



CONQUERING THE COMPETITION

New Strategies for an Age-Old Problem

By Seleste Lunsford

As a sales leader, how many times have you heard the following expressed by your sales teams?

“We were in good shape until Company X came in and bought the business. How are you supposed to fight that?”

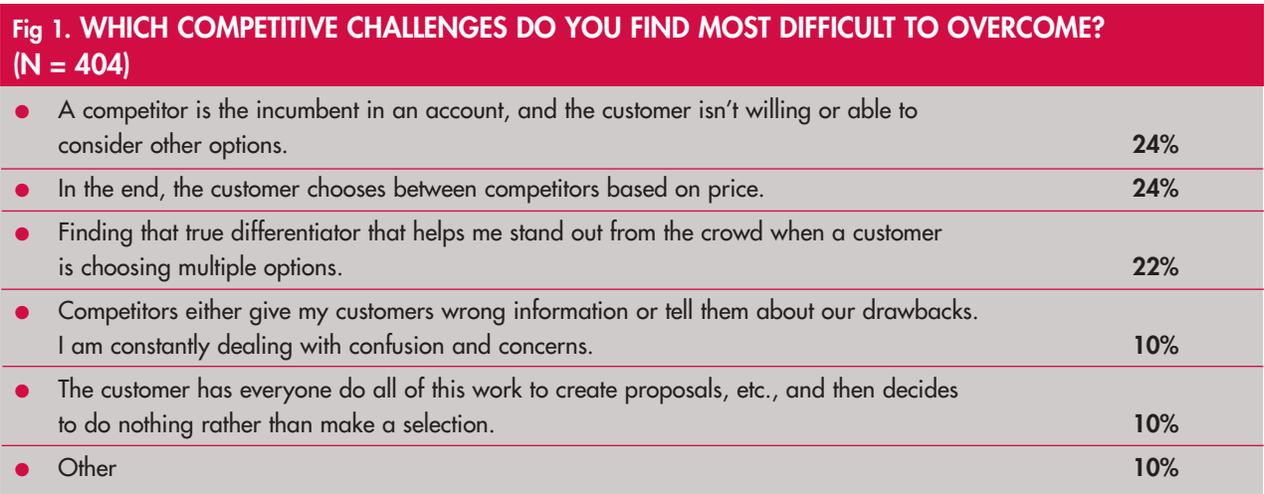
“We never really had a chance. The customer was just using our proposal to get a better deal out of their current provider”

“The customer had already decided to go with Company X. The RFP had their stamp all over it. We just wasted our time.”

Most likely, they all sound pretty familiar.

That’s because, every trend study AchieveGlobal has conducted, over the last 40 years, reveals competition to be one of the most pressing challenges facing sales organizations. And perhaps more concerning, competition is increasing versus years past. In fact, 85 percent of global executives surveyed by McKinsey&Company, describe their business environment as more competitive than it was five years ago, largely because of the improved capabilities of their competitors and growth in the number of low-cost competitors (March 2006 McKinsey Quarterly Survey).

In a recent study, we asked sales professionals about the competitive challenges they’ve faced. As you can see, such challenges are plentiful and can be very detrimental to sales:



IS COMPETITION REALLY A BAD THING?

Despite the obvious downside, competition overall is a good thing for organizations. Competition supports innovation, forces productivity, and allows for choice. Competition even benefits the Sales function. Without choices, there would not be a need for salespeople. Competition provides salespeople the opportunity to provide value to clients. In addition, the never-ending presence of the competition keeps salespeople at the top of their game—it keeps them earning the business. And, it can actually be good for morale and self-motivation. As satisfying as it is to win any deal, it is even more compelling to win when you are in a competitive situation. Silver lining aside, competition can be extremely difficult to overcome. In order to overcome these challenges, salespeople should follow this two-step approach, Assess and Apply.

STEP 1: Assess Your Situation and Define Your Advantage

“Differentiation, if achieved, is a viable strategy for earning above-average returns in an industry because it creates a defensible position for coping with the five competitive forces [suppliers, buyers, potential entrants, substitutes, and industry competitors]. Differentiation increases margins ... and avoids the need for a low-cost position.” Michael E Porter. *Competitive Strategy*. 1980.

Since there are three parties involved in selling, there are three areas that you must investigate in order to identify differentiation in a particular sales situation: (1) the customer, (2) the competitor, and (3) the seller.

Best Practices

- 1. Focus on the specific customer.** In the context of a sales cycle, differentiation is only useful if it is based in the specific benefits that only you can provide to a specific customer. This means that salespeople must develop an in-depth understanding of a customer’s needs and the depth and layers within those needs. For example, if you are the only player in your industry who can offer 24-hour support, you’d be uniquely able to prevent downtime at off-hours. That would not be a competitive advantage unless the customer has shift work, a global footprint, or, for some other reason, needs full-time support.
- 2. There’s no substitute for doing homework.** If you work in an industry with only a few major competitors, then your goal should be for salespeople to know those competitors as well as they know their own organization. Not everyone is as fortunate, however. Some industries have low barriers to entry, and as a result, new competitors pop up on a daily basis. In this case, try to organize your thoughts around competitor segments (e.g., vertical players, “mom and pops,” one-stop shops, niche providers, etc.—whatever makes sense in your industry). Consider building a mechanism for your salespeople to share their competitive insights and experience (e.g., periodic calls, knowledge repositories, etc.)
- 3. Paint an honest picture.** Be sure to help salespeople be realistic in assessing your competitors’ capabilities. It is very tempting to paint competitors as either helpless (“really their solution set is very weak”) or unbeatable (“until they lose the patent on their flagship product, we’ll never win”). Read industry analysis. Ask other customers for their unvarnished opinions. If the competitor can do something that you can’t, then the salesperson needs to acknowledge that fact and prepare to sell against it.
- 4. Avoid sounding like a brochure.** What salespeople bring to the table involves the features and benefits of not only their products and services, but also their overall organization and themselves. These less tangible benefits need to be linked to the client situation. Be careful of pulling a feature dump from corporate Web sites “we’ve been in business for 100 years and have 50 locations and 700 employees.” Instead, salespeople should focus their efforts on the specific benefits that this customer will care about. What does 100 years in the industry mean to this customer? (e.g., perhaps they are a small business and can reduce supply

risk by going with a company that has longevity in the industry.

5. **Consider the relationship.** There used to be an old adage that “people buy from those they like.” That’s not true any longer. In today’s crowded marketplace, “people buy from those they trust.” Since every person is unique, the salesperson is an asset that is impossible for the competitor to duplicate. Help your salespeople think of ways to make that relationship tangible. For example, the industry insight offered by the salesperson, or his or her technical knowledge, problem-solving ability, responsiveness, etc. All of these are sources of value and they can be critical in cases where there are no real differences between you and your competitors.

STEP 2: Apply your Advantage to Sales Conversations

One thing that always haunts a salesperson is the nagging feeling that his or her solution was the best choice, and yet the deal was still lost. To prevent this from happening, salespeople need to find ways, within every sales conversation to communicate competitive advantage in an appropriate manner.

Best Practices

1. **Use the bookends.** Everyone knows that the meat of a sales call is the exchange of information that results from a good probing strategy. Don’t just focus on those skills when you coach, though. Help your salespeople take advantage of every potentially defining moment in the call by making sure they don’t forget to take advantage of the bookends. Little things can sway the customer. For example, coach salespeople to open the conversation in a way that shows they understand the customer better than the competitor. Advise them to close the conversation with a concise and memorable picture of exactly what they are going to be able to do for the client.
2. **Don’t be taken by surprise.** It’s inevitable that there will be some things that your competitor can do that you cannot. Salespeople need to be prepared to address these as concerns when they come up in a conversation. Your competitors are talking to the customer, too, and they might be leaving impressions that are inaccurate. (“I heard that you are always late on implementations.”) Salespeople need to be prepared to address these concerns as well, making sure not to offend or patronize the customer.
3. **Don’t give in to the urge to bad-mouth.** Although, it is certainly tempting to do so, salespeople must master setting themselves apart from competitors without disparaging other organizations or people. Speaking negatively of competitors makes salespeople look self-serving and will cause customers to reserve their trust.
4. **Don’t be afraid to ask.** The better you and your salespeople understand a competitive situation, the better you’ll be able to respond. The customer is usually the best resource for developing this understanding. Not only do they have the best view of their issues, they also know who else they are considering, and they may be willing to share the information. When salespeople use their probing skills strategically, they appear more savvy (which is a differentiator in itself), and they have more insight on which to stake their solution.

OVERCOMING THE CHALLENGES

Here are some ideas for how you might leverage this two-step process in order to help your salespeople overcome three of the biggest competitive challenges noted in Figure 1.

Ousting an incumbent

Sometimes you are lucky, and an incumbent competitor has made the client unhappy in some way causing the customer to begin the process of looking for a replacement. Or perhaps in your business, deals are awarded and re-bid on a regular basis (e.g., IT outsourcing, telecommunications, etc.), and you can expect an opportunity to pursue a new piece of business (although it is not always clear if a real opportunity exists). Salespeople are not always this fortunate though. Customers resist change, even if they see opportunities for improvement, because switching suppliers can be a big distraction. In these situations, the salesperson must convince the customer that their unique solution is so valuable that it is worth the cost of disruption.

ASSESS	APPLY
Identify what potential challenges customers might be experiencing because they aren't using your offerings. Estimate the kind of impact these challenges might have on the customer.	Of course, a seller cannot just tell a customer that they have problems. Instead, leverage a probing strategy to help the customer become aware of dissatisfaction with a current solution and express a need for change.

Standing out from the crowd

Many salespeople operate in a commoditized industry, meaning there is not a great deal of difference between the products sold by different competitors. This happens often in highly regulated or very mature industries. Here, the salespeople must become creative in identifying their advantages and be prepared to outsell competitors with their skills.

ASSESS	APPLY
Cast a wider net in order to identify assets that can be the source of differentiation. Look beyond just products to support services, organizational attributes, and perhaps most importantly, sales skills and the customer relationship.	Learn to win with shared features and benefits. Skilled salespeople can still win business even if they sell the same exact widget as the competitor. The key is asking better questions and being more successful in describing how the solution creates customer value and satisfies specific underlying needs, or needs behind the needs.

It's all about price

If a salesperson is not able to differentiate a solution, then ultimately decisions are made on the basis of one feature ... price. When customers make the decision to go with a less expensive provider, they often do so because they (a) have decided that they are willing to do with less than what was proposed (e.g., less after-installation service or lesser specifications), or (b) believe that what both parties are offering is roughly equal—with price tipping the scale towards the competition.

ASSESS	APPLY
<p>Carefully compare both solutions (sellers and competitors) identifying the exclusive and the common or shared features and benefits.</p> <p>Use the customer analysis to avoid proposing anything that is not linked to a clear need.</p> <p>Collect insight from others in the sales organization who may have succeeded against this particular competitor.</p>	<p>Thoroughly explain all value-producing components of the solution in order to ensure an apples-to-apples comparison. Use benefit language (features cost money, benefits create results).</p> <p>Assign numerical value to the solution. Use a metric that resonates with the client (ROI, TCO, downtime, revenues, etc.)</p> <p>Outweigh price with the value of your exclusives.</p>

CONCLUSION

Customers have a lot of choices in today's marketplace. They can choose to do business with your organization, they can choose to do business with one of your direct competitors, or they can choose to spend their limited resources of time, money, and mindshare on something else entirely. It's the salesperson's job to help customers fully understand these choices and make the best decision for their situation. Therefore, when sellers engage in conversations with customers, they need to take every opportunity to help their customers understand—and see the value of—their unique capabilities.

Of course, no one is able to overcome every competitive challenge, and salespeople won't win every deal—no matter how skilled they are. But, there is often a “next time.” For example, a client might pick a low-cost competitor only to be disappointed with the level of service. So, be sure to coach salespeople in techniques for retaining a relationship even when they lose the deal. Many times, deals will come back around.

And remember, competition isn't necessarily a bad thing. After all, it's why Sales is such a valued function.

TOOLS OF THE TRADE: COMPETITIVE INTELLIGENCE CHECKLIST

Use these resources to learn more about your competitors:

- Company Web sites
- Annual Report
- Other SEC Filings
- Blogs (e.g., industry, employee)
- Online Discussion Groups (e.g., investor sites)
- Job Postings
- Trade Journals
- Conference Papers
- Press Releases
- Marketing Collateral
- Former Employees and Customers
- Patent and Trademark Office
- Local Newspapers
- Competitive Intelligence Vendors

ABOUT THE AUTHOR

Seleste Lunsford is the senior product manager for AchieveGlobal's sales performance portfolio of products and services. She manages the identification, design, development, and maintenance of foundational and advanced products for sales professionals.

Seleste's professional experience includes positions in sales, product management, marketing, and management consulting. Her responsibilities in these positions led her to become proficient in strategic planning, market analysis and business case development, process redesign, and product design and development.

She has worked with organizations in a wide variety of industries, including financial services, training, and IT services.

Seleste has contributed to numerous articles in national publications, including *Selling Power* and *Pharma Voice*, and is a regular presenter at business conferences on making sales performance a success in organizations. She has co-authored a book regarding best practices in sales, *Secrets of Top-Performing Salespeople*, recently published by McGraw-Hill. Seleste also has co-authored a book, *Strategies That Win Sales*.

She earned an MBA from Florida State University, where she also earned a B.S. in physics.

ABOUT ACHIEVEGLOBAL

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