Opportunity Progression

Some best practices to keep deals moving towards a successful close

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Selling Best Practices

SkillWorks

Talent and skill development for Americas
software sales and technical sales teams

Agenda

- Why creating customer value is so important in 2008
- Three Value Drivers
- Where and Why Deals Stall
- Four Difference Makers
  - Client's Compelling Reason to Act
  - Create and/or reengineer visions with IBM unique value
  - Insure Key Decision Leader is focused on value, not risk
  - Understand and deliver client's expected value
- Planning the call

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3 Things IT Leaders Need to do in 2008

- CIO Magazine, 2008: The Year Only the Strong IT Leaders Survive" (12/19/07)

- Three Things IT Leaders Need to Do to Earn Promotions in 2008

  1. Run the IT Department like a profit and loss center
  2. Generate ideas for business growth and work with a business unit head to implement them
  3. Solve business problems

The Three Value Drivers

- ● The Unrecognized Problem
  - ▶ Help clients understand their problems, issues and opportunities in new and/or different ways
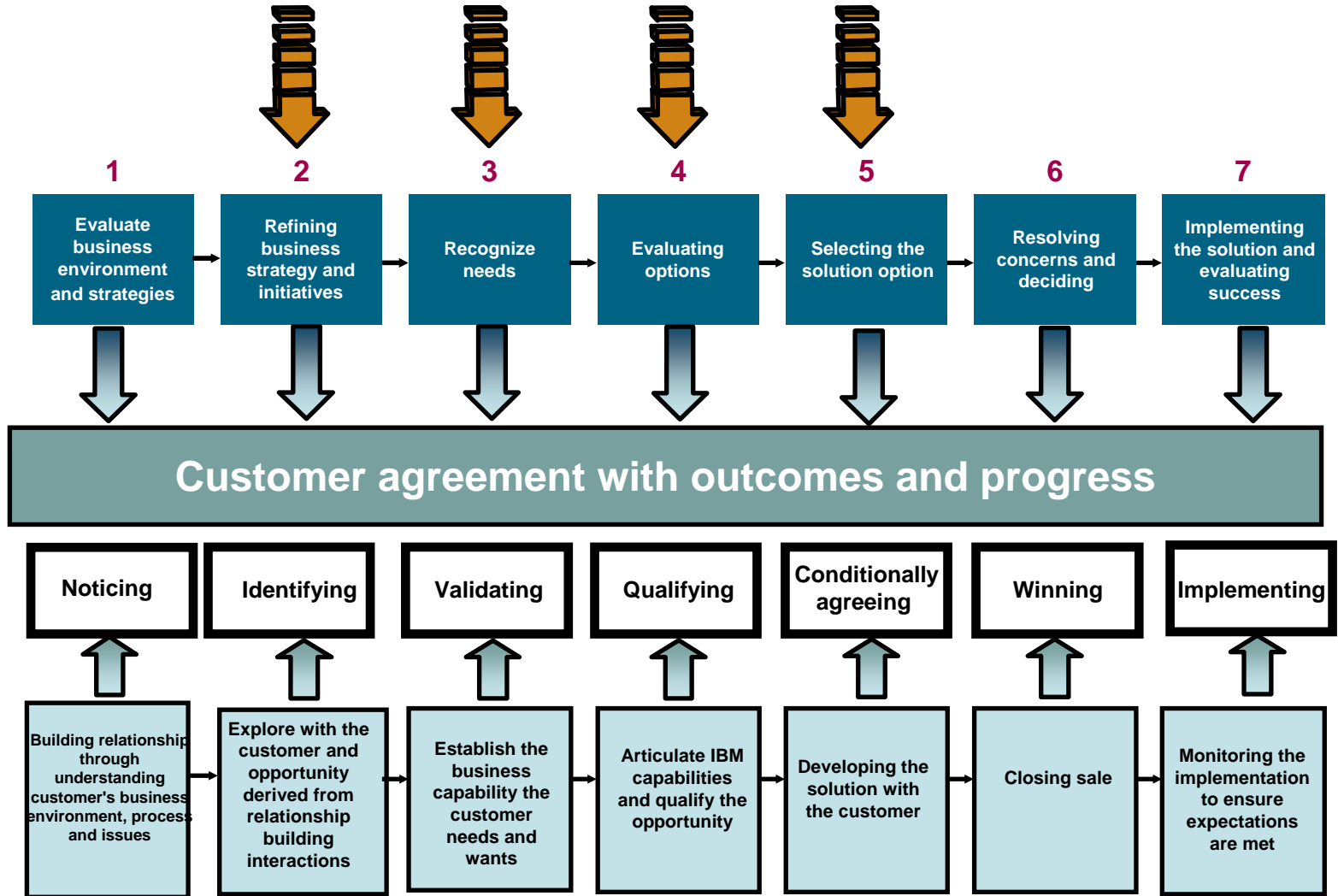
- ● The Unanticipated Solution
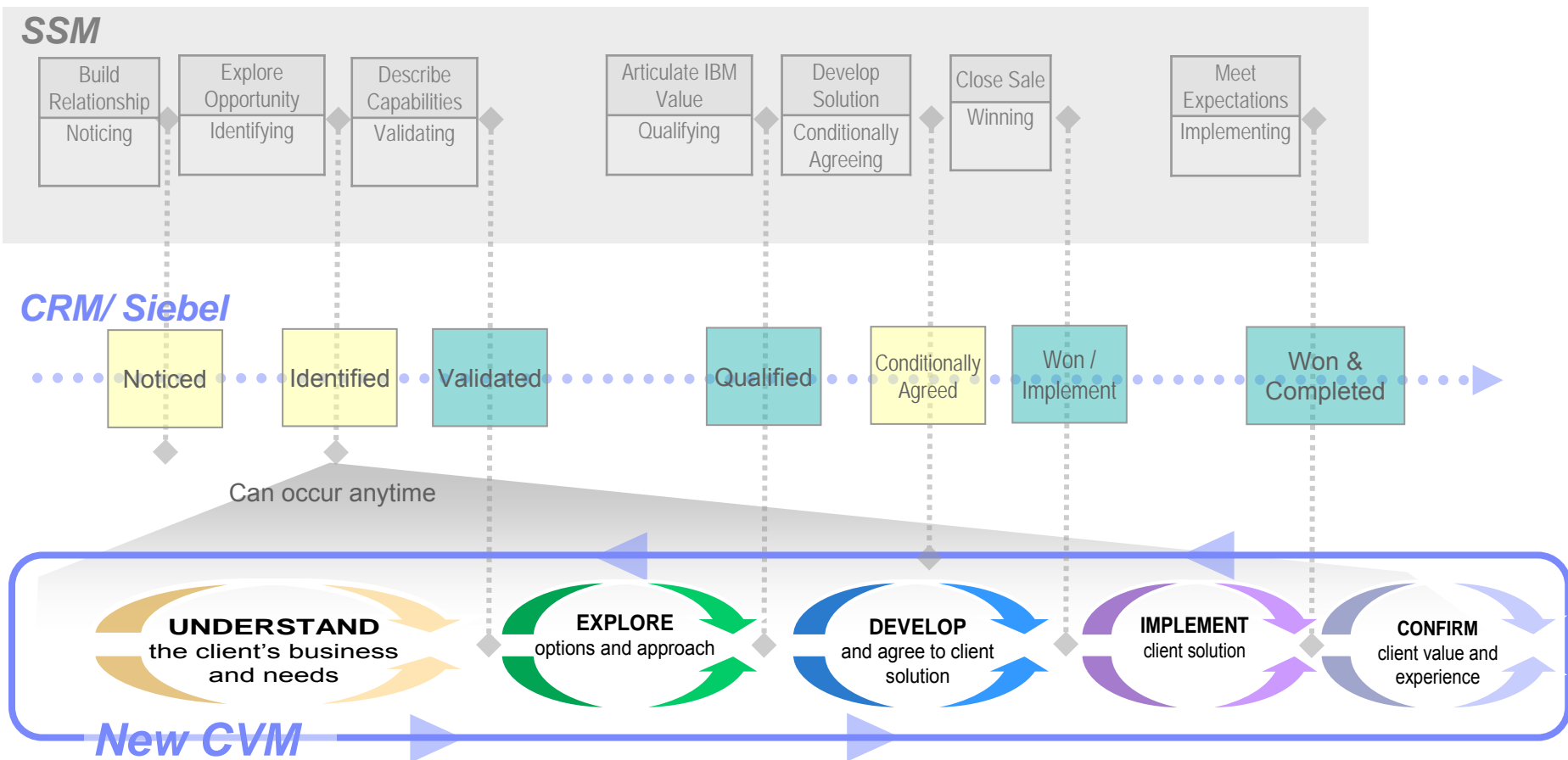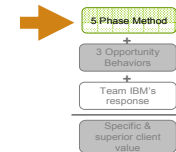 - ▶ Help clients arrive at better solutions than they would have arrived at on their own

- ● Broker of Capabilities
  - ▶ Become a broker of services and act as a client advocate within your own organization

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Deals stall in stages 2 through 5

1	2	3	4	5	6	7
Evaluate business environment and strategies	Refining business strategy and initiatives	Recognize needs	Evaluating options	Selecting the solution option	Resolving concerns and deciding	Implementing the solution and evaluating success

Customer agreement with outcomes and progress

Noticing	Identifying	Validating	Qualifying	Conditionally agreeing	Winning	Implementing
Building relationship through understanding customer's business environment, process and issues	Explore with the customer and opportunity derived from relationship building interactions	Establish the business capability the customer needs and wants	Articulate IBM capabilities and qualify the opportunity	Developing the solution with the customer	Closing sale	Monitoring the implementation to ensure expectations are met

CVM

5 Phase Method
+
3 Opportunity Behaviors
+
Team IBM's response

Specific & superior client value

SSM

Build Relationship	Explore Opportunity	Describe Capabilities		Articulate IBM Value	Develop Solution	Close Sale	Meet Expectations
Noticing	Identifying	Validating		Qualifying	Conditionally Agreeing	Winning	Implementing

CRM/ Siebel

Noticed • • • Identified • • Validated • • • • • • Qualified • • • Conditionally Agreed • • Won / Implement • • • • • Won & Completed • • • • →

Can occur anytime

UNDERSTAND the client's business and needs

EXPLORE options and approach

DEVELOP and agree to client solution

IMPLEMENT client solution

CONFIRM client value and experience

New CVM

Siebel stages still used but not signaling the end of a phase

Siebel Stage Indicators signaling end of a phase in the new CVM

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Some Reasons Why Deals Stall

- **What we can control**
  - ▶ Not in alignment with client
  - ▶ Opportunity does not support a real business need
  - ▶ Not at Power/Key Decision Leader
  - ▶ Impact of project has not been identified
  - ▶ Product focused versus solution focused
  - ▶ Solution isn't uniquely differentiated from competitors
  - ▶ Key Decision Leader is focused on price and/or risk
  - ▶ No urgency to buy
  - ▶ Team IBM does not have a strong value based negotiation strategy
- **What we cannot control**
  - ▶ Internal political issues
  - ▶ Acquisitions
  - ▶ Other

Four signs that indicate the health of an opportunity

- Customer's compelling reason to act

- Customer's perception of IBM's unique value (IUV)

- Key Decision Leader's perceived solution risk

- Customer's expected value

The progress of an opportunity depends on the strength of its vital signs at key points in the customer's decision process.

Opportunity Plan

A 3 or 4-part aid provided as a series of forms in an Word document

CRITICAL FACTS	OPPORTUNITY ASSESSMENT	ACTION / WIN PLANS

Opportunity Plan: Is this opportunity real?

★ **Fastpath   Assessing the strength of the opportunity**

Is this opportunity real?	I don't know	Yes	No
1. How compelling is the client's need to act now? *What business initiative is this action tied to? What needs or issues are driving it? What is the decision date and timeline for action? What are the consequences and impact if nothing is done? What business payoff and value does the client want?*	__ I don't know __ Weak __ Strong		
2. Does the client have funding available now?			
Notes: Remember to complete section V. Do we want to pursue?			

How compelling is the client's need to act now?

What is the customer's CRA for the opportunity?

| Customer's Environment | → | Business drivers | → | Customer initiatives | → | *Customer's compelling reason to act* |
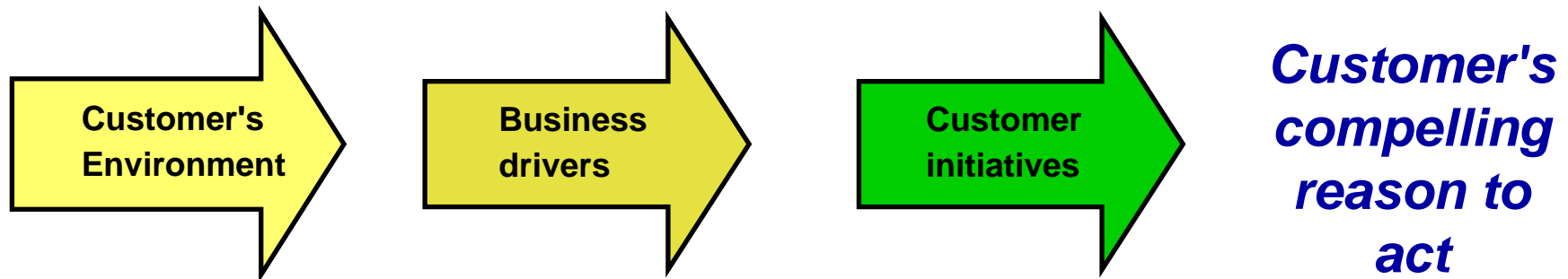
CRA is:

- The complete story of why the customer needs to invest in a project, and the reasons for investing in this particular project.
- It can be made up of one or more explicit needs/active pain

CRA is not:

- Nonspecific to that customer. Example: "All key players in the consumer electronics industry are investing in supply chain."
- A date on the calendar unless the date has a significant consequence if not met

Is This a Compelling Reason to Act?

- Utility Company has to meet the new government regulations requiring them to offer energy saving audits to their customers by year end

- Large financial institution needs a commercial paper system that is more comprehensive than their current one and it has to be implemented by year end

- A utility company has to purchase a new financial system because they are merging with another utility and have to merge their financials by audit season

- A large bank needs a Credit Risk system that would allow them to transfer reserves around the world, thus, giving them more trading power and allowing for less mistakes

- A offsite storage management company needs to increase storage capacity in order to meet their service level commitments

Compelling Reason to Act versus an Individual's "Need" or "Pain"

Corporate business initiative is to grow revenues by x% & market share by x%

- Tester
  - ▸ Inability to assess the quality of an application
- Analyst
  - ▸ Inability to write good requirements specification
- IT Project Manager
  - ▸ Inability to deliver solution as required
- CIO
  - ▸ Inability to meet the needs of the lines of business
- VP of Marketing
  - ▸ Inability to capitalize on new marketing opportunities
- Operations manager
  - ▸ Inability to effectively manage supply chain
- Call Center Manager
  - ▸ Inability to quickly respond to customer inquiries
- VP of Sales
  - ▸ Inability to meet revenue targets

Client Needs: is your customer just complaining?

it's almost perfect

it's a problem but I can live with it

it's a bigger problem than I realized

I want to **take action** to resolve it

Implied Needs

Explicit Needs

problems, difficulties
or dissatisfaction

strong wants
or desires

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Opportunity Plan: Can IBM offer the best solution?

★ **Fastpath**

Can we offer the best solution?	I don't know	Yes	No
3. Do we know the business capabilities the client needs?			
4. Do we have a solution that fits?			
★ 5. How differentiated are Team IBM capabilities? What IBM capabilities differentiate IBM from the competition? What's the client's view of IBM's differentiation? What is this differentiation worth to the client? How much differentiation do we need to win?	__ I don't know __ Weak __ Strong		
Notes: Remember to complete section V. Do we want to pursue?			

How differentiated are Team IBM's capabilities?

What is Unique Value?

Customer   *IBM*

| Business profile | Business drivers | Customer initiatives | *Customer's perception of IBM unique value* | Differentiation | Solution | Capabilities |
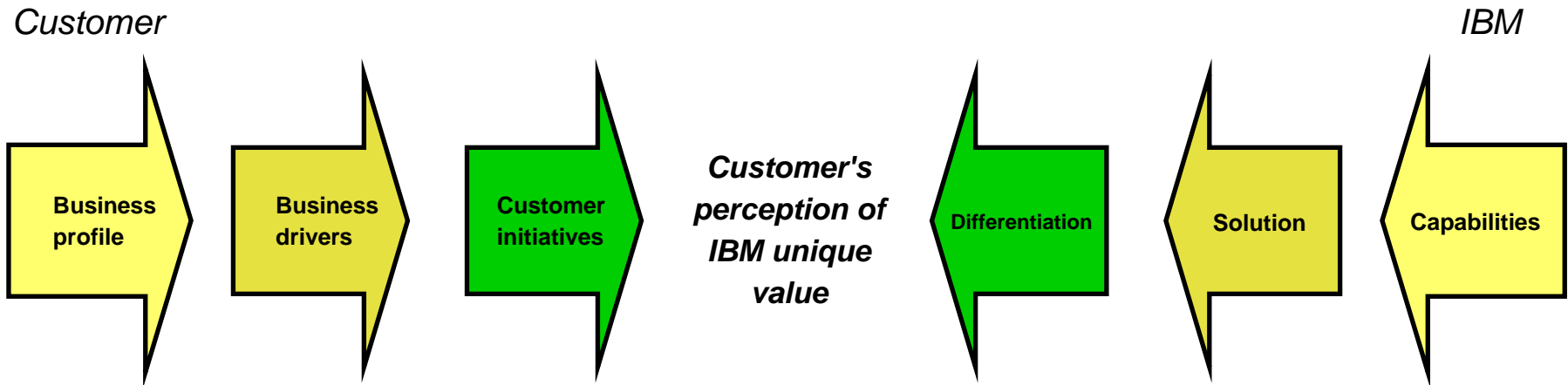
Unique value is:
- The customer's perception, not IBM's

Address these components to develop IBM's potential UV
- How differentiated are Team IBM's capabilities?
- What are the capabilities that differentiate IBM from the competition?
- What is the customer's view? What is IBM's view?
- What is it worth to the customer?
- If not a product capability how else can you differentiate yourself and IBM?
- How much differentiation does IBM need to win?

Rational Unique Value: GDD

Differentiator	IT Advantage	LOB Advantage	Competitor
Unified Process	Mitigate risk early in the project lifecycle Remedy the root causes of project failures Unifies distributed teams, contractors, outsourcers with common definition and flow	Projects completed sooner and with less risk allowing quicker response to changes in marketplace Customer sat – less problems with application Image on web	
Improved requirements management	Enables proper understanding of the problem for decreased rework Communicates change and the impact of change Manage scope of project	Projects delivered with all requirements addressed and provided sooner so can be deployed that much faster to gain competitive edge, increase in market share, etc	
Managing & Measuring Project Success & Quality	Address issues and risk before they impact the project Quantify status with real measurement Align IT with business goals	Corporate image Asses project success and redirection if needed	

WebSphere Extended Deployment

Differentiator	IT Advantage	LOB Advantage	Competitor
Service Level Management	Will handle different workloads with different priorities		
Intelligent Workload Routing			
Administration & Visualization	Capture performance metrics to the file system Ability to compute charge backs Capacity planning		
Distributed Caching			
Data Aggregation			
SOA Acceleration			
HTTP Session Management			

Opportunity Plan: Does the Client want the IBM solution?

★ **Fastpath**

Does the client want our solution?	I don't know	Yes	No
6. How strong is IBM's client relationship at all levels compared with competition? *Consider key decision leader and other key influencers. Could this be impacted by 3rd parties,* *e.g. parent company, SIs, ISVs, auditor? Is client satisfaction high?*	__ I don't know __ Weak __ Strong		
7. Do we know how the buying decision will be made?			
★ 8. How strong is the key decision leader's support? *What is our relationship with the key decision leader? How do we know the key decision leader* *believes IBM's solution will best deliver the expected business value? What risks does the key* *decision leader see with our solution and/or capabilities? How is the Decision Support Plan* *addressing these risks and validating Team IBM's differentiation?*	__ I don't know __ Weak __ Strong		
Notes: Remember to complete section V. Do we want to pursue?			

How strong is the Key Decision Leader's support?

How can you identify key players?

Sponsor:

- Has an informal role in the buying decision unit
- Provides influence and sells on behalf of a supplier

Benefit Owner:

- Is the client stakeholder(s) who will receive the business benefit
- Could be responsible for delivering the business benefit
- Could also be key decision leader, approver, evaluator

Key Decision Leader:

- Leads the decision-making process through formal, consensual, or assumed authority
- Has strong influence on members of the buying decision unit and the organization
- Could determine, or have strong influence, on the evaluation criteria. Could approve the final decision.
- Is the most important individual to identify and influence.

Other key players?

Rational Key Player List

Testers

- Inability to understand what to test

- Inability to write correct & complete test cases

- Inability to test what's required after requirements or code changes

- Inability to complete testing in time allotted

dB Designer

- Challenges with data quality

- Reliability of the dB

- Inability to meet schedules & delivery commitments

Rational Key Player List

Architect
- Challenges with maintainability & evolution of an application
- Problems with ensuring architectural integrity over time
- Enabling communication to and from all stakeholders

Business Analyst
- Challenge with gathering & insuring requirements are complete & meet needs of customer
- Accurate assessment of current business situation
- Inability to translate business requirements into system requirements

Developer
- Inability to implement requirements
- Inability to design the system in accordance with the system architecture
- Inability to write bug free code

Rational Key Player List

SW Development Mgr

- Challenge meeting scheduled commitments
- Attracting and retaining skilled talent/resources
- Staying within budget
- Meeting the requirements of the application
- Inability to track status of projects

Project/Program Mgr

- Challenge meeting scheduled commitments
- Inability to meet the requirements of the application
- Challenges with the allocation of resources
- Coordination amongst development teams
- Measure & maintain quality of process/product
- Reduce time to market
- Inability to accurately assess & communicate project status

Rational Key Player List

CIO

- Inability to meet the needs of the LOBs
- Challenge with increasing business efficiencies and cutting IT unit costs
- Inability to improve customer satisfaction: internal and external
- Meeting deadlines on time and within budget
- Inability to attract and retain competent IT professionals

CTO

- Maximizing the use of technology to maintain/increase competitive advantage
- Unable to support business direction of company

VP Engineering

- Reduce time to market
- Reduce engineering costs
- Maintain customer sat commitments
- Meet quality control standards

IBM

Exploring Impact

Title: CFO
BI: Declining Profits
R1: Inability to reduce costs
R2: Inabilitiy to increase revnues
R3: Eroding marketshare

Title: IT Exec/CIO
BI: Inability to meets the needs of the LOBs
R1: not able to deliver applications on time and as required
R2: not meeting project deadlines

Title: VP Engineering
BI: Escalating development costs
R1: required application not deivered on time

Title: Marketing
BI: Inablity to increase market share
R1: Not able to capitalize on new marketing opportunities
R2: Web applicaiton was not developed on time and did not meet specs

Title: Project Manager
BI: Inablity to deliver solution as required
R1: application doesn't work correctly
R2: can't manage the scope of the project

Title: Analyst
BI: Inability to communicate requirements
R1: can't manage the different versions of requirements
R2: requirements are poorly written

Title: db designer
BI: Develop incorrect db design
R1: incorrect or non-delivered requirements
R2: lack of appropriate tools

Title: SW Developer
BI: Inability to create an operational application
R1: not able to understand requirements
R2: given incorrect design

Evaluation Plan: Controlling the Sell Cycle

Activity/Action	Owner	Due Date	√	Billable

IBM

Decision Support Plan

Understanding and resolving your customer's concerns in selecting the IBM solution

DECISION CONCERNS	RISK H/M/L	ACTION if required	OWNER	TARGET DATE
Remaining for the Decision Leader				
Concern or issue	H/M/L	Action	Name	mm/dd/yy
Remaining for other key stakeholders				

<u>PROMPTS</u>

- Business Initiatives - Confidence that solution supports the business initiative?
- Preferences – Solution complies with technology, sourcing, and financing preferences?
- Capability - Solution provides required capabilities?
- Results - Confidence desired results will be realized?

- Business case - Confidence in the business case?
- Change - Organization capable of implementing and operating the solution?
- IBM Value - Confident that IBM offers unique business value?

Opportunity Plan: Does the IBM solution meet client expectations?

★ **Fastpath**

Does the solution meet the client expectation?	I don't know	Yes	No
9. Can we meet or exceed client expectations?			
10. How strong is the value proposition for the solution for this client? *What are the client's expectations for the solution? How compelling is their business case?* *What shows that the key decision leader supports the value proposition for the solution?*	__ I don't know __ Weak __ Strong		
Notes: Remember to complete section V. Do we want to pursue?			

How strong is the value proposition for the solution for this client?

A word or two about "value"

- The greater the value the greater the reason to buy
- People will invest proportionate to the problem
  - They will invest a little to solve a little problem. They will invest a lot to solve a big problem.
- Value gives them a reason to take action, gives them a sense of urgency
- We lose more to "No Decision" than to all our competitors combined
- Explore the impact on others to increase the value of the opportunity
- Value is in the eye of the beholder

Types of Value

- **Increased Revenue**
  - Capabilities provided by your product/service that help the buyer increase revenue and profits
  - Examples:
    - ► Time to market
    - ► Ability to react to competition
    - ► Increased Sales

- **Displaced Costs**
  - Capabilities provided by your product/service that help the buyer eliminate as existing cost and improve profits
  - Examples:
    - reduced labor costs
    - equipment maintenance costs
    - prototyping costs

- **Avoided Costs**
  - Capabilities provided by your product/service that help the buyer eliminate a future cost (usually not budgeted)
  - Examples:
    - Overtime
    - Employee turnover
    - Equipment downtime

Types of Value

Redirected Costs

- Capabilities provided by your product/service that free a resource the buyer can utilize in another area of the business
- Examples:
  - ► Computer time
  - ► Headcount

Intangible Benefits

- Capabilities provided by your product/service that help the buyer but have no dollar value or the buyer is unwilling to assign a dollar value
- Examples:
  - ► employee morale
  - ► company image
  - ► employee productivity (where no dollar amount is given)

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Exploring Impact

CEO

Pain: Stock price is down

R1: Profits are down
R2: Customer erosion

CFO

Pain: Profits are down

R1: Not meeting sales goals
R2: Mfg. cost are up

VP Marketing

Pain: Customer erosion

R1: Can't fill orders
R2: Can't offer substitute products to customers

VP Manufacturing

Pain: Mfg. cost are up

R1: Orders for products they don't have
R2: Not selling products they do have

VP Sales

Pain: Not meeting sales goals
R1: Salespeople taking orders they can't fill
R2: Can't offer subs. to customers

Director IT

Pain: Unhappy line VPs with product catalog

R1: Can't deliver needed applications on time

Mgr. Systems Development

Pain: Unable to meet info. needs of Line VPs
R1: Legacy applications still on mainframe
R2: Applications not flexible to change with business

Specific capabilities of IBM software will enable this person to deal with these issues, thus effecting a "beneficiary chain" up to the top of the organization.

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Exploring Impact: BPM

Title: CFO

BI: Declining Profits
R1: Inability to reduce costs
R2: Inabilitiy to grow sales, increase marketshare

Title: CIO

BI: Inability to meets the needs of the LOBs
R1: not able to deliver solution as required
R2: poor collaboration with customers, suppliers, partners and employees

Title: COO

BI: inability to improve operational efficiencies
R1: inability to improve fill rate
R2: poor collaboration with customers, suppliers and partners
R3: distribution & related costs rising

Title: VP of Sales/Marketing

BI: Inability to grow sales/ marketshare
R1: inability to meet customer deadlines
R2. Poor customer sat/call center not able to respond to customer requests in timely manner

Title: VP of Customer Service

BI: poor customer sat
R1: call center agents don't have access to info needed to respond to customer questions
R2: orders aren't filled and shipped by promise date

Title: Director of Inventory Mgt

BI: Inability to improve fill rate
R1: Problems with supply chain
R2: high rate of unsold goods
R3. Turnover rate low on in-stock products

Title: Directory of Operations

BI: Distribution & related costs escalating
R1: need to streamline transportation costs
R2: order management application not meeting bus. needs
R3: inventory costs high

Title: IT Development Mgr

BI: Inability to deliver solution as required
R1: application doesn't work correctly
R2: can't manage the scope of the project

Title: IT Communications Mgr

BI: Poor collaboration with suppliers, partners, customers and employees
R1. disparate systems
R2 business processes not integrated

Title: Distribution Manager

BI: Inability to manage supply chain
R1: key business processes not integrated
R2. Poor collaboration with suppliers and partners

Exploring Impact: Portal

Title: COO

BI: Inability to reduce costs
R1: inability to manage supply chain
R2: inability to improve operational efficiencies

Title: Sr. Exec Marketing

BI: Inablity to increase market share
R1: Not able to capitalize on new marketing opportunities
R2: not effectively using collaboration capabilities to better user web experience

Title: HR

BI: inability to deliver and manage key employees responsibilities
R1: unable to get employee acceptance of important health and safety regulations
R2: compelling dates not met
R3: employee changes take too long

Title: Sr Exec Sales

BI: inability to increase revenues
R1:not able to have 360 degree view of customer
Unable to cross sell & up sell
R3: not able to provide personalized view of account to
Improve customer web experience

Title: Operations Manager

BI: Inablity to manage supply chain
R1: no 360 degree view of supplier so not able to take advantage of all potential discounts
R2:

Title: CIO

BI: Poor image within company
R1: inability to meet user demands
R2: increasing costs of managing Applications and access
R3: takes too long to develop Applications

Title: Call Center Manager

BI: inability to respond to customer Inquiries quickly
R1: agents have different sign-ons for different systems
R2: info needed resides on multiple Systems
R3: manual re-keying required
R4: no 360 degree view of customer

Title: IT Administrator

BI: Inability to meet to user demands
R1: users need to remember multiple sign-ons to do their jobs
R2: needed information resides on multiple systems

Title: Applications Manager

BI: takes to long to develop apps needed to respond to change in market
R1: applications are on different systems
R2: not aware of existence of some apps that can be reused

Exploring Impact: MDM

Title: CEO

BI: Shareholder value declining
R1: Declining profits
R2: inability to leverage corporate resources
R3: inability to gain market share
R4: declining competitiveness

Title: CFO

BI: Declining Profits
R1: Too many high risk policies on books
R2: unable to assess risk
R3: Revenue to headcount is out of balance

Title: Claims Exec

BI: Claims processing slow and expensive
R1: information needed is difficult to access
R2: customer data not accurate or trusted
R3: essential data not integrated into processing workflow

Title: VP Sales & Marketing

BI: inability to increase revenue and gain market share
R1: unable to cross sell/ up sell
R2: lack 360-degree view of the customer
R3: declining customer satisfaction

Title: VP Underwriting

BI: Underwriting process inaccurate & cycle times too long
R1: difficult to compile complete applicant profile for accurate risk assessment
R2: lack 360-degree view of the customer

Title: VP Commercial
BI: Too many high risk policies on the books
BI: Inability to open new markets
R1: underwriting process inaccurate & cycle times too long
R2: inadequate information for proper risk assessment
R3: lack accurate data for new market assessment

Title: VP IT

BI: Inability to meet user demands
R1: info needed resides on disparate systems
R2: takes too long to develop applications
R3: application development too costly
R4: can't aggregate (un)structured Information from disparate systems
R5: each app requires custom code

Title: VP Customer Care

BI: Not meeting service level commitments/declining customer sat
R1: Takes too long to respond to customer inquiries/don't have the info the need
R2: Increasing number of service complaints

Title: Applications Manager

BI: takes to long to develop apps needed to respond to change in market
R1: heterogeneous data in disparate systems
R2: lack of data accuracy and consistency

The Value Proposition is the business case for the solution based on the customer's expected business value

The Value Proposition restates shared understanding of the customer's Compelling Reason to Act, Vision & perception of IBM's Unique Business Value!

Sample Value Proposition Worksheet	
Challenges *Business Initiative(s) and Compelling Reason to Act for this opportunity*	
Desired State *Business requirements of the Key Decision Leader (Power Sponsor)*	
Business Solution *How the proposed solution meets requirements (ISC)*	
Investment Case *Measure of the value to be derived (Value - Total Benefits - Total Costs)*	
Financing Alternatives *Alternatives to fund the investment and effect on return*	
Action *Steps to begin implementation*	

IBM

Call Outcomes—Major Sales

More complex sales have two outcomes

SUCCESSFUL

ORDER

ADVANCE

Action is agreed upon that moves the sale forward

UNSUCCESSFUL

Discussion will continue but no action is agreed upon

CONTINUATION

NO SALE

Key call objective: Turning a continuation into an advance

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Planning the Call

1   Plan the advance

- What is a *realistic* commitment to ask of the client?

- What is Plan B?

2   Plan how to get there

- What potential problems and impacts would have to be present to justify the advance?

- What questions might help to explore whether those problems exist?

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Questions

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