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# Bolotin Points Newsletter

*Providing Actionable Ideas to Increase Your Profit*

Go to Market Strategy & Execution | Revenue Acceleration | Due Diligence | Partnering & Asset Sales

## Common Mistake #3: Not Matching "One Who Receives Value" with "One Who Pays"

Failure is tough. Not knowing why we failed and thereby not being able to learn from what we did wrong so as to improve in the future, is worse. In this newsletter, I'll cover one of the more subtle causes of failure so we can learn and then succeed the next time.

Increasing your ability to succeed is but a few moments away.

In order to build our foundational understanding first, let's start with an easy Q and A:

**Q:** In order to make a sale, ultimately, to whom must you provide value?

**A:** The customer.

definition

**Provide Value** *n.* Eliminate a pain and / or (not as powerful) help to achieve a need or want for someone else.

definition

**Customer** *n.* Someone who, in exchange for perceived value from you, does what you want him or her to do.

One example of a customer: the one who buys your product or service. In this example, "the customer" is the one who reaches into his or her pocket to spend his or her money and other resources in order to obtain the value of your product or service.

Another example of a customer: someone who refers you within their organization. In this example, "the customer" extends his or her effort and goodwill to help you.

In order to be successful, the salesperson must have a laser focus on providing value to the customer, as opposed to other people, "the community", other vaguely-defined entities, or even the company the customer works for. In the example of whether or not "the community" is the customer, ask yourself: Does "the community" reach into their

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collective pockets and give you money? If not, "the community" is not your customer.

Utilizing the two examples in the definition above of "customer", why would the potential customer buy your product or extend his or her effort and goodwill on your behalf?

You must answer this question, and you must do so explicitly. Always assume that the person you're talking to is asking himself "What's in it for me? ('WIIFM')", and that you must answer this question for that person (the potential customer) in order for that person to take the action you desire. This may sound obvious, but many times, it's not.

**how to test this:** The next time you're selling to someone who you think is a potential customer, directly after making a value statement, force yourself to follow up with "and what this means for you is", and then follow that up with WIIFM for that person that eliminates their pain. If you cannot do this, the person you're talking to is not a potential customer.

**example** Consider the following example of how to do this. We're at a local new car and truck dealership. The salesperson has already asked several questions in order to identify several pains of the potential customer that the salesperson may be able to relieve. We pick up the conversation as the salesperson isolates a few of those pains. Watch as he then zeroes in and explains WIIFM for the customer.

Salesperson: "So, here's what I understand are the three most important items for you:

- You're looking for is a vehicle to can haul your camper trailer.
- You're a bit concerned about your ability to control the trailer.
- You want the lowest price on a vehicle that will do what you want, and to get it, you're willing to go with the least luxury items.

Is that right?"

Potential customer: "Yes, exactly."

Salesperson: "How many pounds is the trailer, fully loaded?"

Potential customer: "5,500 pounds."

Salesperson: "Given everything you've told me, none of our SUVs will be right for you, because none of them are rated to haul over 5,000 pounds. You'll need a truck. The truck that best meets all of your criteria is the Model C. It's rated at 6,000 pounds towing, has our exclusive anti-sway towing feature, and no fancy or costly options. What this means for you is, this truck will pull the trailer you want, it's the safest and easiest to control model there is, and it's the least expensive model that meets your objectives. How does this sound to you?"

In order to illustrate how not to do this, next, let's follow our ineffectual salesperson, Lester, as he goes from one mistake to another, but with a common theme: Lester never answers WIIFM for the person he's talking to, so Lester never matches "customer" with value. (My apologies to anyone named Lester; I just had to come up with a name.)

example

Lester's company, Hapless Enterprises, has developed a revolutionary new widget and needs distributors to sell it. Lester is in charge of the distributor acquisition program and has convinced twenty potential distributors to come to a meeting where Lester will describe the distribution strategy and hopefully sign up distributors.

Lester does what he thinks is a wonderful job and convinces each and every one of the potential distributors that the Hapless Enterprises widget is a great improvement over any widget in the market. Lester can see that everyone is very interested. Lester thinks his job is essentially done.

Then, in response to a question from the audience, Lester honestly answers that Hapless Enterprises plans on using distributors only for the product introduction, in order to take advantage of the distributors' existing end user customer base and the distributors' manpower to show end users how the widget works. Lester further explains that, later, after the distributors convince their existing customers to buy the new Hapless widget, Hapless will terminate the distributors and then sell directly to end users. Result: none of the potential distributors sign up.

**What Lester did wrong:**

Lester's potential customers (in this case, the potential distributors, not the end users of the widget) can see sufficient value for the end users, and they can see sufficient value for Lester and for Hapless. What they cannot see is sufficient value for <u>themselves</u>.

Here's the future Lester painted for his potential distributors: After the distributors help Hapless by turning the distributor's customers into Hapless' customers, Hapless would terminate the distributors. Then, the distributors would be shut out of future sales, even to their own former customers. While the initial sales would be great for the potential distributors, Lester's plan doesn't provide sufficient WIIFM for the potential distributors for the longer term.

(Don't think this scenario is so farfetched. I personally witnessed this mistake being made by a billion dollar manufacturer.)

**What Lester should have done:**

In this example, Lester's customer is the distributor, not the end user. Hapless Enterprises should develop a program that provides value for its immediate customer, the distributors, and then tell the potential distributors how they will benefit— WIIFM for the distributor.

As an example of how to do this right, consider the manufacturer of a teeth whitening product that developed a distribution program whereby the manufacturer sold exclusively through dentists. The manufacturer then provided "pull" and value to the dentists by advertising the product to consumers, making the product seem exclusive, and stating that the product was so good that it was offered only through an elite group of specially selected dentists. The manufacturer never sold directly to consumers or through other distributors such as drug stores, and it limited the number of dentists who could carry their product. The program was a huge success. The dentists / distributors got additional business, additional prestige, and, made a good amount of additional money. So did the manufacturer.

example

Lester is no longer working for Hapless Enterprises and is now working for Bunglers Incorporated, selling the most amazing financial decision-making software ever created. Through very hard work, Lester's finally gotten in to see the Director of Accounting at Acme International, Joe Smith. Joe agrees that the software is great at helping with financial decision-making, but doesn't buy it.

**What Lester did wrong:**

Financial decision-making software provides value to financial decision-makers such as a CFO (who may be able to benefit directly from better financial decisions), but not for a Director of Accounting (who does not). If the Director of Accounting uses his budget to pay for the software, he will get only increased expenses, while someone else (his boss / the company) will achieve the benefit.

While Lester did have a WIIFM for the company, he didn't have a WIIFM for the Director of Accounting, the person he was trying to convince to buy his product. Lester was selling too low in the organization, where there was no direct value for his product (WIIFM) for the person he was talking to.

**What Lester should have done:**

Lester should have found out ahead of time if his product creates value for the person he was asking to pay for it. In this case, Lester could have asked, "Joe, who is the person within Acme who would most benefit from our software (i.e., who can I make a compelling statement to that answers that person's WIIFM)?" If Joe answered that he was not that person, Lester could then ask Joe for a referral to the proper person.

example

Lester recovered from trying to sell Bungler's financial decision-making software to Acme's Director of Accounting because Lester finally asked the right question and Joe provided Lester with a referral to the CFO.

Lester finds out that Acme has had a lot of problems making financial decisions and really could benefit greatly by purchasing the entire suite of Bungler's software. In Lester's presentation to the CFO, Lester describes in compelling detail all the ways in which his software helps to make great financial decisions that could help Acme, with an overall payback period of two years, but the CFO doesn't buy.

**What Lester did wrong:**

What Lester didn't know (because he didn't ask), was that the CFO was new in his position and was trying to make a name for himself by showing that he could cut costs immediately. The CFO did not find value in Lester's software (regardless of the value to the CFO's company) because the software didn't provide the WIIFM required by the CFO— lower costs within 6 months.

**What Lester should have done:**

Lester should have found out what the pains were of the person he was trying to sell to, which may or may not be the same as the pains for the company. When you are selling, you are selling to a person, not to a company.

Many times, the objectives of the person and the company are the same. Some times, they are not. Remember, it is a person that makes the decision, not a company. Don't make Lester's mistake of believing that if he showed that what he was selling was good for the company, that a person working for the company would buy it. You must understand the individual's incentives and disincentives.

If Lester had found out WIIFM for the CFO and, instead of trying to sell the entire suite of software, had presented the module that could reduce costs within 6 months (assuming that this were true), Lester would have answered WIIFM for the CFO and made the sale. Reason: immediate cost cutting is what the CFO is interested in, even though the other features are of much greater value to the company he works for in the longer run.

example

Lester didn't learn his lesson at Acme International, and was totally befuddled as to why he failed. However, through persistence, he lands an appointment with the CFO at Acme's largest competitor, Biggs Universal. Lester presents the benefits of his new decision-making software superbly, and is very proud of himself. Result: The CFO at Biggs doesn't buy.

**What Lester did wrong:**

Similar to the example of the CFO at Acme International, Lester didn't take the time to understand the pain of the person (not the company) he was presenting to. The bigger problem for Lester in this example, though, is that Lester didn't take the time to understand the company culture of the customer, and how this would affect the rational decision-making of his potential customer.

Many companies will punish employees for making a mistake of commission, but not of omission. For example, if it doesn't work out, the company will punish an employee if they make the mistake of buying Lester's software, but they won't punish an employee for failing to make a purchase of Lester's software that could have been very profitable. As a result, employees of these types of companies will tend to be more risk adverse than they should be, even when this is not in the best interest of the company.

It is very difficult to sell virtually anything that would put that employee at risk to employees of these types of companies . Reason: there's just no upside for the employee for purchasing an innovative product; there's only risk. People who are in companies that punish mistakes of commission but not those of omission are not the people to whom you should be trying to sell innovative products.

**What Lester should have done:**

Lester has an innovative solution, so he should be selling to companies that reward a certain amount of risk-taking and punish the poor performance that comes from not taking sufficient risk. In addition, within those companies, Lester should look to sell to Innovators.

Before calling on any company, Lester should understand the risk / reward profile of that company, and then the risk / reward profile of those within the company who make the relevant purchase decisions.

How could Lester do this? He could ask.

Because Lester sells an innovative product, his most likely customers are those who have the perceived greatest chance for gain relative to their perceived risk for purchasing an innovative product.

example

Lester's decides that financial decision-making software is too difficult to sell, so he takes a job selling electronic medical records software. He's assembled a group of physicians and is doing what he believes to be a masterful presentation. Lester proves to the physicians that his software would be enormously beneficial, resulting in reduced patient deaths due to notification of drug interactions, better measurement of "best practices", better health outcomes, etc. Everyone agrees. Lester congratulates himself for switching industries, readies his sales form and pulls out his pen. Result: no sales.

**What Lester did wrong:** The benefits of Lester's product (all of which are agreed to be true) accrue to the benefit of the patient, not the customer (the physicians).

Lester never answers WIIFM for the physicians.

**What Lester should have done:** Lester should either figure out a way to explain how his product provides value to the people he is asking to pay for it, or abandon the market until the incentives are aligned.

What do all of these examples have in common? Each one shows how important it is to understand the pains and objectives of the person you're asking to do something. These types of mistakes are made by professionals every day, not just Lester.

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## The Moral of Lester's Travails

Don't waste the time of people for whom you cannot relieve pain, and then waste your own time as well by trying to sell to these people. Find out as soon as possible if the value of what you're selling will be perceived as a pain reliever by the person you're selling to. Ask questions designed to ferret this out and provide the solution. If you do so, you'll have eliminated one of the biggest time wasters and failure-creators of selling, and you'll have more time to sell to those who you can help, and are more likely to buy.

Selling only to those who see a <u>personal</u> benefit of your offering can be a subtle point, but largely determinative of your success or failure. Always assume that the person you're presenting to is asking himself "What's in it for me?" Then, answer the question, out loud.

Don't be like Lester. Don't make your potential customer have to hunt for the answer by himself, or worse, you not even have an answer. Master this, and you'll increase your success.

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In the next issue, we'll discuss negotiation.

About Chuck Bolotin

Chuck founded, funded, operated and sold two companies. The On Target Consultants Process™ he developed, and the success he has achieved applying it has made him an expert in bringing products to market in virtually any vertical market, many times when the target market is not known in advance.

Chuck is available for talks to your organization as well as personalized consulting assignments.