

**Diagnosing the Root
Causes of Value
Creation and Capture
Disconnects**

that drive organic growth



SALES ENABLEMENT *REDEFINED*

Why Many Training & Consulting Interventions Don't Drive Business Results

The organic growth engine in any B2B company has two primary drivers:

- Proving differentiated customer value
- Capturing value for your company as compensation for that value



Sustainable organic growth is powered by successful execution of these two key business competencies that enable effective flow of value out to the market and compensation back into the company. Yet despite the investment companies make to achieve these core competencies, many “proven” approaches no longer work. Gaining, or regaining, a true and sustainable value proposition is often complicated by companies failing to see the relationship between value creation and capture as a holistic system. As a consequence, they do not, or cannot, rally cross-functional stakeholders to support this essential goal.

We believe that to be successful, value creation and capture functions cannot be isolated within the sales organization. They must also reflect an embedded, cross-functional capability designed to unify and rationalize otherwise incongruent parts of a dispersed organization. We know that this “ecosystem” is both essential and achievable in almost any B2B company. One of our customers said it better, with this approach “everyone is in sales.”

Our competency in understanding value was amassed firsthand through years of executing thorough diagnostics for our clients. To ground our field experience and observations, recently we completed a diagnostic with department heads and front-line salespeople at 55 B2B companies to assess how they are performing cross-functionally and organizationally around the two key growth drivers: value creation and value capture. The survey results were not surprising. The majority of respondents reported “a high degree of dissatisfaction” with the techniques deployed within their companies to establish value creation and capture. It is our view that the processes involved in creating and sustaining a healthy enterprise competency aligned to support sales are so critical to long-term success that a score less than “very satisfied” or “world class” is a clear signal that big changes are needed to restore balance to the company’s growth engine.

“The problem with many sales organizations is they still operate with the same principles and techniques they were using in the 60’s, 70’s and 80’s. While the technology supporting sales process have clearly evolved, the traditional sales strategies proffered by sales gurus 20 or 30 years ago have not kept pace with market needs. They are not nearly as effective as they once were, and...in most cases they are obsolete.”

“To Increase Revenue Stop Selling” (Forbes, May 1, 2012)

Any “solution” that doesn’t go beyond symptoms to get to the heart of a your specific root cause problems and take into account the business context in which these problems evolved, will rarely achieve more than short-lived, if any, results.

We are a consultancy with a proven track record of solving value creation and capture problems. Developed over the last ten years, our proprietary diagnostic process gives us the data we need to reach a deep understanding of the root causes of symptoms and success metrics before prescribing solutions. The solutions we offer go beyond training to:

- 🔗 Identify, house, distribute, update insights that leverage your customer value
- 🔗 Get fairly compensated for that value

In fact, our approach focuses on helping organizations and individual sales people realize value by installing processes, increasing skills and leveraging insight data, training and technology that will enable your sales team to:

1. Lead customers in making value based decisions that result in sales to your company
2. Make better decisions on how your company gets compensated for that value

It is these two skills that are paramount to success for salespeople In the 21st Century. Forrester recently reported:

October 2012: Today's buyers control their journey through the buying cycle much more than today's vendors control the selling cycle. Although it varies greatly with product complexity and market maturity, today's buyers might be anywhere from two-thirds to 90% of the way through their journey before they reach out to the vendor. For many product categories, buyers now put off talking with salespeople until they are ready for price quotes.

This shift in sales process has fundamentally changed the nature of selling.

"The old playbook no longer works." ...reps coach customers on how to buy rather than quizzing them on their company's purchasing process"

The End of Solution Sales, Harvard Business Review July/August 2012

As a value based consultancy, our goal is to work with each client individually to resolve their business disconnects in a training, technology and/or consulting capacity. When our clients are armed and educated with diagnostic information relevant to their unique situation, they are better equipped to choose a holistic approach that will result in real and sustainable solutions to their value creation and capture problems by leveraging true customer insight.

Diagnosing the Root Causes of Identifying and Leveraging Value

In the B2B selling field, acute, surface-level pain is often expressed as “our margins are down” or “our salespeople are giving in on price too quickly,” “our competitors are buying share” and “buyers and third parties are commoditizing our products” yet these are merely symptoms of a problem that don’t contain enough information to stage an intervention. There are many root causes of problems creating these symptoms and driving this pain – some selling-related, some cross-functional – such as:

- Symptoms such as price pressure, declining margins and many more can be addressed, but only if their root causes are understood.



Tactical Solutions Are Not Enough

Short-term approaches to fixing these problems – attending a tactical, soft-skills sales training class or a speech at a sales meeting – usually focus on resolving training issues, and thus don’t result in lasting changes to selling effectiveness and installed business process that drives insight and ROI. Problems related to leveraging and getting compensated for value are typically more strategic and cross-functional in nature, so an effective diagnosis and solution must address both tactical and strategic issues.

Diagnosing Your Root Cause Problems: Overview

5600blue's proprietary diagnostic process is a deep but highly efficient dive into all parts of a company that impact value creation and capture systems. We use the information gathered to diagnose the root causes and prescribe solutions tailored to your business in your current market environment.

Our process is broken into three phases. Together, the first two phases give us a sense of the current state of your ability to measure, communicate and leverage value.

1. We measure the state value creation and capture systems impacting your customer facing deals, we then benchmark your firm against others to determine gaps between your current state and world class.
2. Value creation and capture is measured in four areas of who owns your value proposition, where is it housed and updated, how is it connected to and leveraged by sales and is customer value created leveraged for value capture in the deal approval process.
3. Next, we focus in on your deal approval and forecasting process to determine if these systems can be enhanced by insight data and technology.
4. Finally, future state and success metrics are developed to inform a highly customized proposal for problem resolution.

Diagnosing your company's current state, desired state and success metrics is not complicated if done correctly. Taking this step before prescribing solutions is the key difference between attending a tactical training event and embedding a business process deeply into the DNA of your company. Often compromised by insufficient or a complete lack of needs analysis, this critical step quantifies needs and begins building the cross-functional support needed for implementation later.

At every step, we operate with maximum efficiency and effectiveness. We interact with your team to surgically extract the data needed, requiring minimal investment of company resources and no disruption to company operations. And because our process requires the involvement of key thought-leader management in cross-functional areas such as legal, marketing, product management, contracts, finance, legal, operations, and, of course sales, the results take into account your entire value ecosystem.

Diagnosing Your Root Cause Problems: Detail

1. Measure and Benchmark the Current Environment

In the first step, we measure the current state of your ability to manage, house, distribute and leverage insight that creates customer value. The target audience for this analysis is cross-functional management for any internal stakeholder group (e.g., sales, finance, legal, marketing, product managers) that is directly or indirectly involved in your sales and negotiation process, typically somewhere between 10–20 people. Additionally we run the same analysis with the front line sales team to determine the level of alignment with corporate strategy and sales execution. This step is accomplished through an e-survey that takes about 15 minutes to complete.

Next, we benchmark your firm against other companies to determine gaps between current state and world class. The comparative data used originates from a research project undertaken by 5600blue. The study benchmarks the state of the art for integrated value creation and capture systems for global corporations given changes happening in the external market.

Using our primary research data, we benchmark your company's data against other firms in the following areas.

Value and Value Compensation Benchmarks From Our Research

Summary: Value Creation

75% say the company's overall execution of value is less than highly effective

80% can't clearly map how they meet customer needs a better than the alternatives

50% there is no feedback loop for which drivers help win business and are missing

80% customer value data provided not is specific enough or easily understood

90% changes in the internal/external environment aren't reflected in real-time value

90% there is no one owner who is ultimately responsible for the value propositions

70% cross functional leaders don't play a role in defining their company's value

Summary: Value Capture

80% are less than highly satisfied with internal deal approval processes

80% deal approval processes are not highly effective and efficient

60% cross-functional stakeholders are not aligned when approving deals

50% approvers don't consider all stakeholders or assess the deal based on return

50% deal approval process detracts from their ability to win deals

70% it increases the quality of deals

70% pricing and contract risk are not aligned with the customer value

2. Measure and Benchmark the Current Environment

In the first step, we measured the current state of process disconnects impacting your ability to execute and get compensated for value. The second step is to review your CRM, deal approval, key deal coaching, win/loss analysis and forecasting effectiveness.

3. Determine desired future state and establish success metrics

Together, the first two steps give us a sense of your company's current state. The final step provides us with future state and success metrics for a proposed initiative. Telephone interviews are completed with key, cross-functional thought leaders involved in value creation and capture as well as those who must be onboard for a proper rollout and adoption of any proposed solutions. The following areas emerge from this research:

- Strategic goals that can be enabled/executed by better value creation and capture
- Given their role and focus, what they see as a desired state for leveraging value creation (sales) and value capture (negotiation); details are drilled down into process, leading and lagging indicators
- Key/must-win deals facing the company in the next three, six, nine and twelve months
- Potential barriers to success

And Present Results

Once research, diagnosis and prescription are complete, the research highlights, results of the diagnostic process and proposed solutions are presented to senior management in a face-to-face overview. Results include specific detail on current and desired state, as well as comprehensive success metrics related to value creation and capture effectiveness including process metrics, leading indicators and lagging indicators.

In addition to the overview slide presentation, we leave behind a complete detailed copy of our findings and recommendations including all the metrics presented.

Working with 5600blue

Scope

Given the complex nature of most of our clients' businesses, this diagnostic process needs to be executed at a specific scope level rather than corporate level. We work with clients during initial discussion to determine the appropriate scope to be evaluated; typical scope definitions are either sales types (national, global, territory-level accounts), geographic regions (U.S., LATAM, ASIAPAC, Europe and UK, etc.), product or service type. A tighter scope leads to better and more customized results.

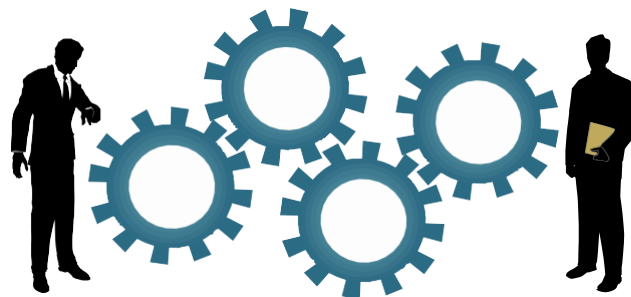
Client Investment

Your investment in this diagnostic process consists of distributing a 15-minute e-survey through email distribution lists to members of the cross-functional leader and sales teams, assistance scheduling five to ten 30-minute phone appointments, and being available for a results presentation lasting approximately 1.5 hours. It is vital that all representatives from all parts of a client's company who participate in or touch value creation and capture be a part of the problem diagnosis and solutions presentation. Typically this involves key thought leaders from functional areas such as sales, legal, marketing, product managers, contracts, operations, finance, etc. Appropriate team members for each phase are chosen collaboratively during early project discussions.

Before you hire us, and whether or not you choose to contract follow-on training, technology and consulting services, at the end of this diagnostic step, you will have in hand your company's success metrics for improved effectiveness for leveraging and getting compensated for value. To date, the information we have provided at the end of this process has compelled 80% of the companies diagnosed to move forward with our proposals.

Timeline

On average, the diagnostic process and results presentation can be completed in as little as four weeks. The timeline varies according to the availability of your senior executive team to participate in the diagnosis process and attend the final presentation.



Deliverables

At the end of this project, an engagement manager presents the results to the senior executive team, highlighting the research and discussing the proposal going forward. The same information is also left behind in a report that includes detailed success metrics specific to a proposed value effectiveness solution. Examples of those metrics are as follows:

We are the only consulting firm in the world that will deliver custom success metrics/ROI for a proposed intervention as part of our proposal process, long before we've been awarded the business.

Lagging Indicators	Leading Indicators	Process Metrics
<p>The ultimate success metrics for this initiative, such as:</p> <ul style="list-style-type: none"> 🕒 Price increase 🕒 Margin improvement 🕒 Risk shift 🕒 More effective and efficient deal approval process 🕒 Improved forecasting 🕒 Organic growth 🕒 Your business value centrally housed, updated and leveraged at the deal level 	<p>Specific items in the control of salespeople that are directly linked to driving lagging indicators – those items you want more of and less of in deals, such as:</p> <ul style="list-style-type: none"> 🕒 Adoption of an integrated selling and negotiating process 🕒 Adding in high-margin services 🕒 Giving away less free services and value adds 🕒 Tightening up commitments in contract language 🕒 Selling more emerging products 🕒 Movement on many of the metrics outlined in the benchmark section 🕒 Leveraging competitive differentiators 	<p>Drive business results, such as:</p> <ul style="list-style-type: none"> 🕒 Completing the diagnostic 🕒 Training the sales team 🕒 Preparing coaches 🕒 Briefing senior management 🕒 Aligning performance appraisals 🕒 Embedding best practice insight on selling value into technology 🕒 Embedding pre-approved deal variables into technology 🕒 Creating a virtual cross functional value ecosystem team

About 5600blue

Today demands fundamentally different sales enablement solutions. Solutions engineered to enable your sales team to **compete at the speed of change**.

That's what we do . . .

5600blue has created the first-ever vertically integrated sales enablement platform that includes; the knowledge salespeople need to compete at every stage of the sales process, Salesforce.com integrated technology (or stand-alone app) to house, deliver and update that best practice knowledge base and enablement in the form of training, deal coaching and win/loss reviews.



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