

Values the DNA of Value Creation

Could values underpin a new sales paradigm for global and complex sales effectiveness?

Paper: Philip Squire CEO Consalia, Professor David Hennessey, and Michael Hurley Director Hewlett Packard

For further Information: +44 208 977 6944 London or +6597323181 Singapore

Introduction

A research project conducted by Consalia over the last four years provides insights on how to raise standards of sales professionalism for selling complex solutions at a global and local level. 55 executives from 35 companies spanning the Americas, Europe and the Far East took part in the research. The extensive scope of the research project was prompted by an early comment made by a senior board director of a global telecoms company who said of salespeople that in their view 'only 10% of salespeople get it'. Many others shared this view:

Of the decision makers interviewed, 76% felt that *fewer than 10% of salespeople met their expectations.*

This statistic challenges not only the sales profession to improve their sales methodology but also training consultancies to develop new approaches; current taught principles are not effective.

Synthesised review of videoed face-to-face interviews and validation forums helped to identify emergent themes; application to global account selling and complex selling opportunities provide evidence to support them.

Key findings of the research suggest a new paradigm for sales effectiveness, based on a values-led approach, will lead to greater sales success. This has been validated through working initially closely with Hewlett Packard's (HP) outsourcing team and latterly T Systems, Logica CMG, and Professional Services Companies. Commercial sales strategies using the values-led approach have helped win large national and global deals with both new and existing customers. HP has also dramatically improved its closing ratios. Well over 120 people from both the 'sell' and 'buy' side have now contributed to the research findings.

The object of this article is:

- *to explain differences in approach between high performers and low performers*
- *to demonstrate why we believe there is a critical requirement for a paradigm shift in what companies look for in salespeople*
- *to show what the new paradigm should be; provide evidence that this works*
- *to outline how this new paradigm can be applied and consider its implications for the recruitment and development of the sales organisation.*

Differences in approach between high and low performers

Vendors invest millions of dollars and thousands of hours in ensuring that their sales force is equipped with the skills to develop 'strategic relationships' with their customers. So what does it take to be 'strategic'?

A senior banking executive provides a definition and expresses a commonly held view, that it is rare to find salespeople with these skills.

'The first and foremost is you're not strategic if you don't show up with significant, original, intellectual output to our business. Frankly, you see so many vendors in the business who come up and say, "I want to be a strategic vendor." A strategic service is something we can get from no one else. They have to be charismatic enough to get in the door, which is actually quite hard and then intellectually powerful enough to be able to challenge us in a way that we haven't thought of. And you know those combinations of people are rare.'
Director, International Bank.

So what reasons do customers give as to why salespeople underperform and why are these attributes rare to find?

There is a serious misalignment between the values customers seek in salespeople and what they experience. The importance of 'values' emerged after hours of reflecting on videoed customer interviews. Recurrent phrases included *'faithful', 'transparent', 'intellectual moral conversation', 'honesty', 'X isn't trusted because they end up wanting to run your business', 'sly conversations round the back trying to find out information in other ways.. doesn't lend itself to trust'*

A senior director of a Pharmaceutical Company provided simple observations of salespeople who come with what he described as a *'boiler plate'* approach. 'Boiler plate' being where salespeople clearly take presentations made to other companies - change logos on the document - then present what they refer to as *'tailor-made solutions'*. In making these observations the executive questions the *'authenticity'* and *'client centric'* values of the salesperson.

Customers look beyond the spoken word to obtain a perspective of a person's values. They observe behaviour, looking for inner drivers. *'Can I trust this salesperson? Are the salesperson's words consistent with his/her actions? To what extent are our values aligned?'*

Their opinions form the basis for deciding whether they will do business with that individual and/or how they want to do business with that individual.

Why we believe there is a critical requirement for a paradigm shift in what companies look for in salespeople

In an era when it is difficult to sustain a competitive differentiation through product innovation (competitors can quickly replicate) and when Internet-enabled 'knowledge' means customers are better informed, the role of the salesperson must change.

Customers now seek a layer of value that goes beyond the product or solutions that they sell. They look for a complex amalgam of attributes: the ability to sustain intelligent¹ conversation (as one interviewee pleaded *'don't give me data, give me intelligence!'*); leadership to leverage resources from disparate parts of their

¹ The well used phrase *'its all about relationships'* is not now sufficient. Salespeople have to add a layer of value that goes beyond relationship hence the use of the word *'intelligent'*.

organisations; collaboration to work with resources from both inside and outside the companies that both parties represent; underpinned by authenticity. The base line point of entry for salespeople has changed.

To get to the heart of the reasons for what makes for good performers, companies have to look beyond the traditional techniques, skills and processes. These are simply the tools that reflect what is the DNA of behaviour – values. The right behaviors will only come about in an ‘authentic’ way if they are hard-wired into a sales organisation’s ‘belief’ system i.e. if you believe in something strongly enough you will devote time to it and do it.

Values predict the sustainability of a set of behaviors in the field. It is therefore important to understand, measure, and assess what values are being ‘lived’ in the field - not only should we be interested in understanding what the right values are, but the extent to which that they are adopted and lived by the sales organisation.

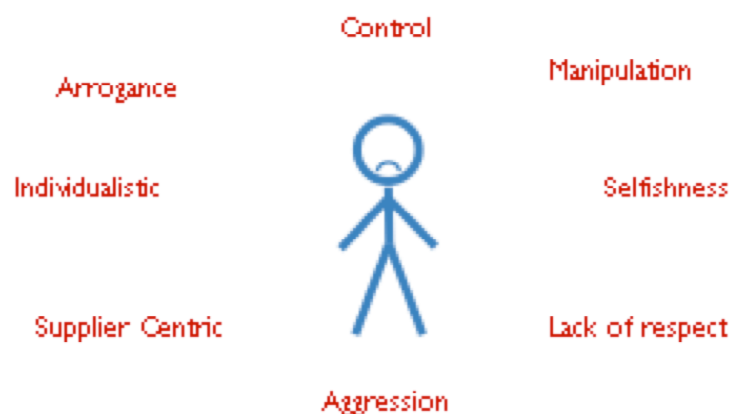
Our enquiries have led us in two important directions:

- Can we group values in terms of those that are considered positive and negative?
- What scholarship has been conducted on how a values-based approach to engaging with customers affects business performance?

Towards a new paradigm?

We identified eight commonly observed negative ‘values’. These values are interpreted through the way salespeople behave and act. As the ‘belief’ system, values are reflected in everything a salesperson does and/or does not do. Values are systemic. They are observed through what salespeople wear; written communication; the questions asked; how they listen; how and what they present; how they deal in negotiation situations; how they respond to changing requirements; requests for information; how they act and respond, how they work with their colleagues. As one interviewee said ‘you can’t fool the customer – hidden agendas don’t work’.

Table One: Commonly observed negative values



We have examined a series of iterations of identifying what is required for effective performance. Initially we used the traditional competency model where we defined ‘customer facing’ competencies, ‘company-facing’ competencies, and considered an organisation’s processes that supported or hindered a salesperson’s ability to sell and develop strategic account relationships. These insights were shaped after a forum co-run by Consalia and Professor Yip of London Business in 2004.

Table Two: Defining Competencies for Strategic Account Selling Effectiveness

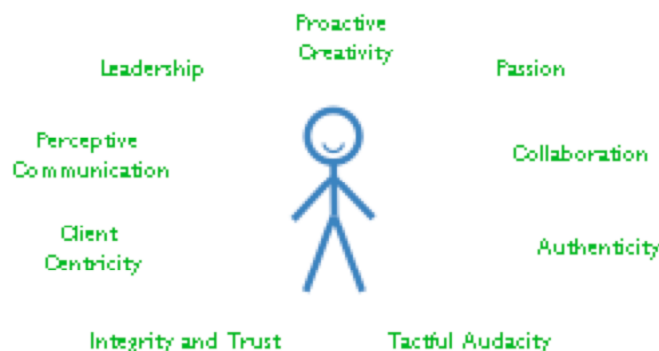


Attending the forum where executives from the sales side and the buy side. We asked those from the buy side to rank what of these competencies did they value the most. Theirs was an unequivocal response ‘proactive innovation’. After some deliberation, those on the sales side came up with resiliency. This an interesting reflection based on the important role they play in trying to leverage the resources of their company to bring value their customers. We comment on this aspect of their work later in the article.

Though these insights are relevant they do not tackle the issue of lived values. As mentioned earlier: a salesperson may have a competency to innovate but to what extent is this a lived value?

In the same way we defined negative values we reviewed the video footage again, this time using a values filter and identified positive values i.e. those values that customers seek of salespeople.

Table Three: Commonly cited positive values



Of these values we considered what were required as 'base line point of entry' and what values, if any, would serve to differentiate one salesperson from another. For example, passion i.e. enthusiasm for one's company and products and solutions is something that matters to customers but we consider this to be a 'base line point of entry' value. Integrity is the same – an important value but one which is 'a given'. We also considered whether all values could be clustered with or behind these positive differentiating values i.e. could they act as a supporting cast?

What emerged are four leading and critical positive values. Before explaining these values it is important to set a context, as the genesis of the development of these values was formed through a set of interviews we conducted in 2003 where we examined a deal constructed between Hewlett Packard and Starbucks.

The timing of the Starbucks deal was just before the historic merger between Hewlett Packard and Compaq and when wireless and mobility technology solutions were emerging. Analysing the demographics of the 14,000,000 million customers that visited the stores revealed that many of these customers were technically savvy and young professionals who were likely to respond to the new technologies. It made huge sense to them to create an Internet and wireless environment in their stores. This would attract the mobile worker into their outlets at less busy times.

Great idea, but at what cost? They estimated that the cost– around \$100 million over five years - was beyond their capex budgets. Howard Schultz CEO of Starbucks with his New Ventures team (Anne Saunders and Lovina McMurchy) went about creating a sales pitch – could this be done for free? Audacious idea. The architects of the idea realised that of the 14,000,000 customers, 45% visited a Starbucks store five times each week - this was one of their strongest assets. They considered how important their customer base was to the IT vendors at the time –what would it cost the vendors to have this number of potential and existing customers 'touch' their technology on a regular basis?

Clearly the advertising and marketing costs associated with getting your brand in front of so many customers is huge and was a core component of Starbuck's value proposition. Such was their conviction that they had a good story that they then decided to invite IT technology companies to tender for the business. In the end Compaq and Starbucks struck a deal.

While this is great story and shows 'audacity' and 'proactive innovation' the twist in the tail is that this idea could have been driven by the vendor not the customer. If Compaq had approached Starbucks with a similar approach based on deep reflection of what mattered to Starbucks, then framed a deal around their emerging wireless solutions this may have been a very different type of deal. Too often we find innovation is driven by the customer not the salesperson.

Reflecting on this example and other customer interviews it became clear that four leading values are Client Centricity, Proactive Creativity, Tactful Audacity and Authenticity. Please see the appendix for descriptors for these values.

Of these, Proactive Creativity and Tactful Audacity *are the two differentiating and outstanding values*, meaning **they are most important for customers and most lacking in salespeople**. These values are reflected through the intellectual and creativity ingenuity observed by customers of salespeople.

However, these values have to be balanced by Client Centricity (for relevance) and Authenticity (for trust). They can be regarded as sales disciplines - mastery of which is achieved through practice and constant

reflection – ‘am I doing the right things for my customers, what creative ideas can I bring, how can I validate these ideas, and by doing so, am I doing the right thing for my company?’

We believe that by living these four values the other values come into play. For example, ‘*Authenticity*’ is important in making sure that claims to creating business value are well validated - interpersonal relationships based on trust and ‘*integrity*’ are a foundation for a customer deciding what privileged information they share with vendors.

A salesperson who is truly ‘*client centric*’ will have a ‘*collaborative*’ mindset. Their enthusiasm to find the right solutions portrays ‘*passion*’ and commitment. They will want to collaborate with customers and other parties to provide the right solutions to customers if they feel their company cannot provide all the components required.

‘*Leadership*’ is demonstrated through the salesperson’s ability to leverage internal resources of their companies to deliver. The word ‘*tactful*’ requires strong ‘*perceptive communication*’ based values i.e. to know how best to communicate, when to challenge, when to listen, when to push and when to hold back.

We concluded therefore that if salespeople live by the four critical guiding values they naturally live the other five. Our hypothesis is that by doing so, salespeople will be able to secure long-term strategic accounts and unprecedented success.

We have conducted a literature and web review of a range of current and past authors on selling. Few books refer to values. In addition we have not discovered any academic research on values for selling. Where values are referred to, it is normally by making reference to trust, integrity and authenticity – these are the base line point of entry. Missing are the outstanding values ‘core proactive innovation’ and ‘tactful audacity’ - values so important to customers.

Why has the topic of values for salespeople not received more attention? Why is there so much attention on corporate values, leadership values and so little focus on values for salespeople? Perhaps it’s because of the sales stereotype where certain attributes are admired, sought and felt to be important. Attributes such as ‘hard-nosed’, ‘aggressive’, ‘gift of the gab’, ‘charmer’, ‘tenacious’, and ‘good closer’. Rarely are values mentioned. It’s a profession that has traditionally attracted a certain type of personality. Our research suggests that the salesperson of the future requires a different mindset.

Evidence that the approach works

This hypothesis has been informed and initially endorsed through an 30-month project working with Hewlett Packard's EMEA outsourcing team. This team handles outsourcing deals of over \$50 million, most of which are global and all are complex.

Mike Hurley and Martyn Cordingley wanted to improve Hewlett Packard's competitive position and felt that creativity in the deal making process was key. Up until then Hewlett Packard was not considered a strategic player in the outsourcing market – to convince customers to outsource to Hewlett Packard was difficult. It could not rely on its brand name. It had to engage with prospective customers in a new and engaging way. A mindset change was required.

A Workshop referred to as Winning Value Proposition (WVP), facilitated by Consalia, brought together HP's brightest minds to consider as many facets of *each deal* as possible. During the workshop the research findings were shared, including video clips, at the outset. This helped to create a deep awareness of the Four Values (Mindset Change). In order to accelerate and deepen levels of customer intimacy the pursuit team were challenged to understand the industry and global logic² of the customer, analysts were engaged in the process (Client Centricity).

Their insights into the client's business helped to identify key drivers and with it insight into what senior executives really cared about. A creative thinking framework challenged existing models of how value could best be brought to customers (Proactive Creativity and Audacity). The pursuit team were encouraged to think beyond core products and services in terms of considering value they could provide for the customer (Client Centricity and Proactive Innovation).

If Hewlett Packard did not have the in-house resources to provide components of the solutions, external resources were engaged (Client Centricity). Each aspect of what was referred to as 'win themes' were carefully assessed as to the validity of their claims (Authenticity).

Where appropriate, clients were themselves carefully challenged if Hewlett Packard felt that the brief would bring them full value (Tactful Audacity and Authenticity). Where deals were global the pursuit team took care to engage with decision influencers from around the world. (Global Client Centricity). The results are impressive.

An interesting and now publicised 'win' was Anglo American. It captures the essence of how this new approach has helped to bring 'value' to both companies, from no relationship to a \$450,000,000 deal over a nine-month time frame. How were the Four Values applied to win the deal? This is a short account from the pursuit project director describing some of the key milestones:

- HP had taken a global perspective in building a collaborative relationship - Anglo American responded well. They engaged their senior 'C' level Information Technology team, also Human Resources and Business Unit Leaders as they realised that they needed to get HP up to speed very quickly to develop its deal strategy. Relationships were developed through a series of collaborative workshops. (Client Centricity)
- HP said: 'We don't understand enough of the problems of your business to write a due diligence plan, we have to see the problems in your business first'. HP then **co-developed** with Anglo American the Due Diligence plan. 'This is quite unique - normally HP does not

² Global Account Management: Creating Value: HD Hennessey, JP Jeannot
© Consalia 2011

have this level of interaction. In the end the incumbent competitor was forced to use our methodology and was therefore on the back foot.’ (Tactful Audacity and Authenticity)

- HP broadened the relationships to key countries - Anglo Coal in Australia, Anglo Copper in Chile and Brazil, and diamond and gold mines in South Africa. It met the Chief Information Officers and Chief Executive Officers of their subsidiaries and learned what their problems were. This meant that our solution met their needs totally - ‘When a mine is 1400 kilometers from the nearest town a 4-hour service does not make sense’. They too liked the collaborative approach. (Client Centricity)
- The WVP Workshop had identified some potential areas of innovation. ‘In mining there are huge issues in knowing about where their assets are (some of the sites are 10 kilometers across) and knowing where their people are in the mines. If they lose track of one person they have to close a mine down for health and safety reasons.’ (Client Centricity)
- ‘The idea of using memory spots or even RFID to physically count people in and out was hugely valuable to them.’ (Proactive Innovation)
- ‘Whether we implemented this technology for them or not is probably irrelevant - it shows HP has breadth and depth. They liked the fact that we brought new ideas and ways of thinking to the table.’ (Proactive Innovation)
- ‘The fact we had developed a deep understanding of their business meant that our ideas were validated and we could build on the emerging win theme of innovation.’

Was this a one off? The following table provides evidence to support the fact that the new approach i.e. WVP (Winning Value Proposition) works. We have been able to make a comparison between deals that used the WVP at the outset of the development of the deal strategy against those that did not.

Table Four: Comparison Summary

	WVP	Value	Non WVP	Value
No of Deals	13		12	
Lost	3	\$342	8	\$3,836
Won	10	\$4,883	4	\$394
Conversion	77%		33%	

Please note this figures apply to deals closed with IT and Professional Services Sectors

A total of \$5,225 billion dollars has been closed on deals where the new approach was applied. All but one of these deals were with global customers. At a 77% conversion rate there is a more than double chance of winning deals using this approach.

The journey has not been easy. Breaking the cultural mindset from within was as difficult as changing the cultural mindset from without. In situations where customers see these deals as purely transactional and where procurement departments are trying to have all vendors compete at the same level so they can compare ‘apples with apples’, salespeople have to be particularly compelling, creative and audacious to change the transactional mindset to a value based mindset. Again the same applies internally to leveraging across the different ‘silos’ of an organisation where same resistance can be found.

What do some of HP's customers say? Not all of the deals have resulted in press announcements. Two that have made the following comments:

Unilever Engages HP to Conduct Due Diligence for Enterprise Computing

PALO ALTO, Calif., and LONDON, Jan 25 2007

HP and Unilever today announced that they have signed a memorandum of understanding to enter into due diligence of Unilever Enterprise Computing operations.

Under the terms of the memorandum, data center operations, server and database management, and application hosting for Unilever Operations in the Americas, Asia, Africa, the Middle East and Turkey would be outsourced to HP if an agreement is reached. The companies hope to reach a definitive agreement in the first half of this year.

"HP has demonstrated a distinctive collaborative approach combined with a clear expertise in the delivery of global services," said Neil Cameron, Chief Information Officer, Unilever. "This potential agreement would be a natural extension of our current relationship. The intention between both parties is to leverage HP's scale, expertise and industry leadership to ensure Unilever has access to world-class technology at substantially lower costs."

The words 'distinctive' and 'collaborative' were indicative of how the pursuit team developed relationships and used innovation and creativity to shape the deal.

The Anglo American deal was announced in February 2007. Further to the comments made earlier in the article the strong collaboration with BT was also indicative of the collaborative mindset of the pursuit team.

Mining company Anglo American is entering into a seven-year, \$450m outsourcing deal with the HP BT partnership

Under the agreement, BT and HP will manage the company's voice services, data centres and end-user IT. They will also create an integrated IT infrastructure across Anglo American's global operations which will bring together the company's various business units onto a common platform. The new infrastructure is estimated to be finished in 18 months to two years.

A spokeswoman for Anglo American told silicon.com: "We want to have a single infrastructure across all of our businesses and we believe that by going with BT and HP we'll be able to achieve that more quickly than if we did that ourselves."

The spokeswoman said saving money is not the main reason for the deal

Implications for Recruitment and Selection, Training and Development and Sales Process

This article raises important questions for recruitment, sales training and development, sales leadership and sales process. Do traditional sales competencies map with customer expectations? Do traditional sales training programmes address the key competencies? Does sales leadership show how to achieve deeper levels of customer intimacy and are they coaching their sales teams in the right way? Are a company's sales processes reflecting its core values? Our research indicates not.

Table Five: Contrasting Approaches

Traditional Sales Practice	Future Mindset
Sales Process	Adapted Process
Competency and Behaviour	Adapted Competency and Behaviour
	Values-Based Approach

Accepting the fact that it is rare to find salespeople with the right combination of attributes, companies have to seriously question current and traditional sales competency and sales process best practices as they are, in their own domain, not effective.

For example, we have reviewed a number of traditional competency models for salespeople and find that companies are not looking for competencies that reflect two of the outstanding and differentiating values of Proactive Innovation and Tactful Audacity. If these competencies are not considered in the recruitment process then there is little chance that sales leaders will be looking for these qualities.

We conclude that traditional competency models do not do enough to assess lived values. Assessment Centres and Development Centres test an individual’s competencies at a certain point in time – this is no guarantee that these values will be lived in the field³. We therefore question the value of traditional Assessment Centre /Development Centre approaches and suggest an adapted approach to encapsulate customer centric values is more effective.

Most sales training and development workshops do not allude to values and are technique and process based. At worst we consider some of the techniques espoused unethical and contradicting the value of authenticity. Many of suggested processes are about closing down the conversation towards a sale. The value ‘Proactive Creativity’ requires the opposite. In order to close, one has first to open up: as Otto Scharmer describes, developing new ideas requires ‘letting go and letting come’. The ability to think outside the box requires self-confidence and skills of synthesis.⁴

Salespeople have to learn a new language and modus operandi. They need to engage in a new dialogue both with themselves and their customers. The concept of lived values is key. In order to be authentic salespeople have to be true to themselves. From a values perspective their world is complex as they have to balance personal values, company values and customer values.

³ (One customer who had four years ago implemented an EMEA Development Centre for over 3000 of its sales force has seen no discernable change in its customer satisfaction surveys either the competencies were not being lived or they were measuring competencies that had no impact on customer satisfaction)

⁴ Howard Gardner ‘Find Minds for the Future’ Harvard Business Press 2006 suggests Synthesis and Creativity as two key disciplines

As described earlier, to get to the heart of the reasons for what makes good performers, companies have to look beyond the traditional techniques, skills and processes. These are simply the tools that reflect what is the DNA of behaviour – values. The right behaviors will only come about in an ‘authentic’ way if they are hard-wired into a sales organisation’s ‘belief’ system i.e. if you believe in something strongly enough you will devote time to it and do it.

Concluding Comments

The current paradigm for sales effectiveness is not working

- This is obvious from customer comments - buyers are more sophisticated, they look for core values and are wary of the salesperson’s ‘tricks of the trade’.
- Most current competency models produce average performers
- Process and technique-based sales training programmes produce little return. Practices encouraged by some sales techniques are frequently seen by customers as being unethical. Salespeople often see them as irrelevant and more an irritant than an aid. Technique-based training does not easily transfer across cultures where communication protocols differ.
- Most sales practices espoused by sales training experts are not based on solid research.

Thomas Kuhn in his book ‘The Structure of Scientific Revolutions’ talks about ‘major turning points’ in scientific history and said that ‘each necessitated the community’s rejection of one- time honoured scientific theory in favour of another incompatible with it’. Can this notion be applied to the profession of sales?

Our research suggests a new paradigm for the sales profession is required based on:

- The notion of lived values –these are the guiding principals ie policy makers, for action and behaviour. They result in authenticity.
- Customer centric values – the Four Values of Client Centricity, Tactful Audacity, Proactive Creativity and Authenticity should be central to recruitment, training and development and coaching solutions
- Clear understanding of what is required from sales leaders and that sales processes support these values.

Much can be done to improve the professionalism of salespeople. Perhaps the profession would benefit from a more academic approach? Unlike other professions few universities offer degrees in selling. This is curiously absurd given the key role sales play in driving economic growth.

Selling is the oldest profession, yet in many ways it has not moved on. There has been no step change in sales practice. Perhaps now is time for sales professionals and sales leaders to radically rethink what is required. Certainly our customers seem to be suggesting that.

For further information: +44 208 977 6944

Appendix: The four critical values with their descriptors are:

Client Centricity

- Genuinely desires to fully understand the customer's business. Naturally inquisitive.
- Believes it is essential to have a good understanding of the company direction and issues confronting the customer.
- Focuses on customer needs and providing the best-fit solution - not on finding a home for an 'off-the-shelf' solution.
- Is diligent, dedicated and flexible with each customer.
- Passionate about own role and helping customers to improve their business. Positive disposition.
- Recognises that the role is to lead the solution and take personal responsibility.
- Believes in building long-term relationships and value added relationships. Sees this as win/ win.
- Believes in working alongside the customer in an equal relationship – and not steering the customer to a pre-conceived solution.
- Has the ability to make complex concepts and solutions simple.
- Is aware of customer time pressures.
- Has acute sensitivity to what is proper and appropriate in dealing with others.
- Has energy and a sense of urgency – wants to get things done.

Proactive Creativity

- Recognises that clients value creativity highly and that own role is to constantly consider new ways to innovate.
- Creative thinker. Strives to invent creative solutions.
- Is proactive in taking the time to think of ways in which to assist the customer's business.
- Recognises that creativity is a mindset and relates not only to technical innovation but also to all aspects of the role.

Tactful Audacity (knowing how far to go)

- Fearless and daring when suggesting solutions and collaborations to customers.
- Willing to take surprisingly bold risks.
- Not afraid to stick their neck out.
- Has a keen sense of what to do or say to avoid giving offence.
- Understands intuitively the complexities of situations, discussions and human dynamics and the appropriate behaviours required.

Authenticity

- Is honest and has integrity resulting in undisputed credibility.
- Unpretentious and free from affectation, inflated self-image and hypocrisy.
- Does not feel the need to be seen as more important or knowledgeable than the customer. Is confident in own abilities.