

# Difficulty Selling Enterprise Software to Sr. Executives...

## And What the VP of Sales Can Do?

### Introduction

This white paper supports the significance of using value metrics to sustain Business Case selling when driving Enterprise software solutions. The premise is that by having quantifiable value metrics, obtained from customer experiences, and integrating them into a Business case selling approach, vendors will facilitate access to Sr. Executives, authenticate proposals, and be perceived more as a trusted partner than a vendor selling more software.

This paper differentiates between “marketing-driven value statements” and more robust “quantifiable value financials”. These financials facilitate selling to Sr. executives due to their ability to link the prospect’s operational, strategic, and budgetary environment to the vendor’s solution.

Discussions on this topic may be used for the development of Inside, Direct and Strategic sales competencies; for the basis of Sales, Sales Engineering, and Professional Services training.

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“Show me how the \$1 million we spend with you is going to generate \$10 million in value for our Company and you’ll get my attention. Talk to me about chipsets or bandwidth, and I’ll start yawning.”  
*Paul Zazzera, CIO, Time Inc.*

## Obstacles in Accessing Power

There is no question that the decision process for Enterprise technology solutions is a complicated one. IT SMA research<sup>1</sup> has shown that there are more people involved in the solution’s purchase, business executives are more likely to drive the purchase, and the sales cycle is longer than it is for discrete products and services. Research has shown how important it is to Enterprise clients that the value from solutions be measurable. In fact, almost all Enterprise purchases are required to have internal business cases validating the value of a solution before they are approved for contract.

With average cycles ranging from 3-4 months, upwards of a year and increasing<sup>2</sup>, the ability to shorten these cycles is paramount. With early buy-in of a sponsoring Sr. executive, vendors can shorten the process and with greater probability. A main barrier to accessing these executive relationships is the sales reps lack of consultative skill in communicating their solution’s tangible value as it relates to the client’s business. Reps have to communicate in concise value propositions, substantiated with client proofs, derived from successful software implementations. Lacking such metrics is central to why Sr. executives do not trust vendors, and deny them access.

With years of false promises, aggressive tactics, and an absence of valid business cases, clients have lengthened sales cycles and increased discount margins to hedge their exposure, at the expense of the vendor.

To overcome this lack of trust, reps should prove their way into the Sr. executive suite by aligning their solutions to the client’s business unit initiatives, corporate strategies; and substantiate it in a Business case authenticated with financial neutrality (ROI, NPV, IRR, TCO, Five year cash flows, etc).

Another hindrance in accessing Sr. executives is how vendor CEO’s believe that hiring experienced reps steeped in product knowledge will accomplish the task. Even talented reps with exemplary selling skills still need tools to present viable business cases when seeking scarce corporate funds.

When these reps are hired, they are often programmed in another vendor’s disciplines, and the use of value selling may have been questionable. Since experienced reps often come with a Rolodex, providing them with the right tools will optimize their ability to access power, and increase their ability to produce more steady and consistent revenues.

The following table is from the new book, “Partnering with the CIO”<sup>3</sup>, a compendium of thoughts from the country’s top 40 CIO’s on dealing with software salespeople. It illustrates the need and necessity to help sales people develop an ongoing C-level mindset when selling into any sized Enterprise. Adherence to Partnering with the CIO will only improve all aspects of the reps sales cycle, regardless of the type of decision maker, or their existing markets.

<sup>1</sup> IT SMA, Showing Value and Winning Business, Julie Schwartz and Meghann Wooster, (Jan. 07)

<sup>2</sup> Sirius Decisions, (2005), “Sales cycles in complex selling environments have increased 30% from 2001 to 2004”

<sup>3</sup> “Partnering with the CIO”, *The Future of IT Sales Seen Through The Eyes of Key Decision Makers*, Michael Minelli, Mike Barlow, John Wiley & Sons, Inc., 2007

“80% of buyers’ rated financial justification as important for IT purchases approvals. However, more than 65% revealed that they do not have knowledge or tools needed to perform ROI calculations; required for purchase approvals. The burden to compute ROI calculations falls on the vendors”.  
*CIO Insight and Comptnerworld*

CIO Responsibilities	How the Vendor Can Help?
Align IT Operations with Enterprise business goals	Consider the impact of any proposed solution on the larger Enterprise
Manage IT as a business	Look beyond your annual objectives and understand what the CIO is looking at in the long view (5-7 yrs).
Link IT strategy with corporate strategy	Make sure you understand how the needs of individual business units map to the objectives of the larger Enterprise
Identify and prioritize business needs across the Enterprise	Respect IT governance; document business needs and recommendations <i>without</i> the use of exasperating sales jargon.
Satisfy internal and external business clients	Put skin in the game; don't walk away after the contract is signed; deliver on your promises.
Drive business value.	Measure success; show the client how your project delivered value over time.

## Need for a Business Case

In an era of corporate accountability, LOB management remains in control of buying decisions. Additionally, companies are becoming more decentralized in their decision making, with the number of stakeholders increasing. Therefore, quantifying value has become a wide-spread collaborative event, one in which the vendor needs to constantly sustain and re-enforce its proofs to facilitate credibility and of utmost, trust.

A supportive Business case is vital in helping prospects rationalize their decisions to C-level, and competitively analyze technology’s impact against other corporate opportunities. It moves deals off the status quo, and help advance sales pipelines.

Having financial baselines with the ability to communicate expected downstream value will also help build trusted advisor roles. Several industry-leading vendors are extending themselves drawing up contracts where they’ll only receive payment after proving delivered value. Accenture, Trilogy, and IBM have established value based selling as a best practice; soon, it will be an industry standard.

One hindrance to using Business cases is an IT vendor’s sales methodologies. With numerous, qualified sales training vendors, providing consultative and solution selling tracks, there are few that offer a value extraction process, helping to quantify the solution, and incorporate the data into scripts, and the vendor’s selling process.

Research has shown that studying over 400+ software vendors, close to 75% fail to demonstrably prove their solution’s tangible value. These vendors are challenged to build trust with power, and scale their revenues with consistently, larger deals.

## Value Components Needed

A Business case can be built easily in modules:

1. Value Messaging/Workshop
  2. Pain/Impact Buying Maps
  3. Discoveries/.PPT/Demos
  4. Status Quo Cost of Delay
  5. ROI Value Validation
  6. Competitive TCO
  7. 5 Year Cash Flow
  8. Executive Summaries
  9. Customer backed Cases
- } *Exec Alignment*  
 } *Financial*  
 } *Proof of Value*

## What can the VP of Sales do?

Make value-based selling company-wide, in all channels: Inside Sales, Direct, Channel, Strategic, Marketing, SE's and PS' staff.

Call customers, and extract metrics, where even small wins are critical. Consider having inclusions in contracts that authorize measurement and client quotes. Marketing can then resonate value in Case Studies, testimonials, corporate communications; proving your promised value.

As well, entrust Directors and Mgr's to require pipeline reviews including prospect value alignment. This improves deal closings, at a nominal sales cost.

The VP of Sales can help execute the above, especially if focused on the four common internal scenarios that hinder value production in technology and software companies:

1. *Corporate strategy, marketing and sales operate as independent silos:* the VP can align the above using value at a very low cost, and a high impact; improving overall revenues.
2. *CEO's egos influence how Sales sell:* the VP can use customer value to re-enforce, and augment, executive strategies concerning go to consultative go to market strategies.
3. *Sr. management does not often fund "sales learning".* Over 65% of vendors claim to continually do sales training; only 25% do it. VP's can use value production to justify Top down sales training.
4. *Management cannot delineate their business value to the sales team:* VP's using value can drive clear and concise messaging, driving revenue more predictable revenue production.

## The Value Produced

Value and Business case selling is complimentary and transparent to all sales methodologies, whether using: Consultative, Solution Selling™, SPIN™, Strategic, VITO™, Sandler, etc. By having an internal and often neutral advocate for client measurement; effective value propositions and integration into the sales processes becomes extremely cost-effective.

The benefits are clear:

- ❑ Insides Sales prospecting improves by 30%.
- ❑ New Hires ramp 20-25% faster.
- ❑ Deal sizes improve with Power sponsorship.
- ❑ Discounting can be lowered up to 15+%.
- ❑ Competitive differentiation
- ❑ Stronger, longer term client relationships.

## Summary

There are many reasons selling value is not integral to software vendors. Unfortunately, most of the reasons are poorly substantiated. It is not expensive, complex, but does require leadership. With one year+ sales cycles, dramatic competitive pressure, and demanding C-level buy ins, the need is apparent, and the associated benefits are very clear for immediate action steps.

### About the Author

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