

Cloudy, With a Chance of *Rainmaking*

Readying organizations to sell
business outcomes

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The Purpose of this White Paper

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Cloudy was written as a guide to help organizations translate the value of their transformative technology into performance improving investments business buyers can understand.

And while this paper is mostly about selling technology to business decision-makers, its insights extend to more effectively selling the business value of any solution.

It answers the questions:

- *What drivers compel business decision-makers to invest in new technology?*
- *How can sales organizations ready themselves to align with those drivers?*

While countless books by sellers-turned-sales-trainers litter bookshelves, this paper approaches these questions from the opposite direction — *from the buyer's perspective* — to share insights for selling the way buyer's buy.

What's the cloud to your accounts?

Amid market and industry shifts, executives embrace business model innovation to move ahead of the competition.

However, many sales professionals struggle to sell the cloud's capability-changing business case.

Moving to the cloud is both a business and technical decision.

As such, multiple stakeholders — executives, division heads, owners — get involved in decision-making.

These business decision-makers view cloud adoption through the same lens as any investment: how will it measurably improve performance?

Sounds fair. However, translating technical solutions into business value pushes many sellers well out of their comfort zones. This is particularly true with cloud computing where value may hinge on fundamentally changing an account's operating model.

If your pipeline contains a growing number of 'no decision' opportunities, you're not alone. Preventing those from becoming missed opportunities is the aim of this paper.

Be First in your Industry

If you're among the first in your industry to build a business fluent sales organization, you'll realize early mover advantages that stretch across market segments.

Happy selling.

May it pour today.

Cloudy has three parts

Part I

looks at flaws in the prevailing way companies market and sell transformative technology. It reveals why these approaches are often incompatible with the buyer's perspective and result in unnecessarily long sales cycles.

Part II

introduces a selling model grounded in the core reason organizations invest in anything: to improve performance. Be it profitability, cash flow, margins or social good, this model is designed to convey a solution's ability to positively change an account's business.

Part III

provides guidance for applying the concepts discussed in this paper to your accounts and opportunities. You'll also find everything from an assessment to test your personal fluency, to a Twitter-ready summary to share this paper with others.

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Sales professionals today are presented with one of the greatest opportunities in decades.

Those possessing the acumen to position cloud solutions as integral to their customer's business — versus purely delivering cost savings — will reap rich rewards.

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- You'll be delegated down to the person you sound like
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Part I

A BUYER'S PERSPECTIVE

I've seen the data; it's all good, right?

I hear talk of clouds everywhere, and not just because I live in Seattle:

- A recent worldwide survey of CIOs identified cloud computing as their #1 priority for 2011.¹
- Another study found that roughly two thirds of midsized companies are adopting cloud computing technologies.²
- Headlines announce 'Midmarket Embraces Cloud Computing, Increases IT Budgets'.³
- 67% of all new software deployments will be software as a service (SaaS) or a hybrid cloud model by 2014—up from 20% in 2009⁴

What's not to like about this blue-sky picture?

Well...

Quick links to:

How fluent are You?

Assess your Business IQ in the five competencies essential for selling solution business value.



Part I

You'll be delegated down to the person you sound like

Eager to tell accounts about your cloud computing capabilities, it's easy to lose sight of why prospects actually care.

When you engage around the virtues of public vs. private clouds, you'll be welcome in IT departments around the world. Earning the ear of business decision-makers — leaders empowered to accelerate investment decisions — requires you to change the conversation.

Decision-makers demand you demonstrate the financial returns your solution delivers.

Why, then, do so many organizations persist in spending more time training sellers on their products than on how to understand their customer's business?

In today's era of planned obsolescence, where newer, faster, shinier versions spring from ever-shorter development cycles, this is a suboptimal model.

Sellers and trainers struggle to keep pace. And business decision-makers have never bought features and benefits.

Quick links to:

Forrester Research quantified the problem in a survey of executives involved in buying technology.

The study revealed that while business leaders felt **88% of salespeople who called on them were knowledgeable about their products and services, only 24% understood their business.**⁵

24%

88%

Part I

Sales strategy implications

Further fueling the 'no decision' dilemma, cloud investments compel the broad range of business stakeholders involved in decision-making to work more closely together — for better or worse.

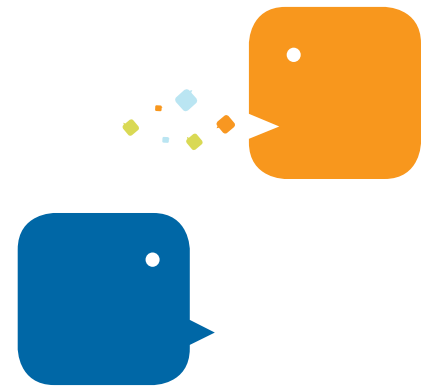
Despite media mania proclaiming clouds poised to dance onto the business stage, resulting complications are many, including:

- **Multiple decision-makers involved.**
Trying to engage a group can easily extend your sales cycle, you've got to identify one leader as your primary sponsor.
- **Changing competition.**
You're no longer competing for capital against just other vendors from your industry, but rather any number of investment options.
- **Different approval process.**
Proposing transformative technology that will change the way a customer operates spawns a range of trade-off decisions and approval hierarchies.
- **Shifting risk perspectives.**
Recognizing that business decision-makers allocate capital to opportunities that provide the best combination of reward and risk, your proposal may be evaluated against entirely dissimilar uses of scarce capital.

Quick links to:

Understanding why your customer is buying is more important than what you're selling:

High no decision rates are symptomatic of a disconnect between how you're selling and how your customers want to buy.



Part I

Creating demand

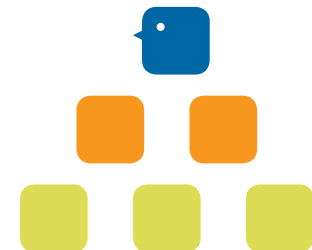
For accounts who already subscribe to the economics of cloud computing - using servers available on demand over the Internet - you're likely well armed with sales tools to close such transactional business.

Market-wide, however, recognize that cloud computing remains in early stages of adoption. Your greatest opportunities lie within the vast majority of accounts who:

- 1) *don't yet see the cloud as a solution for their business; or*
- 2) *may not even yet see a business issue they believe the cloud can solve*

As the diagram on the following page depicts, this is where I see sales organizations struggle mightiest.

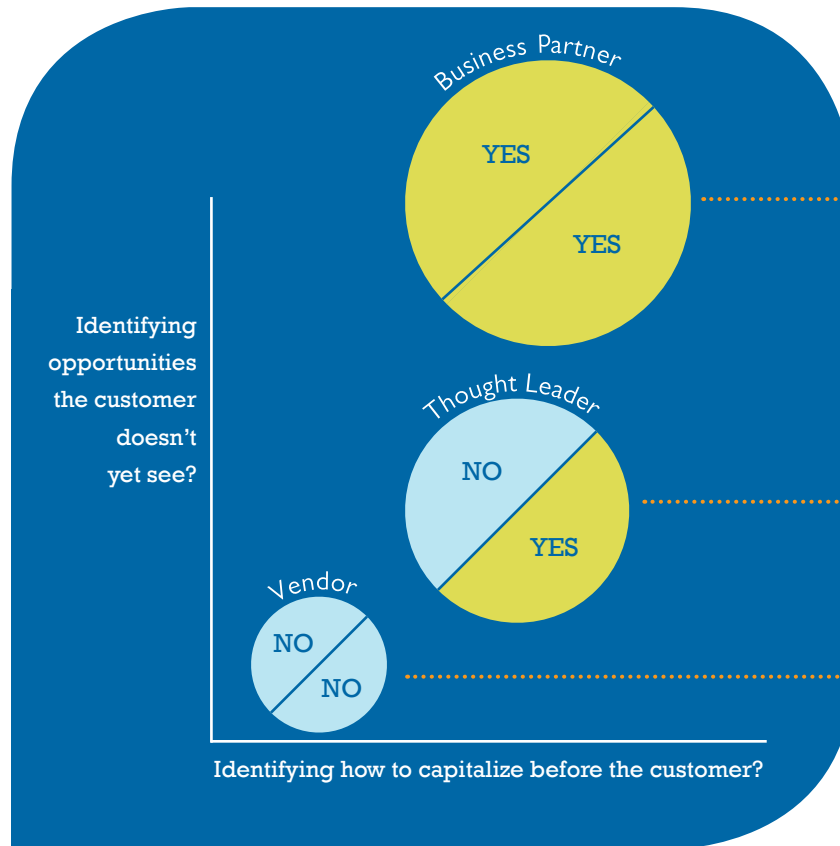
Strategic sales occur relatively higher within an organization — where demand is created.



Quick links to:

Part I

What value are you delivering?



Strive to perform here: Identifying opportunities customers aren't yet aware of, then showing them how they can capitalize. This preempts the competition, shapes requirements to your advantage, and creates the largest selling opportunities. You're competing on value, not price.

Here, the customer is aware they have an opportunity, however; hasn't yet found a way to capitalize. By presenting an approach, you're increasing your value and creating demand.

When the customer already knows the opportunity, and has identified a means to capitalize, you're delivering relatively little value. In such cases you're largely left to compete on price.

Quick links to:

Part I

Sharing responsibility for business outcomes

Winning business today begins with sharing responsibility for your customer's business outcomes. Specifically, understanding your customer's plans for growth, then working backward to align the value of what you're selling.

For example, think of the difference between joining a health club versus hiring a personal trainer. The latter earns more because s/he takes personal responsibility for the outcome of their customer's fitness regimen.

Most sales professionals do a poor job selling business outcomes, which is both horrible and beautiful at once. The former, because there's no excuse. The latter, because it creates an opportunistic landscape for you and your organization to excel.

My colleagues at Executive Conversation — seasoned executives who've spent careers on the other side of the desk *making* investment decisions — lament at length the time wasted with sellers who didn't understand how their businesses measured success.

Quick links to:

Customers not only want you to know how their business works, they expect it.

How else can you help improve their performance?

How Companies Sell Relative To How Customers Buy

Imagine a conference room. Ordinary in nature, except one wall contains a two-way mirror.

On the other side of the mirror, members of Marketing grow increasingly excited watching a focus group of customers respond 'yes'.

The question Marketing has asked is 'Would you buy'?

Not long after, Sales receives product training and is tasked to sell.

But Sales doesn't ask customers if they *would buy*, Sales asks customers *to buy*. It's a very different question, and frankly, the only one that matters.

Across town, a corporate division head enters a more elegant conference room. After a period of flat revenue, she operates with single-minded focus: Growth. Her job security hinges on it.

The waiting seller greets the division head and wastes no time describing a set of market leading solutions.

But no sooner has the seller finished reciting 'multi-tenant, always-on SaaS infrastructure with multiple layers of data redundancy' when the division head switches off, already concluding the meeting was a poor use of time.

What happened here?

- Marketing believes they've delivered a complete set of tools and messaging.
- Learning and Development feels the *product* training they've delivered is complete.
- Sales scoffs that the rest of the organization has no idea what life's like out in the field.

Most importantly, the customer concludes here's one more vendor that doesn't understand my business.

Part II

SELLING BUSINESS CHANGE

Growth: **the trigger** for adopting new technology

Growth remains the decisive spark for adopting transformative technology.

In fact, by 2015 some 50% of Global 1000 enterprises are expected to use cloud computing for their top 10 revenue-generating processes, according to Gartner Inc.

Helping buyers see the connection between your technology and their growth — revenue, margins, cash flow — must anchor your every strategy.

Few projects both generate revenue and reduce costs. And while cost reductions can often be predicted with greater confidence than revenue growth, the reason growth reigns superior is because it speaks to market share, new customers and winning.

While cost containment is commonly viewed as the main factor driving cloud adoption, recognize that when two projects offer roughly equal returns from a strategic perspective, business decision-makers will almost always choose growth.

Quick links to:

It's always easier to cut costs, than grow revenue. But cost cutting belies sound growth.

Business decision-makers invest for growth. Sellers must sell likewise.



Part II

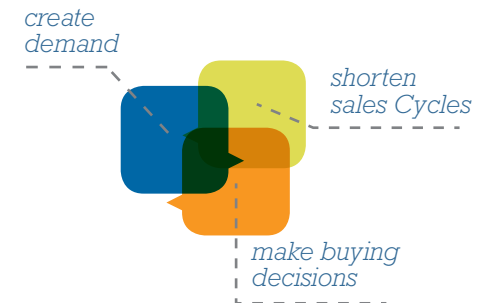
Are you in your customer's plans — or not?

To link your value to customer growth, it helps to understand your customer's growth plans.

In general, companies operate with Strategic Plans and Operational Plans. Strategic Plans define the direction and character of the organization, while Operational Plans detail how Strategic Plans will be accomplished.

To be sure, your goal is to be recognized in both as the diagram on the next page shows.

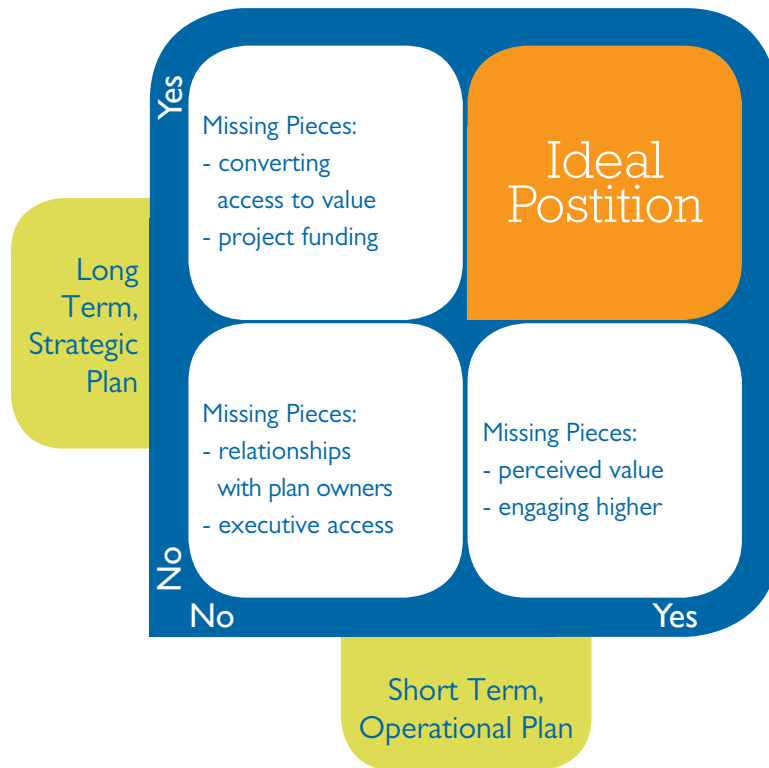
Mistakenly believing that strategic planning is a process the customer alone must own, most sellers fail to influence the very individuals within accounts who:



Quick links to:

Part II

How often do you express interest in your account's planning processes?



An account's Strategic and Operational plans differ in timeframe and scope. Operational plans cover shorter periods of time with a narrower set of actions.

Far too many organizations blindly miss the opportunity to insert themselves into their customer's planning cycles. Tethering yourself to planning cycles enables you to sell throughout an account, and preempt the competition.

Strategic planning is subject to continual challenge and change. It's never too late to start engaging.

Quick links to:

Part II

Linking capability change to growth

In the opening minutes of conversation, business decision-makers expect to understand how your solution will improve business performance.

Respond to this requirement by developing value propositions made up of two parts:

1. **Business Change** - how your solution will change the way the customer operates
2. **Metric** - how the customer will quantify the Business Change

Your objective is to paint a future picture of how the customer will operate differently with your solution, and how that difference will be measured .

Should situations warrant, of course you can expand discussion to include timeframes, references and costs. However, hone your ability to tell the simple story first.

It's not a solution if you call it the same name at every account.

Think cloud, virtualization or middleware.

Quick links to:

Part II

A model for changing the conversation

Translating technology investments into business value isn't easy. To help simplify the process, here's a basic model for conveying your envisioned solutions in the form of business change:

1. **Determine your customer's current situation**
i.e. how they're operating today. This serves as the starting point for measuring change.
2. **Describe how they'll operate with your solution**
i.e. what will be different after they invest?
3. **Quantify the difference between 1 and 2**
i.e. measure the change in the way your customer does business.

Practice describing business change in just a few sentences, being as specific as you can.

Business stakeholders want out of the technology business.

What's your impact on people, process or infrastructure?

Quick links to:

Part II

Business change messaging

Crafting compelling business change messaging starts with the account's current situation — *the problem you're solving* — from the buyer's perspective. For example, how will you:

- Facilitate growth?
- Lower costs?
- Enable more efficient service delivery?

Current Situation: poor resource utilization

Business Change... provide operations and maintenance technicians access to the same resources in the field as they have in the office. This will increase equipment utilization ~20%, cut downtime by a third, and significantly improve system safety - all with the same or fewer personnel.


Current Situation: slow time-to-market

Business Change... utilize a cloud-based test environment that eliminates internal staging requirements. This will significantly shorten development cycles and accelerate planned service launches a quarter ahead of schedule.

Current Situation: low customer satisfaction

Business Change >> migrate to a cloud-based contact center to free up resources for other services. This will reduce customer complaints 10-15%, while lowering total support costs ~ 4%.

Clients regularly cite time spent working with the real executives who lead our training to articulate the business change their solutions deliver as one of their most valuable takeaways.

You can also role play with your manager or colleagues to get started. 

Quick links to:

Part II

What business change is not

INCREASE REVENUE

Every decision-maker wants to hear about growing revenue, right?

Saying you can 'increase revenue' says nothing - other than you're lacking sufficient detail to be credible.

What stakeholders are thinking:

- This person is fishing for opportunities
- This person doesn't understand my business
- The person is only prepared for a conceptual conversation
- This deal will require my internal resources to specify impact
- WHY AM I TALKING TO THIS PERSON?

MANAGE COSTS

Every company wants to shift capital expenditures to operating expenditures, right?

The 'OpEx-is-better-than-CapEx' argument is too high level for blanket relevancy across accounts.

What stakeholders are thinking:

- I want to increase cash flow
- I want to allocate capital to areas of highest return
- I NEED TO BE CONVINCED I NEED THIS BEFORE I THINK ABOUT HOW I PAY FOR IT

Quick links to:

Part II

Measuring business change

Customers evolve business models in response to changing market conditions, and use specific, often unique metrics to quantify financial returns.

Appreciate that metrics are also a shared responsibility: both you and your customer are motivated to meet the metric. Propose metrics that are consistent with your customer's goals and that you can achieve better than your competition.

Meaningful metrics may be specific to the:

- **Decision-maker:** Their incentive compensation targets as found in Proxies and other publicly information.
- **Company:** Return on Assets, Return on Equity and other corporate-level targets.
- **Project:** Reduce support response times, lower customer complaints, etc.
- **Industry** — With potential to improve performance across industries, cloud sellers must be prepared to work with a widely varying set of vertical market metrics as shown on the following page.

Quick links to:

A powerful ROI awaits sales organizations whose members possess the financial fluency to quantify success the way their customers do.

Part II

Examples of industry-specific metrics

Gaining insight into metrics specific to a vertical market positions you to build credibility across accounts in that industry.

Learn once, Apply often:

Retail	Revenue per square foot/meter, Comparable store sales, Store margin
Oil & Gas	EBITDA, Reservoir performance, Lifting costs
Service Provider	Customer churn, Average Revenue per User (ARPU), Net additions
Financial Services	Efficiency ratio, Combined ratio, Loan growth
Healthcare	Patient safety, Revenue per bed, Cost per patient admission

Account strategies vary by vertical market, so should yours.

Quick links to:

Let's Pause Talk Of The Cloud To Make You A Buyer

- Scenario:**
- You're head of operations for a mid-sized firm
 - Your business insurance costs have been rising sharply
 - You're exploring premium reduction options



Conversation 1:

Salesperson: "Thanks for meeting. We're one of the oldest and largest firms in the country, and have successfully matched policies to many firms like yours. In fact, we're the only 5-star rated firm by Insurater across the board."

"I'd like to start by understanding your company:

- How many employees do you have?
- What are the key issues with your current coverage?
- What are your growth plans - people, locations, etc.?
- What's your claims history?"

Do the foregoing questions elicit relevant information required to quote premiums? Of course.

But how do you – *the buyer* - feel about this conversation?

Are you close to buying anything? Or is your level of commitment guarded? Do you see a clear connection to business outcomes, or feel more like you're being interviewed?

Conversation 2:

Salesperson: From information I gathered from your most recent 10-K and investor presentation, I've been able to model a number of options for managing your premium costs. To preliminarily determine the best fit your business, I'd like to get your input in a few areas."

- First, self-insuring lower-level risks is one way we've helped other clients contain costs. What kind of analysis have you done in this area?
- I know you plan to open a number of new locations, which will impact policy options. How will those sites be staffed?
- Educating employees about risk reduction and issue prevention has proven a high return investment with other clients. What resources do you currently provide?

Feel a little differently?

In this conversation, the salesperson oriented the conversation around you, *the buyer*. They positioned themselves as a partner helping you solve a premium cost problem.

Which conversation is most likely to earn more time with you, the decision-maker? Or secure your support for next steps?

ACCOUNT APPLICATION

Starting the conversation

While businesses of any size can benefit from cloud adoption, it pays to segment your portfolio. Your objective is to prioritize accounts and opportunities best positioned to realize near-term financial returns from a cloud investment:

- **Fast growing.**

Cloud investments allow technology expenditures to more naturally align with rapid growth. Adoption cuts the cost of growth by mitigating low IT utilization rates inherent in the typical stair-step investment pattern whereby incremental outlays lead to overcapacity. Additionally, cloud models can directly aid cash flow, a common challenge associated with fast growers.

- **Lightly regulated.**

Customers operating in highly regulated sectors, such as healthcare, financial services or defense, confront a greater number of decision-making trade-offs. Accounts in less regulated industries tend to be less sensitive to putting data in the cloud, thus quicker to act.

- **Seasonal or uneven demand.**

Think retailers during holiday season, or tax preparers around filing dates. Any account that experiences peak demand at a certain time during the year — or even during the day — is an ideal candidate to realize strong financial returns. Once that period elapses, they simply draw fewer resources.

Quick links to:

Target market segments whose environment has changed, or is changing significantly.

Consider healthcare: aging populations, more expensive treatments, less government subsidies. Or banking: heightened regulation, toxic portfolios.

Prioritizing opportunities

While this paper has so far focused on big, model-changing concepts, it's important to note that your accounts will approach the cloud like any other major new technology: with moderate initial explorations to ascertain worth.

Consider first filtering your portfolio for pilot projects that can be conservatively scoped then leveraged into subsequent deals, versus broad migrations:

- **Quick to implement projects** where deployment is measured in days, not months.
- **High acceptance rate deals** characterized by lower risk, learning curves and potential resistance.
- **Standalone projects** that don't require integration with core business processes and systems.
- **Routine tasks** where automation delivers obvious time and cost savings, such as archiving and back-up.
- **Replacing proprietary applications** whose continued support doesn't add business value.
- **Available customer funding** recognizing not every customer wants to pay as they go. Would offering a daily, weekly or monthly model better align with current budgets?

Quick links to:

Value creation does not end once a sale is made:

- Set realistic expectations
- Track results
- Leverage into the next deal

Helping customers conduct post-project ROI analyses represents an often overlooked, always useful, means to initiate opportunities.

Here's how: 

Part III

Know me before you meet me

It's also essential to understand how the contacts you're targeting make investment decisions - beyond the well-publicized service outages that have reinforced core C-suite concerns of security and reliability.

To simplify discussion about having the right conversation with the right person, I'll group business decision-makers into four main roles:

1. Leader – CEO, Managing Director, President, Owner
2. Financial – CFO, Finance Director
3. Operational – COO, Operations Director
4. Technical CTO, CIO

Business decision-makers must balance returns, revenues, risk, and costs when making cloud investment decisions.



Quick links to:

CIO got Clout?

Use this 6-question quiz
to assess any CIO's
internal authority. [➔](#)

The higher within accounts you
engage, the less price matters

Part III

CFO, Finance Director Role

Let's take a closer look at one role, Financial, to begin developing a profile for engaging financial contacts at your accounts.

Unique characteristics	Retains long memories and can cite examples of past successes and failures. Implication: You better know the account's history.
Sure bet, top-of-mind issue	Maintaining and improving margins
Why they care	<ul style="list-style-type: none">• Reduce time-to-market for new products/services• Lower upfront deployment costs• Shift from fixed to variable costs• Increase asset utilization and returns on capital• Avoid building costly, non-differentiating infrastructure
Relevant metrics	Cost of capital, Cash flow, ROI, ROE, ROIC
Under pressure to:	<ul style="list-style-type: none">• Assure business continuity and compliance• Lead the delivery of reliable financial performance• Improve strategic and operational planning• Reduce and avoid costs• Manage operational and financial risks
Areas of responsibility	Investor relations, treasury/borrowing, accounting, capital structure, risk management, taxes, acquisitions

Quick links to:

Part III

Sell the way customers buy

With an opportunity and target contact in hand, it's now time to communicate the value you can deliver.

Harvard Business School Professor Emeritus Ted Levitt was fond of saying "People don't want a quarter-inch drill, they want a quarter inch hole."

Likewise, people don't buy diamonds for the four Cs — color, cut, clarity and carat weight — they buy the reactions of others.

Apply similar reasoning in selling your cloud solutions. Consider these examples from Michael LeBoeuf, Ph.D., in *How to Win Customers and Keep Them for Life*, to stimulate thought on why your customers are investing in cloud computing:

Don't sell me:

Instead sell me:

Clothes

Sharp appearance, style and attractiveness

Toys

Engaged, happy children

An airline ticket

Fast, safe, on-time arrival at my destination

Quick links to:



How is this any different than what your competitors are saying?

Part III

A thought for Marketing

No work on selling technology would be complete without mention of marketing, albeit a light hearted one. And while no single word is going to help an organization improve win rates, use this activity to initiate collaboration around 'What differentiating value makes you #1 in your industry?'

When I...	I'm called a:
See the doctor	Patient
Buy an airplane ticket	Passenger
Buy insurance	Policyholder
Graduate from college	Alumnus
Buy season tickets	Fan
Invest in your cloud solution	<i>Customer?</i> Surely you can coin a more welcoming, differentiating moniker, yes?

Quick links to:

The lack of alignment between Sales and Marketing I often encounter can be startling. Including members from both organizations in training is an effective way to begin closing the divide.

Part III

Share This Paper With Others

Recognizing that becoming skilled at selling business outcomes is a journey, not an event; this paper covered a lot of ground. I hope you found it useful and relevant to your work.

Tweet This About Cloudy to Your Followers

How to translate the value of technology into performance improving investments business buyers understand, at conversation.com/cloudy.



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Part III

About Executive Conversation, Inc

Executive Conversation is a global learning and consulting company that works with sales and marketing organizations to develop business acumen for selling with a buyer's perspective. The company's comprehensive, blended learning plans have been specifically designed to develop an organization's ability to sell solutions for their power to transform a customer's business. Headquartered in Seattle, Washington, the company has regional offices in London and Singapore and has delivered services in over 60 countries.

About the Author

Eric Beckman has worked with 12 of the Fortune 100 and scores of mid-sized firms to improve financial performance. Recognized as a learning leader, he's implemented volunteer management strategies at United Way, serves on several Boards, and is a licensed CPA. As Executive Vice President at Executive Conversation he's responsible for the company's strategic business development activities and worldwide marketing strategy. He can be reached at ericb@conversation.com.

Quick links to:

A white speech bubble icon with the word "Citations" written inside in a blue, serif font. The bubble has a small tail pointing to the right.

Citations

1. Gartner, “Reimagining IT: The 2011 CIO Agenda,” (2011)
2. IBM, “Inside the Midmarket: A 2011 Perspective” (2011)
3. CRN (2011)
4. Saugatuck Technology (2011)
5. Forrester Research, “Technology Buyer Insight Study: Are Salespeople Prepared For Executive Conversations?” (2010)