

IS YOUR COMPANY SELLING A COMMODITY OR A SOLUTION??

By Roger Bostdorff

A local company wanted to grow their sales. However, they sold a product that could be purchased at Staples, Office Max, Meijer, Walmart and even via the Web. Competition was on every corner. Many new customers they talked with only focused on buying the lowest priced product! The dilemma was how to create a strategy that allowed them to grow their sales in a profitable manner while selling in what was perceived as a commodity marketplace. How many times have your sales force told you that “our price is too high and/or our product is like everyone else’s!!

A short Strengths, Weaknesses, Opportunity, Threat (SWOT) analysis was completed. What was it, if anything, that could differentiate this company’s offering in this marketplace? If the company’s offering is like everyone else, then maybe the customer should buy, with price being the only criteria!

As the marketplace was studied and compared to what the local company had to offer, several unique items that differentiated their offering were identified. They were not just selling a product but rather a solution. One example, most of the competition that sold similar products did NOT provide repair service. Several other differentiators were found and quantified as well. Then they started their Sales Strategy Reviews to focus on Solution Selling, not commodity selling. How does one accomplish this?

The Client’s new account representatives were asked to focus on their prospect’s current situation. In other words, the sales people responsible for gaining new customers needed to find out who the prospect was doing business with today. They needed to determine what the competitor was providing; both the product as well as the service provider for these machines. They need to understand what the prospect liked about their current provider. They also wanted to understand what the prospect would like to see their current provider do, that they currently are NOT doing? What is it that their current provider could do to make the customer even happier? Is there anything the prospect dislikes in regards to the current provider? By understanding the prospect’s current situation, the strategy is to create a personalized approach to win that specific customer’s business. The local company started selling a Solution, not just a product. The local company does this by, not telling the customer what the local company is or what they do, but rather by determining what is important in the eyes of the prospect; by asking questions! Why talk about 32 things that you can do, if only 3 are important to a prospective customer?

The local company held strategy sessions with their new account representatives to insure they were approaching their prospects with the Solution Sales mentality. Old habits are hard to break. In the forecast reviews the local company continued to ask the question of their representatives, “Why should the prospect do business with us??” The new account representatives were reminded to ask, “What do we need to do to earn your business?”

By being solution/customer focused the local company built a solution targeted on what that specific prospect thought was a priority. Their new account reps did not assume what was important but rather asked, probed and quantified the priorities of the prospect.

In this industry, as with any industry today, price is important. However, if the only thing you have to offer is price then the next clown that comes in the door with a lower price will take your customer's business from you. However, if you have created a solution along with a competitive price, you have higher odds of maintaining that customer long term.

Are you selling a solution or are you selling a commodity? Many sell like they are selling a commodity and lead with price. If you lead with price without understanding the priorities of your prospect, then you have nothing but price to discuss. Whereas, if you really think through and analyze your business proposition; YOUR VALUE ADD, you very well may have a solution. This analysis will create an approach that builds loyalty, protecting your margin and most importantly provides significant value to your customer.

If someone asked you what makes your company's value proposition unique, can you explain it? If not, get ready to start dealing with price first, last and forever. However, forever may not be that long of a time.

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