

INSIGHT SELLING

YOUR CUSTOMERS WILL LOVE YOU

INTRODUCTION

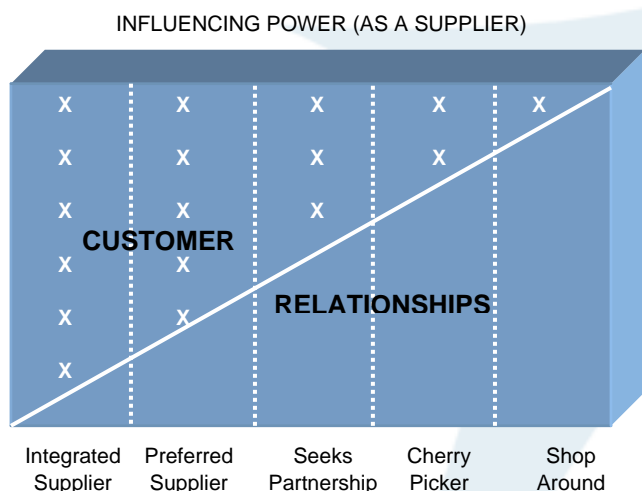
Insight selling may not be a familiar term to you. Your customers too may not have heard of it. But use insight selling and both you and your customers will reap substantial benefits, not least of these is sustainable competitive advantage and long term success.

What then is insight selling, and why is it so powerful? The starting point is an understanding of the different expectations of your customers.

A simple approach to customer segmentation will reveal these expectations.

CUSTOMER SEGMENTATION

The following model provides an overview of the different relationships sought by customers of their suppliers.



The model is a continuum representing your power as a supplier over a customer relationship, and your competitors' influencing power over the relationship.

There are broadly five different types of customer relationships which you can have with key decision-makers within a customer account (represented by the crosses on

the diagram). These translate into five different buying styles used by customers (depending on their internal culture and their view of you as a supplier).

On the far right of the chart, the abbreviation S/A means **'Shop Around'**. This is a description of a customer relationship in which the sales person perhaps has only one point of contact. The customer sees your products and services as a commodity buy (i.e. available anywhere in the market) and has a price driven approach to the relationship. The customer is only interested in negotiating the minimum price and places no value on a full customer service relationship with you.

The next category of customer (C/P) is the **'Cherry Picker'** or multi-sourcer. This customer has a similar mentality to the S/A customer (i.e. price driven) but recognises that you have advantages over competitors in certain areas. The relationship may go beyond the main contact to include others but there is no real desire for an ongoing, value added relationship. The danger for you as a supplier is being viewed as a niche player in certain areas of expertise, but not being recognised as a 'one stop shop'. The relationship is still very much price focussed, and 'Cherry Pickers' are experts at using competitive quotes to reduce prices.

The S/P customer has an entirely different mind-set and attitude. S/P stands for **'Seeks Partnership'**. The customer actively encourages a depth and breadth of relationship, and actively encourages you to freely consult and provide total solutions to their needs. Price is subordinate to overall cost, and the product or service supplied is seen as part of a total business solution designed to create ongoing competitive advantage for this customer.

Your sales people are seen as a vital primary point of contact between the customer and yourself as a supplier, and they are seen more as a relationship managers. These relationship managers are expected to manage

their internal team of specialists and their interface with the customer's team of specialists.

You are seen as a strategically important supplier and you are involved in the customer's future plans as they unfold. Discussions take place more around total cost solutions, and price is seen as one element of a bigger cost/benefit picture.

The P/S customer ('Preferred Supplier' customer) is an extension in attitude of the S/P customer. This is a customer who not only sees a long-term relationship with you as very valuable, it positively encourages closer links between the two companies. There is an expectation that your relationship manager will be pro-active in bringing the customer new ideas, thinking as one of them, and building a real depth and breadth of relationship at all levels. This customer is likely to be at the forefront of best practice in the areas of continuous improvement, procurement, e-business and supplier relationship development. Relationships are seen very much in the light of total solutions and the 'added value' they deliver.

Finally, the I/S ('Integrated Supplier') customer is the customer who has decided to outsource all its needs to you. This is the ultimate 'partner' customer who may require daily access to your personnel, is looking for long-term ideas and is seeking customised solutions. The problem is that this customer often wants I/S treatment at 'Shop Around' prices and the account becomes a high volume, low margin threat to your business. Unless substantial added value can continuously be provided by you as a supplier, and the customer's dependency on you is maintained, relationships can revert to a price down driven discussion.

APPLYING THE CUSTOMER SEGMENTATION MODEL

To apply the model, categorise your existing accounts according to these five different relationships (as well as

according to other criteria such as volume of sales, profitability, strategic importance etc).

Next, think through the selling skills required to sell to each category. For example, 'Shop Around' and 'Cherry Picker' accounts require robust price/product selling skills. These sales might be effectively undertaken over the telephone, by telephone account managers.

'Seeks Partnership' and 'Preferred Supplier' accounts require more sophisticated sales skills. The sales person needs to be an influencer, relationship builder, commercial thinker, business manager and creator of value added solutions.

The 'Integrated Supplier' customer requires the most sophisticated set of selling skills, which need to incorporate **INSIGHT SELLING** skills, and high level relationship building skills. High level negotiations often have to be managed.

As a result of placing customers into these categories, people within your sales force can then be aligned to the different customer types. Relevant sales processes and skills can then be designed to use with each customer type.

INSIGHT SELLING

Insight selling requires the most sophisticated of sales skills as in effect you are dealing with a customer who probably knows as much about your business as you do! More importantly they expect you to know more about their business than they do!

Fair, or an unrealistic expectation? Whatever your view it's an expectation you will need to fulfil or be in for some criticism.

Insight selling takes for granted the essentials of good product knowledge and consultative selling skills. The customer no longer expects you to identify their situation,

needs and problems but instead expects you to have analysed their business and identified fresh insights to bring to them. Insights which will deliver cost savings, increased quality, increased productivity, and any number of other improvements important to them.

In insight selling the supplier takes the initiative to “engage” with the customer on a number of strategic issues and works with the customer, in partnership, to work up ideas into deliverables.

The process can be summarised as follows:

INSIGHT SELLING PROCESS



The purpose of the process is to identify the added value, cost saving, total solution for the customer. A solution which will go way beyond conventional product and service offerings and will be a unique solution for that customer.

Understanding the customer's business, and the financials behind the business, is key to success. In effect the supplier is carrying out a comprehensive gap analysis of the situation faced by the customer versus the future situation available to them.

But there are dangers. There are some within the customer who might not welcome a supplier pointing out an opportunity they perhaps should have spotted themselves. Hence the need for highly honed consultation skills, and the emotional intelligence to manage key decision-makers and influencers within the customer in the overall process.

Insight selling is “bought” by the customer because the one step removed, objective view of the supplier is invaluable in eradicating blindspots they might have.

Because the ultimate solution is jointly designed it is also more painlessly bought and implemented.

The supplier, in the process, goes on to gain even more valuable insights to bring to the customer, thus locking out the competition and securing profitable, increased revenue streams.

The final step of the process is often forgotten, yet it is possibly the most important – telling the customer what you have done to add value to their business.

COMMUNICATING SUCCESS

Many suppliers use insight selling to good effect but then fail to communicate, regularly and tangibly, to their champion or sponsor what results they have achieved and the bottom-line impact on the customer's business.

At this, final, stage therefore the supplier needs to become its own P.R. agency, constantly reminding the customer of their value and creating even more goodwill for fresh insight selling opportunities.

The communication process clearly overlaps with ongoing account management and this also needs careful attention from the insight sales person. Effective customer relationship management systems can assist the sales person enormously.

ACCOUNT MANAGEMENT

Insight selling is a continuum, producing a never ending potential for more sales, but it does require creativity as well as strategic thinking and commercial analysis. And this is where the wider account management team need to be involved, not just in servicing the account but in contributing to further insight selling opportunities.

All too often, once an added value, total solution sale has been achieved, account managers forget to use this as a further sales platform and fail to actively involve their internal specialists in fresh initiatives.

There is a sense in which the customer's expectations have been raised and they are now looking for even greater fulfilment of these going forward. The insight selling process needs to be completed again and again.

SUMMARY

So does insight selling create even more challenge for you going forward? Certainly. Is it demanding in its implementation? Absolutely. Can you afford not to do it, especially with those seeking a truly integrated supplier relationship with you? Categorically not!

You see, insight selling, similar to other forms of effective selling, just enables you to keep up with other best practice suppliers. So maybe the time is right to get closer to them also, and work with them to provide even greater insights to your customers!