beyond the stated and expected value associated with a sales opportunity, to significantly advance a customer’s business, while differentiating themselves from the competition.
3. Formulate a *sales strategy* that leverages the largely invisible elements of influence, unexpected customer value, and sales cycle timing, along with competitive differentiation and vulnerability, to build on the more traditional sources of competitive advantage and decisively win business.

This book presents how to see and manage these three invisible intangibles—politics, Unexpected Value, and strategy—and have them work together in an interconnected way to achieve relative superiority and maximize value to your customers and your company (see Figure 1.4). Simply put:

We present the way to win by seeing sales as a management science.

³Relative superiority is defined by William H. McRaven in his book *Spec Ops* (Novato, CA: Presidio Press, 1995).

Figure 1.4
Nontraditional Sources of Relative Superiority—The Three Intangibles



Our journey continues in Chapter 2, where we outline what great selling looks like when politics, unexpected customer value, and strategy are mastered. We consider this chapter an advanced “MBA of selling” that is practical, relevant, and empirically based. From there we dive deeply into politics, then value, and, finally, you will learn how to package it all together to formulate sales strategy.

As you will see in the next chapter, these three areas will significantly accelerate your development and sales performance in the shortest amount of time possible. Our aim is to assist you in reaching a new level of professional success that is acknowledged by your company, where you are viewed as a valued source of competitive advantage—an asset to be recognized and compensated accordingly.

Praise for
**THE NEW
POWER BASE SELLING**

“Power Base Selling has been the most pragmatic and effective guide in my professional services career. Jim and Ryan’s new concept of Unexpected Value is fundamental to differentiating your product and defending your margins.”

—Patrick Nicolet, CEO, Infrastructure Services, Member of the Group Executive Committee, Capgemini

“Holden and Kubacki have elevated sales to a scientific process that enables sellers to provide exceptional value to their customers. In my 31 years of selling, this is the first definitive work I’ve seen on how to leverage the intangibles of politics, value, and strategy to boost win rates. It’s a Master’s program in sales.”

—Lou Ebling, Global Account Executive, Oracle

“The New Power Base Selling presents sales as a management science, analogous to the principles of military special operations and counter terrorism ...Holden and Kubacki identify the doctrine and practices ... for quickly achieving relative superiority and obtaining a decisive advantage in any competitive environment.”

—Kevin Nowak, Senior Adviser under contract to the US Department of Energy

“This is a book that I couldn’t put down. I was spellbound by the the concepts of Political Advantage, Value Creation, and Compete Strategy.”

—Rosemarie Mitchell, Chief Executive Officer, ABS Associates, Inc.

“The visible and invisible sales tools in this book apply to any industry (including politics) and to any individual facing a competitive battle. The book’s insights guided my successful underdog campaign for US Congress in 2010 and continue to assist me in the competitive world of Washington, DC.”

—Joe Walsh, Congressman, 8th District of Illinois in the US House of Representatives

*“This update to the original thinking of *Power Base Selling* should be required reading for every sales professional. It explains how to stay relevant in an increasingly competitive and complex selling environment.”*

—Geoff Nyheim, VP, Cloud Services Sales, Microsoft



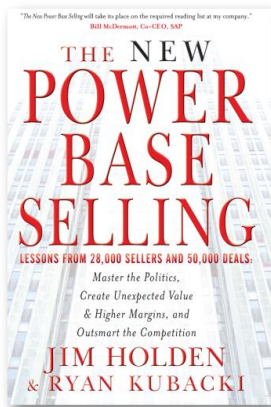
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