Don't Let Your Next Product Launch Fail

SALES MOMENTUM

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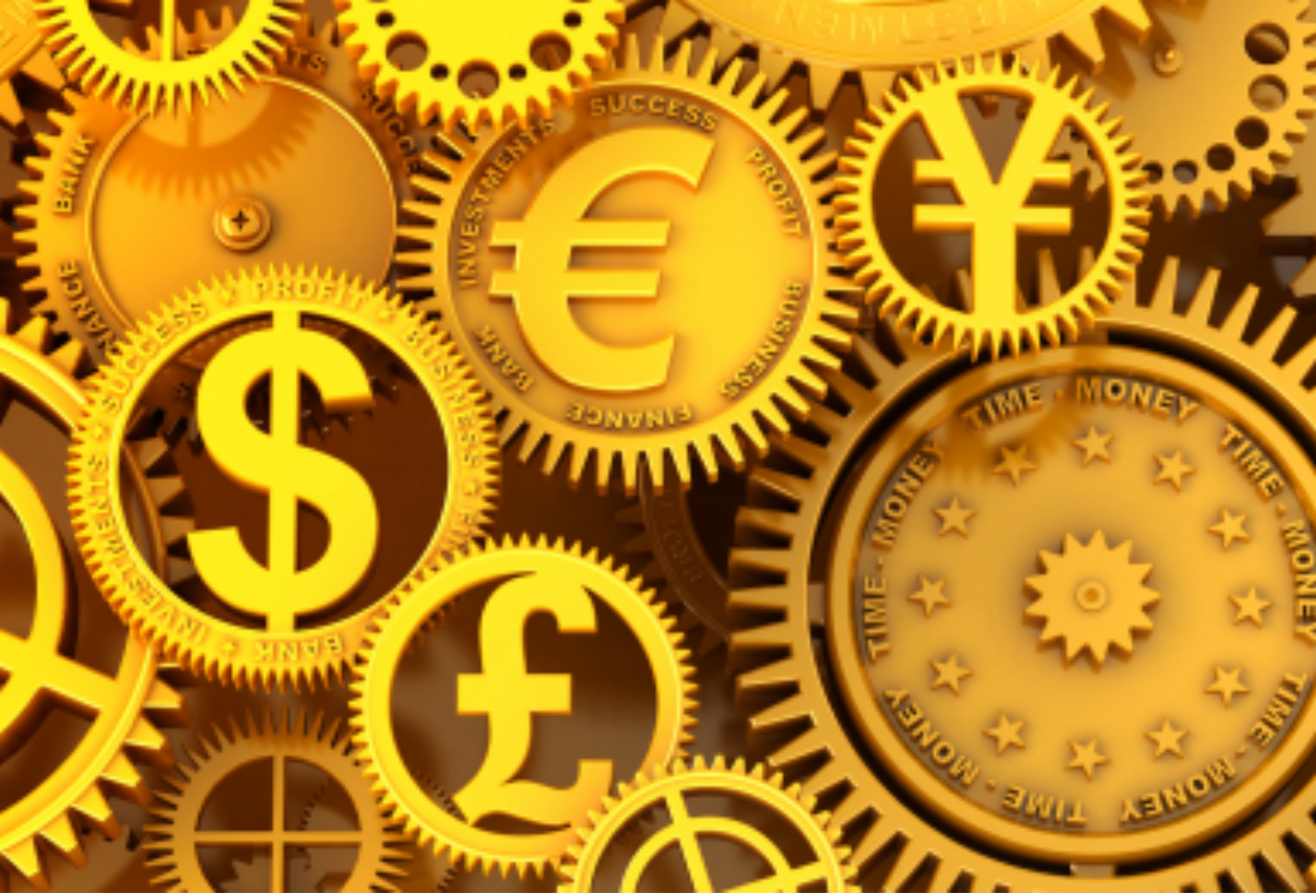

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Introducing the Product Launch Sales Challenge

Each year companies develop a dazzling array of new products. Some are modifications or minor upgrades of last year's offerings. Others are extraordinary new products designed to be significant revenue producers, game changers or in some cases "bet the company" entries into the market.

Unfortunately all too often, even when the new product falls into the extraordinary category, the product launch to the sales team more closely resembles an escape plan than a well-designed

blueprint for success. The investment in improving the skills of the sales team to sell the new product is simply not commensurate with the importance of the new product.

This omission constitutes a strategic missing link. Even an extraordinary new product will not sell itself beyond early adopters. Sales teams need comprehensive product knowledge and they need to fine-tune their sales skills, adapting them to customer requirements related to the new product. The more innovative the new product – the truer this proposition.

Most companies take the first step and provide their sales team with technical training about the new product. But talking about a product and selling a product are two very different things.

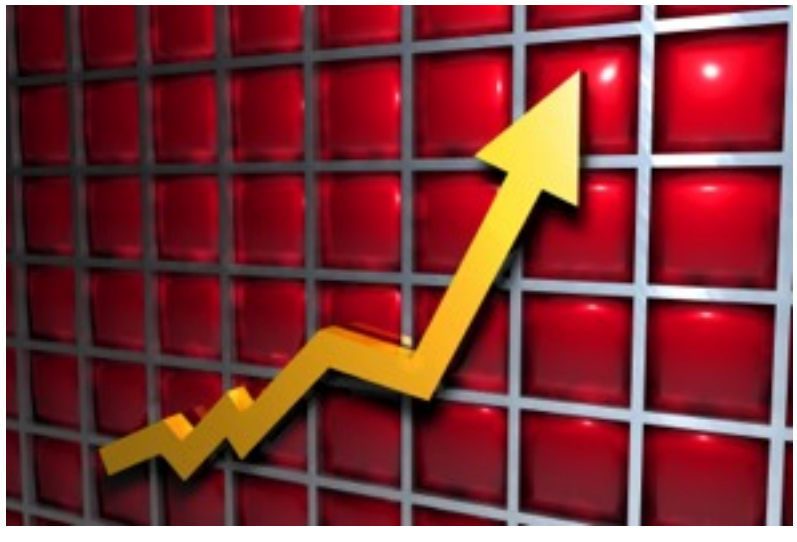
To meet the sales expectations for the new product, sales teams need more then standard product knowledge about features and functions. They also need to know:

- How the product solves problems likely to be encountered by customers.
- How the product impacts desired business outcomes like: productivity gain, risk management, expense reduction, and revenue generation.
- How to share the data that demonstrates the product does what you say it does … and how to fine-tune that narrative based on who they are talking with – such as an engineer, marketing staff, financial staff, or different levels of management.

Beyond product knowledge, successful salespeople must craft a sales strategy for the new product. A common pitfall when selling a new product is failing to acknowledge that it almost always involves new selling challenges.

When selling a new product, top performers follow these best practices – they:

- **Understand the Market**, including the forces creating the need for the new product
- **Target the Right Companies** so they can increase the probability of success
- **Understand the Buying Process**, including key players and competitive threats



Let's take a closer look at each of these three best practices in the next Sections.

SECTION 1

Understand the Market

Market drivers are those forces and trends that determine the need for your new product. Defining the market drivers and the implications to your customer's business lays the foundation for how to position the new product with potential customers.

Market drivers come from multiple sources.

- Some sources are external to the customer like: new government regulations, changes in the economic environment, environmental issues, industry trends, or competitor actions.
- A second source of market drivers is internal to the customer and is derived from customer's needs. Examples of these market drivers are: staffing reductions, reducing supply chain costs, and expanding into new markets.

Example. Let's say you're selling a piece of capital equipment that runs lab tests in hospitals. You want to sell this new product to your installed base as well as to customers you have lost during the last 5 years who are now unhappy with the competitor's product.

External market drivers might include: the trend towards hospital consolidation, increasing number of lab tests, increased litigation from medical errors, and increased sub-contracting of lab test analysis.

Market drivers that are internal to the hospital might include: labor shortages, reduced healthcare reimbursements, pressure to reduce costs, improved turnaround times in lab service, and the need to grow revenue.

With a better understanding of the market drivers, you will be able to "connect the dots" between the customer's challenges and your new product.

SECTION 2

Target the Right Companies

With an understanding of the market drivers, let's take a look at the next step – Which companies do you target? Simply focusing on your biggest customers or on your "friends" is unlikely to be a successful strategy. It might seem logical at first blush (due to your relationship) that they will probably take the time to talk about the new product – that doesn't mean they are good prospects.

Rather, taking a good, objective look at your customer base and analyzing which companies are most likely to purchase your product is the key best practice. How do you do it?

Conventional wisdom says: focus on **Quantitative Criteria** for selecting viable prospects. Quantitative Criteria are the measurable criteria used to describe "a good prospect". Sample Quantitative Criteria include, for example: number of locations, annual revenue, and number of employees.

However, top performers also recognize that in many sales situations **Qualitative Criteria** are equally important for determining whether a company is likely to be a prime candidate for a new product.

Qualitative Criteria are the less tangible and more difficult to measure factors that significantly affect the probability of the company being a good prospect. Examples of Qualitative Criteria are: purchases state-of-the-art technology and an early adopter of new products.

How important are Qualitative Criteria? It varies but their importance for targeting priority companies increases as the complexity of the sales increases.

When new product launches are successful, Marketing and Sales work together to identify the strengths of the new product in Quantitative and Qualitative Criteria terms. They also develop a set of metrics that can be used to measure the impact of those strengths that produce Qualitative outcomes. Finally they develop a strategy for the sales team for determining the degree to which prospects map the Qualification Criteria – both Quantitative and Qualitative.

Example. Let's go back to the lab equipment example – what might be the relevant Quantitative and Qualitative Criteria?

Quantitative Criteria might include: processing more than 500K tests, seeking a multi-year contract, the purchase has been budgeted, and the buyer's credit is acceptable.

The Qualitative Criteria might include: a strong relationship with the buyer, the lab is viewed as a revenue generator, a desire for state-of-the art technology, and an interest in partnering with vendors.

If the customer is a good fit on the Quantitative and Qualitative Criteria, the last step in the targeting process should be answering the following two questions:

- What is the probability of winning the business?
- If I win, to what degree can the win be leveraged?

SECTION 3

Understand the Buying Process

Buying Process. It is difficult to sell if you do not know how customers buy. The buying process consists of the steps a customer goes through to buy your new product. This involves becoming aware of the need, defining the need, researching the need, determining the solution specifications, evaluating alternatives, making the purchase, and implementing the new purchase.

In developing an understanding of the buying process for a new product, two frequent traps need to be avoided:

Assuming the buying process is a mirror image of your selling process. Most companies have a five or six stage selling process beginning with stages like need recognition and ending with stages such as resolution of concerns and proposal submission. The processes are almost always linear.

But the buying process is often *not* linear. Some customers may not start at the beginning of your sales process. For example, they may expect that you have a good understanding of their needs so they do not want to engage in extensive discovery conversations. Others may have placed additional emphasis on a stage like evaluation of options so they can engage more people and committees in the buying process. So, you are stalled at Stage 3 and don't even know why.

Assuming the present can be predicted from the past. Today we are living and selling in a time of "compressed history." Changes driven by the global market and advances in manufacturing technologies make the past a bad predictor of the future. Many industries are going through transformational changes that are impacting the company's buying processes and in some cases their business models.

As a result, what you need to do and how you do it during the sales process has to be adjusted and fine-tuned to this new reality. If you want to prosper **assuming what worked in the past will work in the present is a risky assumption**.

Buying Rationale. When it comes to buying rationale, it's all about selling value. And, when it comes to selling value – one-size-doesn't-fit-all. The **underlying reason why a company buys is they are seeking a solution to a business problem** like: improving quality, shortening turnaround time, increasing productivity, improving customer service or reducing costs.

Example. Continuing with the lab, the salesperson generated the following list of buying rationales after conversations with the people engaged in the buying process: ease of use, increased reliability, reduced medical errors, reduction in overall operational costs, and improved turnaround times.

It is important to note that every buying rationale does not resonate with everyone involved in the buying decision. For example, the Lab Director focused on day-to-day operations while the Pathologist was concerned about reduced errors and Purchasing was interested in price and contract terms.

Understanding the buying rationale for each person to whom you are selling the new product will help frame the conversation and the major points you want to make during each sales call. Before leaving this topic, let's take a closer look at four more points related to selling value.

- **Products have no inherent value.** Products possess features; they do not possess value. Value is a relative idea that is all about the fit between the customer's needs and your solution. If the product does not address a need that is a concern of a particular customer, then it has no value to that customer. The trap is talking too soon and too much about your product before you understand the customer's needs. If you fall into that trap, you may end up doing a good job talking about the wrong things.

- **Successful selling is not a product pitch.** Successful salespeople help customers define their needs and then show the fit between their needs and the product and services. It is not a product pitch – selling value means helping the customer understand how your new product can help them make their business better.

- **What constitutes value shifts over time.** Whether you analyze value from the perspective of the individual, the company, or an entire industry, expectations about value are dynamic.

- **Value is position-specific**. What value means to a COO differs by organization. And individuals holding different positions in the same organization have differing views on what constitutes value. Of course there are some commonalities, but understanding the differences enables salespeople to differentiate themselves from the competition. How you sell the value of the new product must be customized to each individual.

Profiling the Key Players. A key to successful selling is getting to the right person, at the right time, with the right message. So, who are the key players inside the account for the new product? Who is going to make the decision? Who is going to influence the decision maker? Are there gatekeepers that can't say yes, but can say no?

Beyond knowing the major decision makers, influencers and gatekeepers you need to know what role they will play. Will they be internal champions, neutrals, and adversaries?

This is important information for any major account sale, but it is especially critical when selling new products where there often is less familiarity with the key players in the buying process. The new buyer profiles may make sales reps feel uncomfortable. For example, take a salesperson who has been selling products to IT but now has to sell to a different buyer – like Marketing or Finance. Salespeople often can't make that transition and fall back to their old habits, which is trying to sell a solution to the Marketing or Finance buyer, but with IT tactics. It doesn't work, so the product underachieves or fails to meet its revenue goals.

Example. Back to the lab, the salesperson learned: The Lab Director, the key decision maker, is maintaining neutrality. The Purchasing Director will be a gatekeeper. Several senior lab techs are internal champions and will play the influencer roles. But, one Lab Tech is an adversary who will have moderate influence.

Understanding who are the key players in the buying process and what role they will be playing provide critical insights to salespeople as they build and refine their sales strategies.

Determining the Decision Criteria. Top sales performers not only sell the value of their product they also know and influence the decision criteria the customer will use to decide which product to buy.

They identify **Solution Specification**s – the decision criteria customers use to compare you against your competition. Solution Specifications fall into three categories: Core product features (e.g., reliability), Extended product capabilities (e.g., service, support), and Company characteristics (e.g., innovative).

Example. Again, at the lab, what might the Solution Specifications be? The customer determined three: remote diagnostic capabilities, ease of calibration, and availability of on-site support.

Knowing the Solution Specifications is important because they underpin the entire buying process. That's why top salespeople do more than just identify the Solution Specifications. They:

- Influence their customer's Solution Specifications – rather than letting competitors set the rules
- Aren't blind-sided because they never assume that their perception of the competition regarding these Solution Specifications is the same perception as the customer's
- Keep their eye on the customer – not the competitors

Managing the Competitive Threat. Competition is almost always present in any new product sales in the B2B market. Today the competition is likely to be diverse and dynamic – not static and not just about price. Having a clear picture of the competitive landscape is crucial to crafting a successful sales strategy for any new product launch.

The core question is how, in the customer's eyes, do you stack up against the other competitors? That's where the Solution Specifications we just discussed come into play.

Too often salespeople assume customers have the same perception of their product's capabilities as they do – but that is seldom the case. Even if your product is better and faster, customers might view it as being equal to your competitors. Or, customers may acknowledge that your product is faster, but your competitor's product is fast enough.

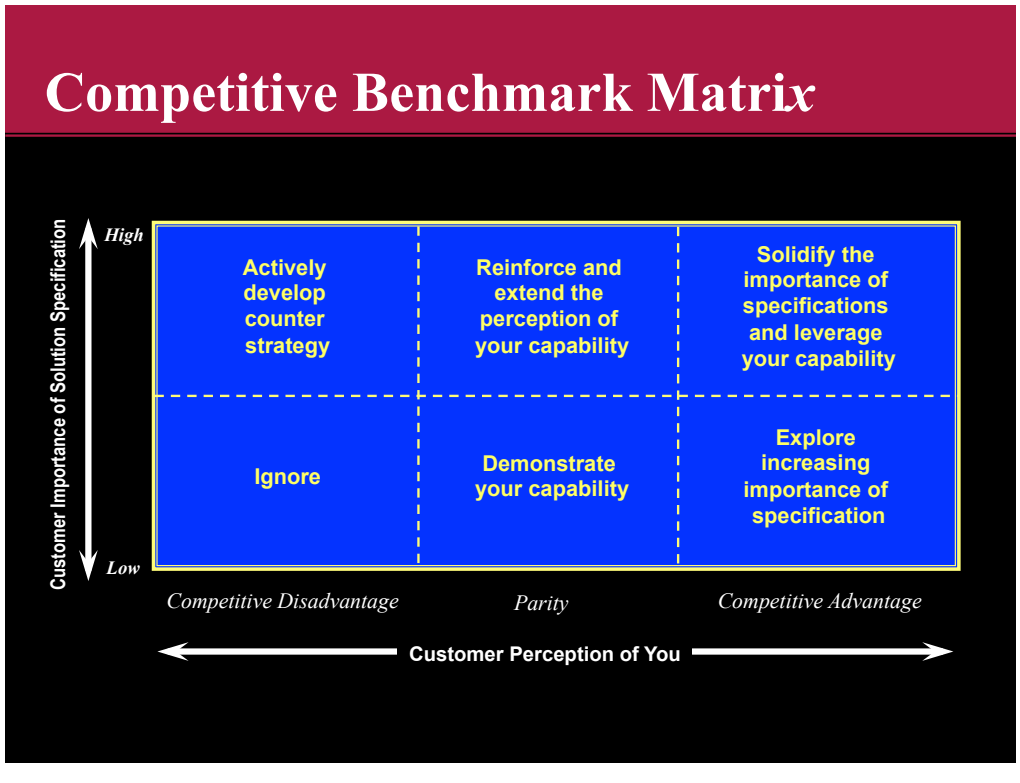
Often there is a misalignment between your perception of the strengths and weaknesses of your product and the customer's view. **The key is not assuming your point-of-view is "correct" but to realistically determine how the customer perceives you versus the competition**.

Example. Let's go back to the lab example and analyze the customer's perception of the Solution Specifications.

Customer perception of the Solution Specifications – The customer believes remote diagnostic capabilities and online support are very important criteria in determining a vendor. Ease of calibration is of lesser importance in making the buying decision.

Customer perception of you – For the first two Solution Specifications – remote diagnostic capabilities and ease of calibration – the salesperson believes they are stronger than the two competitors – and the customer does, too. For online support, the seller knows their product is stronger; however, unbeknownst to the seller, the customer does not see it that way. They assess you as equal to one competitor and weaker than the other.

With this information, a salesperson can complete a **Competitive Benchmark Matrix** – a tool that helps them craft a more successful sales strategy for dealing with the competition. The power of the Competitive Benchmark Matrix is that it is a simple way to conduct a competitive analysis, and – most importantly – it's from the customer's perspective.



Take a look at the Competitive Benchmark Matrix on the prior page. The vertical axis indicates the importance of each Solution Specification from the customer's perspective. The horizontal axis reflects the customer's perception of you, relative to competition for each solution specification. Each of the Solution Specifications the customer will use to assess the competitor options goes in one of the six cells of the matrix.

Example. So, in our lab example, remote diagnostic capabilities was viewed by the customer as important (High). They also viewed you as having a competitive advantage on that specification versus both competitors. Therefore, that Solution Specification would go in the upper right cell. Your strategy is described in the cell – solidify the importance of the specification and leverage your capability on processing remote diagnostics.

The strategy for handling any Solution Specification depends on its location on the Competitive Benchmark Matrix. For example, if a Solution Specification is a competitive disadvantage but it low in its importance to the customer, then perhaps the best strategy might be to put your time and effort handling other Solution Specifications. If a Solution Specification is important to the customer but you are seen at parity with your competition, your strategy would be to try to increase the customer's perception of your strength.

Once the boxes are populated with all the Solution Specifications, a salesperson can then craft an overall strategy for winning against the competition.

SECTION 4

Closing Thoughts

Salespeople who have multiple products often tend to focus on some products over others. There are many good reasons why this happens. Some products truly are a competitive advantage based on functionality, quality, customer support, or even price. In these cases, salespeople have a built in competitive advantage and success breeds success.

Listen to sales reps and you will hear other reasons which begin to explain why some salespeople shy away from selling new products: “I’m not going to be the first one to sell that new product. I don’t want to tarnish my relationships with customers. Let someone else be the guinea pig.” or “I know they say we should talk about the new software solution launching next month to seed interest, but I’m afraid it’s just ‘vaporware’ and I’ll get burned.” or “ The new Model 40 is not only new, it’s different, I’m not sure how to sell it.”

Given the two extremes, where you know how to sell an existing Product X and have had success versus the “great” new Product Y for which you have no track record, what do you think salespeople tend to do? And, if they have not been taught how to sell it, can you blame them? Can the sales compensation plan “encourage” salespeople to sell more of the new product? Maybe. **But there’s one strong, underlying factor that “encourages” a salesperson to sell a new product – they have developed the knowledge and skills to know how to do it.**

When launching a new product the goal is not about time-to-market; it’s about time-to-market share. This means that the initial training investment should be made and the training implemented before the product is launched. The more innovative the product, the more important it is to start skill development before the new product is launched.

Learning to sell a new product is a process not an event. A key part of that process is the early capture and analysis of what is working and what isn’t. In some launches initial wins are achieved, but long-term revenue targets are never reached because of a false sense of success from the early wins. In these cases, the difficulty of moving beyond the early adopter is underestimated. In other cases, early successes never develop, a cloud of despair sets in, and the sales force goes back to selling what they are good at.

So the initial training needs to be reinforced and expanded based on what has been learned during the early rollout by continuously coaching the sales team on the best practices for selling the new product.

Given the number of new products most companies will introduce in the next five years, a process for getting the training and coaching right is an achievement that matters!

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ABOUT SALES MOMENTUM

For more than 30 years Dr. Richard Ruff and Dr. Janet Spirer – cofounders of Sales Momentum – have worked with the Fortune 1000 to design and develop sales training programs that make a difference. By working with companies – such as UPS, Smith & Nephew, Textron, the Center for Creative Leadership, and Robbins & Myers – we have learned that today's standard for a great sales force significantly differs from yesterday's picture.

Take a deeper dive into major account selling – download our **FREE ebook and smartphone app** – Mastering Major Account Selling.

We also have a **FREE White Paper** available to download - Getting Sales Strategy Right in Major Accounts.

You can find a lot more information about major account selling on our blog, the Sales Training Connection.

Comments? Questions? We'd love to hear from you. Contact Richard at rruff@salesmomentum.com, Janet at jspirer@salesmomentum.com, or call us at 480-513-0900.