Building Your New Growth Engine
Is Selling Dead?

Three small words. One powerful and provocative question. The answer has potentially severe consequences for a corporate America dependent on sales teams for not just growth but survival.

The premise behind this book is that the business and profession of selling are about to change. Soon. Dramatically. Forever.

After decades of inspired productivity advances throughout the enterprise (production, distribution, back office, product development, communication, etc.), selling units on the whole have found themselves lagging pathetically behind in the race for more with less.

In an article titled “Measuring Up” in the March 2005 issue of *Sales and Marketing Management*, several reports and studies about the underperformance and unacceptable productivity levels of sales teams were discussed.¹ One of the studies was conducted by Accenture, a management consulting firm. Accenture had administered a survey finding that senior executives rated sales as the most critical department from a value perspective. Yet, 56 percent of these same executives felt their sales teams performed at only a mediocre, undifferentiated level, while an
additional 28 percent felt their teams were performing either below average or at a catastrophically bad level.

Accenture’s conclusion about the cause of disturbingly low levels of sales productivity? It wasn’t due to inefficiencies. Nor was it caused by generating an insufficient volume of selling leads. Not from poor retention of customers, either. Rather, the culprit that caused 84 percent of senior executives to feel their sales teams were lagging behind on the productivity curve was “an inability [of salespeople] to effectively manage sales opportunities.” Ineffectiveness is the key constraint.

Why? Why has corporate America allowed its selling units to function in a business as usual manner? Why has corporate America failed to demand the same productivity gains from its sales teams as it has demanded from other business units?

A partial explanation comes from the brilliant and renowned Peter Drucker, who has been widely quoted with the following insight: “Marketing and innovation make money. Everything else in a business is a cost.” In other words, product development, marketing, and sales (a subset of marketing) are the drivers of revenue and profit. Everything else is a profit-killing drain on a profit-motivated organization.

Drucker’s statement reflects a prevailing sentiment in corporate America. The result has been an ongoing productivity revolution . . . a war primarily waged against non-money-multiplying uses of cash. The area most unaffected by this growing revolution, and the area that has recently begun to actually do less and less with more and more, is sales. Because sales is the area of a business that most directly correlates to revenue in the collective business psyche, it’s been the last area to be rightsized and purged of unessential costs and inefficiencies. Although executives recognize the underoptimized performance of their selling teams, they have either lacked the formula for making improvements or the discipline to carry them out.

The old equation for increasing profits (cut non-market-driving costs + invest more in sales & marketing = increased profits) no longer holds true. Increased investment in the sales arena, at least with sales being in its current apathetic condition, is often a mistake. A big mistake. The most egregious and dubious example was former IBM CEO John Akers’ strategy in the early 1990s to turn thousands of IBM employees (“overhead”) into salespeople (“growth drivers”). The ill-fated attempt nearly sank the ship.
The primary reason why investing in sales is no longer a safe way to grow profits, and a second major culprit in why sales mediocrity has been tolerated, is that there have been no new, disruptive, and (most important) accurate ideas about dramatic sales effectiveness improvement since Neil Rackham authored *SPIN Selling* and *Major Account Sales Strategy* in the late 1980s. Conventional sales investments such as training, adding more salespeople, intensifying marketing support, disseminating sales-automation technology, and improving sales management practices do little more than recycle the same ideas and methodologies that are powering today’s mediocre-to-disappointing results. Such conventional investments will add cost at a faster pace than profitability can match.

The cost of sales is already much too expensive. For example, corporate America has bid up the total compensation of free agent sellers to the point where it well exceeds the true value those sellers deliver back to their organizations. Pay has increased well beyond and much more rapidly than the depth and speed of sales productivity gains. Even those sellers who lack discipline, skill, effective strategy, and threshold talent get to eat and live well from the charitable overpayments of their employers. We see many $125,000-plus salaries being paid to glorified account managers and customer service people who bear the title of salesperson, but who are incapable of actually being consistent creators of business value and new business revenue. That’s a lot of money to pay for a cream-skimming, easily replaced, noncreator of demand and growth.

The cost versus productivity of salespeople has become so high that the aforementioned Peter Drucker has commented: “People are simply too expensive to be used for selling. We cannot, by and large, sell anymore—we must market, i.e., we must create the desire to buy which we then can satisfy without a great deal of selling.”

So, it’s now time for selling to die. And it’s time for all salespeople to lose their jobs. All 18 million of them here in the United States. The sooner the better.

Unfortunately, organizations cannot kill selling and dispense with their sales teams because organizations have nothing with which to replace selling and salespeople. No better means of creating and managing large selling opportunities exist. Moreover, no suitable replacements are on the horizon. The utopian marketing endeavors called for by Drucker
are nonexistent. Generally, marketing alone is absolutely inadequate to drive new business in large, complex selling environments, especially where the product or service represents innovation or a new application for the buying organization.

This brings us to the answer of our question: *Is selling dead?* The answer, of course, is that selling is not literally dead. In fact, effective and efficient selling is needed more now than ever before—if only because there are no practical alternatives. However, traditional selling strategies and roles have lost relevance in today’s marketplace. Because of this death of relevance, salespeople are ill-equipped to drive growth on the shifting surface of today’s economic landscape. They are only prepared to excel in market conditions that no longer exist, and that will probably never return again.

Selling is broken. Because selling is the business of doing business, we are all affected. Returning to Drucker one last time to articulate the importance and priority of fixing sales, he wrote, “*The purpose of a business is to create and keep a customer.*” In other words, the purpose is sales and everything else just supports sales. Although Drucker gave us this simple logic over 30 years ago, it has continued to resonate despite the last 30 years of wrenching economic change, massive job shifts, and multiple bubble bursts. How do we create and keep new customers when selling is broken . . . and increasingly irrelevant? We must have an answer. We must have that answer now.

Before offering mechanisms to revitalize growth and ignite a productivity boom in the sales arena, let us first explain the dynamics at play that have devalued salespeople and selling as a whole—at least in their current state. Before you can understand these new mechanisms, you must understand the market forces that have stolen relevance from the sales roles and strategies originally created for a no-longer-existent marketplace typified by slower innovation and higher demand.

Three primary market dynamics work together to reshape selling and devour the relevance of sellers operating on old paradigms:

- The Cadence of Commoditization
- The Bend in Buying
- The Dissipation of Distance
Market Dynamic 1: The Cadence of Commoditization

Few would disagree that we live in an age of rapid, accelerating, and endless innovation. The age of innovation, however, is still in its infancy, indicating further expansion of innovation is imminent.

An interesting repercussion associated with innovation is that one man’s innovation creates another man’s commodity. Innovation is an opportunity for one organization and a downfall for another. Think about it. Nearly every successful launch of an innovation simultaneously commoditizes another offering.

This corporate Darwinism used to occur every few years in a given industry. Today, the ever faster pace of innovation seems to make commoditization a yearly, quarterly, or sometimes even monthly occurrence in industry after industry.

The quickening cadence of commoditization places tremendous pressure on selling teams from two perspectives:

1. The pressure to sell the new innovation that represents the future of a company and achieve rapid market and financial success with the innovation before the next wave of innovation commoditizes it.
2. The simultaneous challenge to protect the organization’s cash cow commodity, which is needed to sustain the company until the full transformation to the innovation has successfully been achieved.

Sales teams rarely falter when selling commodities because buyers see commodities as safe, comfortable, existing applications. However, once a company’s core business has matured and the market for those commoditized offerings has become saturated, organizations must turn to innovation for growth and survival. Unfortunately, there is powerful evidence that the transition of sales teams from selling commodities to selling innovative new platforms is difficult and fraught with failure. The real challenge in selling is selling innovation.

The reason why selling innovation is so difficult is simple. Buyers are resistant to buying the “new.” The “new” represents uncertainty, risk, and high potential for loss. It is a leap into the unknown that causes predictable buyer reluctance and steep resistance.
Nobel Prize–winning psychologist Daniel Kahneman, along with colleagues including Amos Tversky, has done significant research on how decisions are made. Their studies clearly demonstrate that fear is a much stronger and more intense motivator than the desire for gain. In fact, the intensity of emotion around the fear of loss is over twice that of the emotion around opportunity for improvement. Since organizations are simply made up of people with the same fears as you and I, it is easy to understand why “buying the new” generates powerful fear and resistance with buyers. Similarly, it is easy to understand why selling the new (in the form of innovation) is such a difficult and imposing challenge.

How bad are sales teams at selling innovation? In their excellent book, *The Innovator’s Solution*, Clayton Christensen and Michael Raynor found that only 1 in 10 companies can sustain growth that translates into above-average increases in owner and shareholder return for more than a few years. The authors argue that, quite often, new growth initiatives cause a company to begin a downward spiral of failure from which most never recover.

Why? From a sales perspective, the following cycle of failure often occurs:

1. The core business approaches maturity and margins are threatened.
2. Executives develop strategies to generate new growth.
3. The company invests aggressively in creating or acquiring the new capabilities or offerings (a.k.a., innovation) that will lead to renewal.
4. The sales team is introduced to and trained on the innovative offerings.
5. The sales and marketing team sputters; they fail to make efficient and significant inroads in the market with the innovations.
6. Results are dismal.
7. Leadership is forced out.
8. New management refocuses the company back to its original core market, products, and services.
9. The result: slow growth, moderate margins, and a clouded future.

This cycle is repeated over and over, in company after company. Innovating is often easier done than selling innovation. New growth initia-
tives for going to market with innovation are highly successful on occasion, but there is an uneasy randomness to success.

The cadence of commoditization requires that selling teams get good at selling innovation. Consistently good. This is an essential competence. Why? Because being effective and efficient at selling innovation is simultaneously both an organization’s best offense and defense. Unfortunately, at a time when selling innovative new applications is becoming more critical, most salespeople lack a process and framework for doing so. The roles, strategies, process, and skills possessed by most sellers are appropriate and effective for selling commodities and existing applications. These roles, strategies, processes, and skills don’t translate into the effective and efficient selling of innovation and new applications.

Market Dynamic 2: The Bend in Buying

Technology advances, ever-mounting time constraints, and the drive for productivity gains in non-money-multiplying functional departments have converged to create what we call a bend in buying. To explain and articulate the bend in buying, we will recite a story about Wal-Mart recently shared with us by Neil Rackham.

Wal-Mart is perhaps the savviest of the savvy when it comes to purchasing. Many of you may even be familiar with the sign Wal-Mart posted above its purchasing agents’ door decades ago that basically read, “Don’t call on us unless you manufacture it.” Wal-Mart executives knew early on that the company needed to buy direct if it was to be the low-cost retailer in its market.

Rackham tells us that, recently, Wal-Mart discovered that a large percentage of its purchasing agents’ time was spent researching and purchasing products, which contributed to only a small percentage of Wal-Mart profits. Because Wal-Mart employed almost 4,000 buyers, this inefficiency was easily costing over $100 million annually.

Wal-Mart’s solution: Use the Internet exclusively to purchase the large number of goods that are of low strategic impact to Wal-Mart’s bottom line. By initiating this new purchasing protocol, Wal-Mart was able to significantly reduce the size of its purchasing staff and dramatically cut its $100 million annual inefficiency. Perhaps Wal-Mart has since
replaced its previous sign with a new one for salespeople: “Don’t call on
us—period.”

_The lesson for sellers?_

If you sell commodities and don’t personally offer any additional
source of bottom-line value, your buyers will need you less and less, and
eventually (soon) not at all. Information and commerce technologies
will make you an anchor to your clients and your employer.

Remember, when selling offerings that represent existing applica-
tions for your buyers, those offerings are viewed as nonstrategic pro-
curements. Buyers know significant productivity advances come from
new applications, not existing applications. At best, your existing appli-
cations will be seen as tactical, incremental sources of gain. Buyers won’t
have time to meet with sellers of tactical offerings.

The majority of sellers who can’t effectively and consistently sell
new applications (innovation) add less value to their organizations and
their buyers’ organizations. This is the majority. They are becoming
obsolete. The bend in buying will force sellers upstream—or out.

The new acid test for a sales team: Can they sell the new applications
that significantly impact a buyer’s bottom line? Can they build a case for
strategic change? Can they become _businesspeople who sell_?

**Market Dynamic 3: The Dissipation of Distance**

The third market dynamic that is stripping away the relevance of sellers
is the dissipation of distance. Frances Cairncross wrote an intriguing
book on this subject called _The Death of Distance_. The book discusses
how technology and the Internet will soon combine to erase the geo-
graphic boundaries that currently restrict commerce.

In simple terms, when “voice, video, and data” gradually achieve a
critical-mass state, the sales call will change forever and on a broad
scope. Sellers will digitally achieve the effect of knee-to-knee, belly-to-
belly, face-to-face meetings. Such technological advances will dramati-
cally increase time available to sell. The cost of sales (and sales calls) will
also be significantly lowered due to the drastic reduction in travel
expenses.

This is the weakest of the three market forces deteriorating the value
of sales and sellers. It does not diminish all salespeople equally. Its impact
will primarily be in the form of needing fewer salespeople to achieve the same results. The less talented and mediocre performers will be the ones cast out. The dissipation of distance will also introduce an era of increased specialization amongst sellers, with sellers focusing on more narrow niche markets unlimited by geography.

The combination of more sales time per salesperson, reduced travel costs, and greater specialization of roles represents one of the two possible drivers of sales productivity increases: the efficiency driver. The second, more powerful driver of sales productivity advances is improved effectiveness. However, if the efficiency driver occurs first (more time to sell + less travel cost = more sales at a lower cost), it will create organizational satisfaction that will be a disincentive for the second, more powerful driver . . . improved effectiveness. Without a push for improved effectiveness by corporate America, even the sellers who survive the dissipation of distance will continue to struggle selling innovation, thus adding less and less value to both buyer organizations and their own employers.

Revitalizing the Role and Relevance of Sales

Although you may be surprised, this book is not about the demise of selling. Rather, it’s about the resurgence of selling. This book is an optimistic look about how to reinvigorate sales productivity through increased effectiveness. Selling Is Dead jumps right into solving the challenges created by the three market dynamics described here. Selling Is Dead presents a new role for sales units and a new strategic framework for achieving greater value for the buyer’s and seller’s organizations alike. It’s a book about growth engines and customer abundance.

Again, more than ever before, corporate America will rely on its sales teams to survive, differentiate, grow, and create. Relevance must be restored and advanced, and Selling Is Dead provides a disciplined approach for doing just that.

Notes


To paraphrase Peter Drucker, the purpose of any business has always been to create and keep new customers. New customers drive real and significant growth for most companies, and ensure survival for others.

But something has changed. It’s all very different now. The path to new opportunities—and customers—has been blurred. Fractured. Often ending in sharp, impassable chasms.

New business revenue has become increasingly scarce. Belts are getting tighter. And tighter.

The sweeping entrance of the so-called new economy has rendered the conventional growth strategies employed by most sales teams ineffective. Salespeople, the champions of growth, must adopt a new strategic framework; they must be reinvented and redeployed.

“My notion is that selling is dead. These days, [salespeople] have to be customer-productivity experts.”

Jeff Immelt
CEO, General Electric
From Customer Intimacy by Fred Wiersema¹
This is a wake-up call. Many companies are behind the proverbial curve, and they don’t know it...yet. But they soon will, and they will search for a new growth engine to help them catch up in terms of competitiveness and customer count.

_Selling Is Dead_ is for major account sellers. You must become customer productivity experts. You must begin to add much more value, significant value beyond the product or service you currently offer. _But, in order to do so, you must first understand the very nature of buyer demand—and how it affects all your sales strategy and market-facing endeavors._

By the time you turn the final page of this book, we hope you understand that customer scarcity is a self-inflicted epidemic. Although the paths to new customers may now be more fragile, more complex, and even more unforgiving, they are still there, somewhere. Just let buyers be your guides, your beacons.

Our research has found that most salespeople are strategically misaligned on several key levels. Because this misalignment is so common across a wide variety of industries, an enormous opportunity is available for sales teams to create competitive advantage by how they face the market. The sales organizations that adopt the strategic frameworks outlined in this book will be rewarded with an _enduring market advantage_ and an _abundance of new customers._

**Why Is This Book So Important?**

1. _Previous Research and Sales Theory Are Not Sufficiently Precise_

Past research has clearly proven that the skills and strategies that work in small sales are ineffective in larger sales. Large account selling is
distinctive. It requires a unique effectiveness methodology. Applying short-cycle skills to larger, longer-cycle sales is a proven recipe for failure. This has been validated through years of exhaustive research by Neil Rackham, the renowned sales author, consultant, and founder of Huthwaite. We encourage you to learn about the disparities between small and large sales (and much more) in Rackham’s bestseller, *SPIN Selling.* However, although Rackham’s research proves the disparities between proper small account and large account selling are significant, it does not break down major account sales into more precise subcategories that allow for more appropriate and accurate sales strategies.

Our research, and the premise of this book, is based on the fact that there are different types of large, major account sales. In fact, there are four categories of large sales (Figure 1.1). Most important, each category has its own set of best practices, requiring a separate set of selling skills and strategies for optimum sales effectiveness. That’s due to two important elements: buying behavior and the buyer decision-making process. Both change from one type of large sale to another. This shift in behavior and decision processes from one major account category to the next can be severe, dramatic, and profound.

*Selling Is Dead* represents a major turning point in the discipline of selling because it claims using a singular, general set of major account sales strategies and skills is bad practice. This book contributes to sales literature by explaining the multiple sets of sales frameworks, each used situationally based upon the specific type of major account sale.

![Figure 1.1](image.png)

**Figure 1.1** There are four different types of large sales, each with its own set of unique challenges.
The implications for major account sellers are significant. A selling team that adopts a generalist, large-sale strategic framework will most likely head down a path of high market resistance, wasted opportunities, and buyer inertia. Correspondingly, the selling team that adapts its tactics and strategies to the appropriate category of major account sales will gain a clear advantage in the market.

No longer will a broad, major account selling strategy be enough. A more focused framework that mirrors the demand type of the buyer is necessary to achieve the one goal of all sellers—market optimization.

2. Selling Is Dead Introduces the Components of a Best-Practice Strategic Selling Framework for Large Sales

Think Broad Sales Framework—Not Narrow Sales Training

For most organizations, their selling system essentially is little more than a specific sales training methodology. Unfortunately, sales training is no longer sufficient for those major account selling organizations that seek to build a best-practice growth foundation.

Instead, it is essential to implement a full sales framework. A framework is a broader, more complex mechanism that goes beyond the overly simplistic and constricting elements of sales training models. A framework ultimately defines, dictates, and drives the manner in which a selling organization creates and manages its vital selling opportunities.

Sales training systems typically comprise skills that are primarily taught to salespeople, while a sales framework goes well beyond skills taught to and applied by salespeople. This book explains the foundation and main components of a full sales framework. Therefore, it’s important for us, the authors, to differentiate Selling Is Dead and its teachings from other books about sales. In fact, we chose the title of this book to prevent a perception that it’s a narrow sales training methodology (e.g., Strategic Selling, Solution Selling, Conceptual Selling, Selling to VITO, etc.); such a misperception dramatically diminishes the scale, scope, and significance of this work.

Although we provide much greater detail about selling frameworks in Chapter 4, here are the five major structural elements, each beginning with the letter S (Figure 1.2).
1. **Suppositions.** Suppositions are those guiding beliefs that dictate how an organization philosophically chooses to face its market. Without including formal suppositions in the sales framework, every individual in the sales team will likely develop a unique set of beliefs. No uniformity. Many of these beliefs will run
counter to each other and damage productivity. Cohesiveness within a sales team begins with shared beliefs about how to sell. Therefore, sales leadership must manage beliefs.

2. **Strategies.** You will learn a great deal about creating and executing strategies in this book. For now, however, understand that strategies are the broad plans for achieving sales objectives. As you will learn, strategies need to be adjusted throughout the selling cycle with each sales opportunity. A formal, disciplined set of strategies must be included in the broad sales framework, and employed uniformly and consistently across the sales team.

3. **Steps to “yes.”** The best path to a buyer commitment in a large sale typically consists of multiple steps in the sales process. Each sales call that takes place when managing a sales opportunity is a step. These steps should be used in a sequence that is consistent with the overall strategies being employed. As you will learn, large sales are not linear. Rather, each sales opportunity has its own unique sequence because each buying entity is distinctive. This book discusses powerful sales steps that can be used to advance buyers toward “yes” decisions in the most efficient manner possible.

4. **Skills.** Best-practice skills are essential when faced with large selling opportunities. Selling larger offerings that represent moderate to high risk to buyers requires its own unique set of competencies. Neil Rackham made that point very clear in the late 1980s. However, because there are four different types of large sales, salespeople must be able to execute a wide variety of situation-specific skills. Our aim is to bring these skills to the forefront where they can be structured, taught, and leveraged across all market-facers in an organization.

5. **Systems.** Sales organizations must have management systems in place to hold the sales framework together—and to hold members of the sales team accountable to the framework. Without rigorous systems, breakdowns occur and the framework will fail. Best practices have recently been redefined as they relate to sales systems. *Selling Is Dead* discusses some of these important systems, which maintain a cohesive selling effort across an organization.
Case Study: The Impact of Implementing a Selling Framework at CGS

David Peckinpaugh joined Conferon Global Services in 1998 and is the company’s executive vice president of sales and marketing. Between 1998 and 2004, Conferon Global Services became the largest meeting management firm in the world. During this period, the company more than tripled its revenue and more than doubled the size of its sales organization. Although much of this growth came from acquisitions, Conferon Global Services experienced unprecedented real growth from dramatically increasing its new business revenue each year under David’s stewardship of the sales team.

The sales organization that David inherited in 1998 was not in need of a savior. The company was not in a turnaround mode or performing poorly. According to David, “We weren’t broken as a company or as a sales team when I came aboard. The opposite was true. Our numbers were healthy and our growth was fairly steady.”

However, David quickly realized that the sales effort at Conferon Global Services was far from optimized. “In order for us to reach the next level of growth, I knew we had to change. Primarily, we were too loose, casual, and unstructured as a sales team. That may not be highly detrimental to a small sales team, but I felt we had grown to a point where the lack of cohesiveness and uniformity would prevent us from optimizing our key markets and successfully adding new salespeople to our sales team.”

Cohesiveness was lacking on multiple fronts:

- Members of the sales team had graduated from different schools of sales thought, which essentially meant that everyone spoke a different sales language. This problem grew with each new hire and acquisition. Everyone managed sales opportunities differently, so many opportunities were being managed poorly and lost.
- Sales managers also subscribed to their own sets of sales strategies, which led to members of the sales team receiving conflicting advice.
- No systems were in place to hold people accountable and to monitor sales activity. The sales team was geographically dispersed, so there was little opportunity for managers to spend time in the field or otherwise closely manage each person.

In order to establish some discipline and cohesiveness in the sales team, David and his lieutenants created a comprehensive sales framework, which was branded as the Conferon Global Services Way. This framework (continued)
was phased in gradually between 1998 and 2004. Some of the components of this framework are as follows:

- A unified set of suppositions was actively instilled in members of the sales team. The mentality changed from everyone being relational product and service salespeople to value-multiplying businesspeople who sell total solutions and generate new business.

- The sales team adopted a single sales methodology that was based on buyer models. For the first time, every member of the sales team operated with the same set of strategies, skills, and process steps. A Conferon language emerged.

- David also created mechanisms to quickly ramp up new hires and newly acquired sales teams. Rapidly engraining these people in the Conferon Global Services Way prevented them from unknowingly tearing at the fabric of cohesiveness that David was seeking to create.

- Systems were in place to hold people accountable to the new methodologies. These systems included a customer relationship management (CRM) system that reinforced the methodologies while providing managers with key data, a revamped compensation system, and routine coaching programs.

“The sales framework really fostered a period of strong growth for us, even during some tough economic conditions for our industry,” David told us. “What’s interesting is that the framework has become a valuable part of our culture, and it’s been embraced by leadership throughout our organization. It has also helped us soften the transition when acquiring companies and integrating their sales teams. In fact, these acquisitions are more successful. First of all, we can make the salespeople from these companies more effective by immediately plugging them into our framework. Second, because our existing people are experienced selling business value, not just products or services, they can quickly adapt to selling the offerings of the acquired organizations.”

The impact of the Conferon Global Services Way framework is apparent in the 633 percent growth in new business revenue (not total revenue) each year from new clients between 1999 and 2004:*

1999: $1.5 million  
2002: $5.9 million  
2004: $9.5 million

*These numbers do not represent total revenue for CGS, but revenue from new clients each year.
3. Selling Is Dead Integrates the Four Types of Large Sales into a New, Distinctive Framework

If your sale is a large sale, your sales framework must be reconstructed to reflect the four types of large sales. Otherwise, your selling framework cannot be considered a best-practice, or even a good-practice, system.

The overall selling framework described in Selling Is Dead is the first to account for all four types of large selling opportunities and how buyers change the way they make buying decisions based on the type of offering they are buying. Buyers do not make all large buying decisions in the same way. The flexibility of this framework allows sellers to adjust their strategy and sales process appropriately from buyer to buyer.

We hope that you will see the importance of the flexible, comprehensive framework outlined in this book—and adopt it.

Even if you have a group of stars on your team, the majority of your sales team probably lags well behind optimum performance. They may be effective enough to keep their jobs, but lack the talent or self-development methodologies necessary to become optimum performers. However, if this group of moderate achievers can be plugged into an appropriate, learnable, and executable sales framework, their productivity can be enhanced significantly. A sales framework can serve as a compass, helping to guide sellers down proper strategic paths step-by-step. Moreover, sellers functioning in the same selling framework can more easily learn from each other and share best practices.

4. A Forest or . . . Trees?

Most sales books are purely tactical. They lack strategic value. We are confident that you will find this book to be strategically significant. Applying the models and ideas in this book should lead to strategic adjustments both inside and outside your traditional sales organization.

For an organization to extract the full benefit of the concepts presented in Selling Is Dead, these concepts should be understood and promoted by the most senior of management. These ideas must be applied to all market-facing units within a company: for example, sales, customer service/account management, marketing, product development, product managers, and project engineers.
In other words, because of the importance of these concepts, they should impact the processes, business rules, and decision making of all market-facing units. This book should challenge each of these nonsales units. In fact, many of our clients who initially implement these strategies within their sales domain soon want to realign their marketing strategies and account development efforts. Please consider these strategies as not just sales strategies, but broader market-facing strategies.

The additional strategic significance of Selling Is Dead includes:

- You will find a powerful weapon in the form of a process for differentiation that will drive success in competitive selling environments.
- This book provides insight into how sales and marketing strategies must be adjusted over the life cycles of products and services.
- This book shares concepts that represent the key to selling innovation and driving buyer change. Thus, if appropriately applied, these concepts increase the likelihood of success for new product and service offerings.
You will learn a formula for dramatically and organically growing revenue and profits through seamless alignment with buyers and enhanced ability to deliver more impactful buying experiences to your market.

You’re in Charge. What Are You Going to Do?

Okay, let’s get busy. Here is an interesting case study for you to work through.

Congratulations, you are the new VP of sales for Axcellerant. You should be excited because Axcellerant is a very promising technology company with a solid business model and a genuinely good and experienced management team.

Your primary market consists of Fortune 1000 companies. The good news: All of them would benefit from Axcellerant offerings. So, what does Axcellerant do? As the VP of sales, what will you be selling?

Well . . . maybe this book isn’t as important as some of these other books. Then again, if you’re under pressure to hit your sales quota, you may want to keep reading this one.
Your primary revenue generator is *Axcellerant Blue*, a knowledge management tool. *Axcellerant Blue* allows various work groups within the IT department to better understand the company’s software assets, to organize these assets, and then to share and reuse these assets. Each large company has hundreds or even thousands of programmers who write new code every day for various applications. Previously, they had to start from scratch each time when writing code. *Axcellerant Blue* allows programmers to search through existing software for the purpose of identifying a program that can be leveraged for pending needs. *Axcellerant Blue* then allows programmers to use the existing program’s proven code as a basis for new programs. No more starting from scratch. No more reinventing the wheel. Much more reliable code is used.

Don’t worry if you do not understand what you just read. Just understand that *Axcellerant Blue* is the type of innovation that can and will lead to a productivity revolution within large IT departments. It can save millions of dollars.

*Axcellerant Blue* should be easy to sell. It solves a wide range of problems for Fortune 1000 companies, such as:

- Reducing redundancy of effort, allowing programmers to get significantly more work done in less time.
- Dramatically decreasing the frequency and impact of painful quality problems that accompany new software programs.
- Providing faster turnaround of new programming initiatives and projects.

Even more exciting for you is that the sales team you have inherited consists of veterans with tremendous success selling software solutions in
the late 1990s. A great fit for selling *Axcellerant Blue*, right? Your predecessor certainly thought so when hiring them. Axcellerant also has a strong market position versus competitors, although the market is highly underdeveloped.

Your new position with Axcellerant is a layup. A veteran sales team selling a customizable product that everyone needs and... I guess we forgot to mention... that generates a staggering and quantifiable ROI for most implementers in a reasonable period of time. This should be the easiest management position you’ve ever had—or will have.

But it isn’t. Six months in, the pressure is mounting, you’ve missed conservative sales goals in two consecutive quarters, and the venture capitalists backing you are beginning to expect a bottom line anywhere in the black. What’s going wrong?

Your salespeople are getting in plenty of new doors with high-ranking IT executives (people who can say “yes”) and are entertaining a lot of interest. Unfortunately, this interest isn’t turning into new business revenue.

*Why?*

To understand why your sales team is failing, let’s identify some of the symptoms:

- **Your salespeople are still opportunistic, but they are blaming their poor results on the product, service, pricing, and the overall economy.** You are beginning to listen to their protests because you believe they have good skills and methodologies (everyone has been through SPIN Selling, Strategic Selling, and/or Solution Selling training programs).

- **You are clearly not losing sales to competitors.** That’s good, isn’t it? Most of the sales are being lost to buyer inaction. After what tends to be very lengthy selling cycles, you and your salespeople are constantly running into the same wall. Prospects tell you they are not ready to change. Are they feigning interest? Maybe. Buyers seem to prefer the status quo to your substantial and impressive value proposition.

- **Multiple and logical strategies that have worked for you in the past are failing.** You have tried selling to different vertical channels, entering at various management levels, team selling versus having the
sales team face the market individually. You have also created multiple demonstration strategies, including tailoring demonstrations to each audience.

Okay, those are the primary symptoms. The clock is ticking. What is the illness? Just as important, what’s the remedy?

Don’t know? Take a few minutes to write down what the root cause is and what your next strategy will be to correct the Axcellerant ship. Remember, you may be frustrated, but as the VP of sales, you are paid to solve these problems. So . . . solve them. Quickly!

Just for fun, take your notes that you’ve just scribbled and paper clip them to the back cover of this book. When you have finished reading the book, look at these notes and ask, “Is my strategy appropriate for Axcellerant?” and “What is the best strategy based on what I now know?”

Our firm, Sogistics, works with selling and management teams on removing impediments to growth. Quite often, our clients know they have a sales productivity problem, but they’re just not sure what is causing the undesirable outcome. This was the case at one of our Texas-based clients that we’ve named Axcellerant in order to protect its identity. Fortunately for Axcellerant and Sogistics, the real VP of sales and marketing is a strong leader who is open to new ideas and change. If its business model holds true, Axcellerant will be a profitable, fast-track company for a long time because of how he rebuilt the sales team’s foundation with the concepts presented in this book.

Your Board of Directors needs your response now. They’ve formulated their own action plan just in case they don’t like your answers.
Throughout the 17 years of Sogistics’ existence, we have worked with more than a few organizations—all of whom market an offering that:

- Could make a critical impact on the buyer’s situation.
- Requires a mid-to-long selling cycle.
- Is difficult to sell due to the buyer’s resistance to incur the high costs of change.

For many of our clients, their offerings also represent a discretionary new application to the potential buyer.

Needless to say, the problems experienced by Axcellerant were not unique. In fact, they are far too common. We’ve witnessed these same problems in widely disparate, seemingly unrelated, companies and industries.

The problems faced by Axcellerant and most of our clients are not simply a result of a poor business model, ineffective marketing, or a lack of leadership. Nor are these constraints entirely due to having hired the wrong salespeople. It would be easy to blame any of these factors, but our instincts, research, and past experience clearly indicate otherwise.

Instead, Axcellerant’s problems were due to one reason: strategic misalignment. That is, their sales process did not adapt to their buyers’ cycles of demand. Most of the sales teams we work with don’t realize that buyers’ decision processes change dramatically from one demand type to the next.

**The Strategy of Demand and Psychology**

Being a good salesperson is no longer enough to be effective in a major account sales environment. Not even close. Not anymore.

Now, buyers will not buy from salespeople—nor give them their time. Buyers require salespeople to be more. Much more. To be businesspeople who sell. Remember, when you are selling an offering that commands a significant investment, forces buyers to incur high costs of change, and creates significant perceived risk for the buying organization, the decision maker isn’t going to be a tactical, low-level manager. The decision maker
is going to be a high-level executive. Therefore, being a salesperson who is foremost a businessperson means being more strategic, and speaking the language of finance and economics.

The content of this book represents best practices. To develop your sales team into a differentiating, best-in-market force, your sales team must understand and adopt the concepts, methodologies, and strategic frameworks contained in the next 200-plus pages. It won’t be easy, and it will certainly take some time. This book will stretch your people and accelerate the development of their business acumen.

With that being said, we introduce the definition of demand as it applies to major account selling, an important concept for Selling Is Dead.

Demand drives every company’s economic engine. Interestingly, the demand for most offerings is cyclical. Understanding the cycles of demand can explain one company’s growth and prosperity. It can also explain another company’s decline and extinction.

Demand for specific products or services moves through distinct cycles (each later explored in greater detail):

1. **New application demand.** The first purchase of a category of product or service. It is a discontinuous purchase for the buyer. (By discontinuous, we mean there is typically no existing infrastructure in place at buying organizations to support such an application.)
2. **Aggregate demand.** Purchases of additional quantities of the new product or service.
3. **Continuous improvement demand.** Purchasing the bigger-better-faster version of a product or service.
4. **Economy demand.** Purchasing a down market, lower cost, no-frills version of a product or service already being used.

These four demand types create the four different types of large sales. As the buyer’s demand type changes, the buyer’s decision process changes. As
buyers change the way they make decisions, sellers must adjust their sales process and strategies to realign with buyers and their decision-making process.

Salespeople are purveyors of demand. In essence, a salesperson is in the business of creating, servicing, and managing buyer demand—in many cases, all four types of demand. They serve no greater purpose for their organizations.

Yet, very few salespeople understand the nature of demand, let alone adjust from one type to another. From interviewing thousands of salespeople in our behavioral assessment business at Sogistics, we know that most salespeople apply the same rigid selling process over and over—regardless of the buyer demand type. This is the Number One killer of selling opportunities. With buyers moving through multiple demand types and sellers utilizing only one, inflexible process, it is obvious that sellers are often misaligned with buyers.

Sellers and their companies are not the only ones who suffer. Prospective buyers remain just that—prospects. These companies never realize the gains of new innovations that might lead to increased revenues, decreased cost structure, or strengthened competitive advantage. No win-win here. Instead, lose-lose.

Understanding the cycles of demand enables selling teams to create superior market-facing strategies that work better for both buyer and seller. These strategies are never based on a rigid, step-by-step, linear selling process. Rather, a cycles of demand strategy prefers flexibility, which manifests in two ways:

1. Adjustment to how a prospect’s decision-making process changes from one demand type to another.
2. Alignment to the psychological needs of buyers—needs that are unique to the demand type currently unfulfilled.

In essence, understanding the cycles of demand—and each demand type’s corresponding decision steps—gives salespeople a more solid strategic footing. This foundation allows selling teams to build a better path to new customers, maximize each selling opportunity, and experience customer abundance in a world of customer scarcity.
The Cycles of Demand

Let’s dig into each of the cycles of demand a little further. Keep in mind that each requires its own selling strategy, tactics, and framework. With each type, we’ll begin by briefly focusing on some basic consumer-related examples to help you understand the concepts. Subsequently, we’ll move on to some larger, more relevant, demand-type examples.

**Demand Type 1: New Application Demand**

Most of you reading this book don’t sell smaller-ticket offerings such as microwaves or phones to end users. You are major account sellers. The price tag for your products or services may be $10,000 on the low end or $1,000,000-plus on the high end. You already have one strike against you because a high price tag represents high perceived risk to the buyer. A poor decision to go forward would jeopardize a great deal of capital and be hard to sweep under the rug. Larger investments are higher profile within the buying organization and are expected to yield a healthy return. The greater the investment, the greater the buyer reluctance.

Remember your first cordless phone? If not, ask your neighbors. Your conversations were broadcast to every cordless phone owner within a 10-minute walk. Your first cell phone may be laughable now. It was basically a brick and it continuously dropped its signal, but you were glad you had it, anyway. How about your first desktop printer? It was a bubble jet. One color (black) and one page per minute. Then there was your first microwave. No revolving plate. No popcorn button.

Each of these firsts was significant. They each represented a new application for you. Despite their drawbacks and limitations by today’s standards, they offered you new capabilities. A way to roam through a section of your house while talking to your sister-in-law from Baltimore. A way to conveniently communicate while you were mobile. A way to print hard copies of your work while at home or without having to leave your plush office chair. A way to prepare a warm dinner for your hungry kids more quickly before running off to ball practice. The cordless phone, the cell phone, the desktop printer, and the microwave were a means to an end: reducing personal productivity constraints, improving your quality of life, etc.
If, in addition to selling big-ticket offerings, they also represent new applications for buyers... Strike 2. Selling pricey new applications is the most challenging scenario in sales. It’s also the most rewarding. New applications are the drivers behind significant productivity gains and markedly better business results. Simply, new applications demand is the economic catalyst that creates entire new industries. These new industries spur countless new companies, jobs, and wealth.

New applications can take many forms: a new process, system, technology, product, project, or service. Many salespeople spend the majority of their time in the domain of selling new applications. Selling new applications requires salespeople to convince individuals or organizations to change significantly or dramatically from the comfort of the status quo as a means to realize some desired result. The desired result is either the removal of a dissatisfaction or the achievement of some objective (in simple terms, of course).

Because change is inherent in selling new applications, the process of selling often becomes very complex. Prospects may be curious about the offering, but resistant to change. The wheels start spinning, but this change avoidance allows inertia to set in. Resistance to change can be caused by several factors. Implementation of a new application can take weeks or months of aggravation. Learning curves can be steep. The buyer may have to undergo a transformation—either departmentally or organizationally. Disruption. Disruption. Disruption. Furthermore, the buyer and seller must forge an intimate relationship for success to be achieved.

From the buyer’s vantage point, the costs of change are usually significant enough that most prospects remain just that—prospects. In effect, the safety of the status quo is a stronger allure than the potential benefits of the solution. And the seller—well, the seller loses the frustrating battle to “no decision.”

New application selling means that what is being sold meets two criteria:

- The offering is a new application to the buyer; it has currently not been adopted by the buyer.
- The new application is a new concept, often a paradigm shift, for the buyer.
Furthermore, in most new application scenarios, the buyer lacks the necessary knowledge, skills, expertise, or infrastructure to readily support the new application. Thus, adopting the new application requires serious commitment since the change costs accompanying the new application are so high.

An interesting example of companies facing the challenges of selling new applications are in order.

**New Application Demand Case Study: PCi Corporation**

Alternatively, and less frequently, a new application is not discretionary. For example, a new application may not be discretionary when a new state or federal regulation forces some industries to adopt a new technology or process. New regulations often force buyers to make a full commitment to a new application. For instance, in 2002, states and municipalities began proliferating their own predatory lending laws, forcing lending institutions to adhere to a rapidly expanding number of regional and local laws. PCi, a Boston-based company and the nation’s dominant lending compliance software company, released a new product called Wiz Sentinel that helps banks adhere to the multitude of new state and local predatory lending laws. Large lending institutions had little or no choice but to fully commit to new predatory lending compliance products such as Wiz Sentinel. No opportunity for a beta existed.

**New Application Triggers**

New applications can originate from a variety of drivers. However, new applications often stem from disruptions in the market.

Our favorite classification of these disruptive new application triggers comes from Adams Capital Management, a national venture capital firm headquartered in Pittsburgh, Pennsylvania, that focuses on disruptive technologies in the information technology and telecommunications/semiconductors industries. Adams Capital Management’s categorization system was described to us by Martin “Chuck” Neath, a general partner with the firm. This system, which serves as a basis for Adams’ investment strategy, organizes disruptive technologies into four categories: technical discontinuity, regulatory discontinuity, standard
discontinuity, and distribution discontinuity. On its website, Adams defines discontinuities as “rapid and permanent structural changes in established markets.”

Bending Adams Capital Management’s categories of disruptions to suit the purposes of this book, we describe the four most common triggers of new applications:

1. **Technical disruption.** This type of disruption comes from the introduction of innovative, new-to-the-world technologies. Software reuse technologies is a useful example. Never before were software programmers able to recycle and reuse code from previously written applications.

2. **Regulatory disruption.** The introduction of state, federal, and international regulations are common triggers for new applications. Regulations can force organizations to adopt new practices or alter existing practices. PCI’s Wiz Sentinel is an example. The insurgenge of state and local predatory lending laws began to force lending institutions to scrutinize their lending activities on a state and local basis and conform to those laws. Lenders had to turn to sophisticated software such as Wiz Sentinel to help them comply to the new legislation and avoid regulatory problems.

3. **Standard disruptions.** These disruptions occur as new applications or platforms gain acceptance, such as the Java programming language. Another example of a standard disruption is cellular technology, a platform currently accessed by over 1 billion cell phone users. New applications leveraging this new standard communication platform include wireless Internet service providers, wireless content providers, fleet-tracking systems, and corporate communications systems.

4. **Distribution disruptions.** New methods and mechanisms for distributing goods and services spawn new applications. The rise of sophisticated, e-commerce-enabled websites allowed Dell to innovate in marketing PCs. Other new applications stemming from e-commerce distribution disruption include selling books and other media online (Amazon), renting DVDs online (Netflix), and online auctions (eBay).
Demand Type 2: Aggregate Demand

Once an individual or organization embraces a new application, either after an initial beta or full commitment, they often want additional quantities of the same. The buyer has already received at least a taste. They have first-hand experience of a better way, and are now educated. If the buyer has only completed a beta, there may still be some costs of change for a full rollout. However, those costs are less significant than they were prior to the beta. Regardless of the nature of the first purchase, the buyer’s perceived risk associated with additional scale or volume of the new application is substantially reduced.

A few examples are in order.

In the 1980s, I (Marc Miller) sold a dry-film laminating system to book printers. A laminating system applies a clear film onto book covers to improve gloss and scuff resistance. Back then, book printers such as RR Donnelley, Doubleday, and W.A. Kreuger would generally send out their covers to a trade laminating service. Our concept was simple: laminate in-house instead of farming the work outside. Our equipment was automated, fairly simple to operate, and produced a quality product.

Unfortunately, producing this type of work in-house was a new paradigm for book printers. Our dry-film technology was considered radical—adding to the skepticism and reticence of printers curious about laminating their work in-house with our equipment. It took a lot of hard work to convince printers to buy that first system. Buyers needed vast amounts of testing, demonstrations, etc. . . . It all added

You bought that second cordless phone despite your eavesdropping neighbors. You had one in the kitchen, but you thought it would be nice to have one in your bedroom as well. Despite their imperfections, you bought additional cell phones. You felt better knowing your spouse, your parents, or your children had access to a cell phone in the event of an emergency. You also purchased a second desktop printer. Your printer at work was a necessity, but one at home was a worthwhile luxury. How about that second microwave? You sent the old one off to college with your oldest daughter. You wanted the new one for yourself.

In each example, you were comfortable with the results of your first purchase, leading you to make additional purchases.
up to a fairly rigorous selling cycle before the first system sale was consummated.

However, once a book manufacturer bought one system and tried it, the manufacturer usually loved it. Book manufacturers began earning a reasonable ROI within 12 months. Job cycles sped up. Quality and control increased because the laminating process could be done more easily in-house. Often, this would lead to orders for additional systems. The real work for me was in selling the first system (which could take many months, even years). After that, it was simply a process of taking orders. Those reorders represent a classic example of aggregate demand.

Let’s return to the Axcellerant example. Axcellerant sells a knowledge/software management tool that enables software reuse. For Axcellerant, once an initial software reuse project was successfully implemented with a new customer, aggregate demand would kick in. Buyers would want to make the tool available for more programmers and for different divisions and for different internal processes. For instance, software reuse might be originally purchased to speed up the engineering department’s ability to design new products. Once successfully implemented, a Fortune 1000 company would often order additional systems in areas such as customer service, operations, or knowledge management. In essence, once a company was sold on the concept of reuse, it often ordered additional systems to satisfy its growing appetite for the application.

Demand isn’t just proprietary to the business-to-business sale. On a consumer level, DVD players are a good example of both new application and aggregate demands. DVD players have clearly gone mainstream—gradually and then quickly replacing VCR technology. A first-time buyer of a DVD player is trying a new application. After that buyer experiences the DVD player, he eventually behaves exactly as Mitsubishi, Sony, and Panasonic desire by ordering additional systems to replace the remaining VCRs in the home. DVD manufacturers depend on aggregate demand, as do MGM and Universal Studios who produce the movie consumables played in the new DVD boxes.

DVD manufacturing companies have become less focused on convincing households to adopt the new application (DVD technology) with first-time purchases. Increasingly, their selling and marketing strategies are shifting to reflect the challenges of generating aggregate
demand, which is their new growth engine. Unless marketing and selling strategies shift to address aggregate demand, growth will not be optimized.

Aggregate demand is a wonderful economic engine. Remember, once a new application emerges, it often eradicates the old application (dry-laminating systems replaced solvent systems and DVD players replaced VCRs). And once buyers taste success from the new application, they often want more. As many salespeople have told us, the easiest sale is typically when buyers order additional quantities because it’s an easy decision for the buyer to want more success after initial achievement has been realized. Many sellers depend on the second, third . . . twentieth order from the same buying organization.

Another factor that drives aggregate demand is replacement. Equipment, products, and services wear out over time through natural attrition or planned obsolescence. When this occurs, many buyers simply reorder the identical or upgraded offering. Also, many successful industries have been built on the residuals around new applications. Residuals—those products and services needed to support a new application—are another form of aggregate demand. For example, the film supplies needed to run our laminating system kept many plastic film companies busy.

Once an application has been fully adopted, buyers’ resistance to change is actually an advantage for salespeople who sell aggregate demand. After buyers embrace and implement a new concept, process, or technology, they must invest in the necessary infrastructure to support it. Due to this investment, buyers are more apt to buy additional quantities of that same application than to go down the more difficult path of changing to another new application.

Commoditization is the danger of reliance on aggregate demand. Once close substitutes emerge, competition is realized and buyers can begin shopping around. Buyers are now sophisticated and knowledgeable.

**Demand Type 3: Continuous Improvement Demand**

Buyers are almost always interested in bigger-better-faster ways of doing existing applications. After all, they’ve invested in the new application infrastructure. Keeping it current makes perfect sense.
Continuous improvement demand, the third demand type, satisfies this need. In effect, once a new process, product, or service has been adopted (new application demand) and additional quantity has been satisfied (aggregate demand), the third type of demand may kick in—continuous improvement. We say may because there is a fourth—and final—demand type that a buyer sometimes prefers. We’ll discuss this soon.

Continuous improvement demand is driven by a buyer’s thirst for higher-quality solutions. This demand type is especially prevalent with buyers who see the application as important to their current or future situation. Because they view the application as somewhat critical, they are more apt to consider paying for improvements. In behavioral terms, after becoming aware of a new capability, the buyer becomes dissatisfied enough with the current situation to consider upgrading. Often, the existing version fails to totally meet their needs, so higher quality or additional features are desired. Examples:

- **CRM technology.** The senior VP of sales sees the current customer relationship manager database as key to future competitiveness. This individual is frustrated that the current CRM software is not web based and is more suited for contact—not account—management. A change is seriously considered.
- **Production line change.** An operations manager at a large food manufacturer is intrigued by a new packaging line that improves productivity by 40 percent. This would be a significant upgrade over
the existing line. Since the company considers packaging to be a core competency, this potential improvement is being seriously discussed.

- **Outsourced IT service.** A CIO is considering changing from the local vendor to a more expensive, national IT firm. Although the national firm is pricier, the CIO likes some of the new platforms and functionality of its service. Since this CIO’s company is placing huge bets on using technology to create competitive advantage, the CIO seriously considers this continuous improvement change.

The key with all three examples is that an existing application is in place, but the buyer is considering a potentially better total solution for the application. In other words, the buyer is contemplating making a continuous change relative to the application in question.

Clayton Christensen, in his excellent book *The Innovator’s Solution*, writes of sustaining innovations as one type of innovation. Sustaining innovations are comparable to continuous improvement. They are neither radical nor discontinuous. They do not represent huge paradigm shifts. They are simply improvements of what is currently being used or done.

From a selling perspective, continuous improvement can take different forms:

- Trying to create a new customer by dislodging the existing incumbent with your better offering in a given application domain.

- Attempting to persuade an existing customer to adopt your improved product, service, or capability within a given application domain. This higher-quality version would make the buyer’s situation more convenient, cost effective, easier, or more productive, and possibly expand the buyer’s capabilities.

With continuous improvement demand, the buyer might experience significant resistance, stemming from both financial and change costs. However, expect this resistance to be much less severe than what is typically associated with new applications. The learning curve with a continuously improved offering is less steep, and the infrastructure around existing applications is usually more adaptable to a continuously improved offering than a completely new application.
Demand Type 4: Economy Demand

These scenarios describe our fourth, and final, demand type: economy demand. Economy demand occurs when buyers feel overserved by the current offering. As a result, a more cost-effective alternative better serves the buyer. The cheaper and more convenient offering may lack many of the features, benefits, and functionality of the original or other market alternatives, but the buyer is more than happy to trade off these extras for a reduced cost.

Economy demand has a simple value proposition: lower cost! People like the sticker price in this category. These buyers don’t want...
fancy—just give them a functional, reliable alternative that saves them money.

What drives economy demand in the business world? In one word . . . change. Business climates change rapidly. New competitors, mergers, acquisitions, new innovations, leadership changes, and soft economies are all immediately disruptive elements to a business. As a result, a business application that is considered important one moment can quickly be perceived as less significant or less valuable the next. This type of disruption may cause an organization to immediately consider downsizing, downscaling, or dumbing down an application—all good descriptions of economy demand. For instance:

◆ A large manufacturer decides to shift its channel strategy from selling direct to selling through distributors. As a result, it has decided that advertising and lead generation are less important to future success. On that basis, they decide to switch from their current nationally known advertising/PR firm to a much less expensive, good-enough local firm.

◆ A midsized medical equipment manufacturer had been using a sophisticated CRM solution that was capable of linking with its enterprise system. Unfortunately, the company’s small IT staff continually had difficulties customizing the CRM to the needs and processes of the sales team. As a result, the company replaced its existing CRM with a simpler, cheaper, and more customizable CRM solution. Although the new CRM was not as sophisticated in terms of its enterprise-wide linkages and other functionality, it was good enough.

Being the low-cost leader is the mantra of the economy demand seller. While continuous improvement demand sellers hang their hats on sustaining new cycles of improved innovation, the economy demand proponent takes a different strategic path. Economy demand sellers understand that not all buyers appreciate the same value. Their foothold is gained by offering the most cost-efficient, good-enough alternative. “No-frills, lower costs” is their battle cry to customers. And, once a market beachhead is secured, these sellers work hard to stay lean and mean as a way to maintain their value leadership in this fourth and final demand type.
And the Cycle May Go On . . . And On . . . And On

The cycles of demand can be never-ending. A buyer invests in a new application to create one of four scenarios:

1. The buyer stays put. No more demand is created past the initial application. In effect, this one-time purchase sates demand completely. In this scenario, the cycle does not continue indefinitely.

2. The buyer purchases more of the same application (aggregate demand). The buyer is, in effect, content to purchase the same basic offering, most likely from the incumbent.

3. The buyer purchases an offering that improves the application (continuous improvement demand). This improvement may come in the form of added functionality, capability, new features, added seats, and so on.

4. The buyer decides the existing application overserves its needs. As a result, a decision is made to scale down to a more cost-effective version that is good enough.

Unless a certain job is altogether eliminated, the cycles will continue until another new application is introduced that replaces the old way of doing the job. The new application begins a whole new cycle of demand that will most likely end when a new, new application replaces it.

Two Broad Categories of Demand Cycles

To further organize the four cycles of demand, they fall under two broad categories. This division is notable.

Before explaining, how would you organize the four demand cycles? Can you see a common thread shared by some of them? Take a moment to think about it before continuing.
Aggregate, continuous improvement, and economy demand offerings share a commonality not possessed by new application demand. These three demand types indicate that the buyer wants to continue using some version of an existing category of application:

- **Aggregate demand offerings.** Exact same version of the existing application used by the buyer.
- **Continuous improvement demand offerings.** An improved version (bigger, faster, more features, etc.) of an existing category of application used by the buyer.
- **Economy demand offerings.** A scaled-down version (cheaper, more efficient, etc.) of an existing category of application used by the buyer.

In other words, all three of these demand types fall under the generally accepted or normal way the buyer is currently doing a job. Therefore, with these demand types, the knowledge, infrastructure, capability, systems, resources, and budgets are already in place to support the application...more or less. This method of doing things is accepted and rarely questioned.

We label this first broad category of demand type offerings **concurrent offerings.** Again, the three demand types (aggregate, continuous improvement, and economy) in this category all represent consistent or parallel ways of doing an existing application.

Contrast **concurrent offerings** with **new application demand offerings.** Whereas concurrent offerings represent a consistent (although possibly somewhat varied) way of doing a job, new applications represent an inconsistent or discontinuous way of doing a job already being done (or perhaps a job not currently being done at all). Rather than parallel or concurrent, new applications are divergent. Thus, the second broad category of demand type offerings, and the sole province of new application demand offerings, is called **divergent offerings.**

With divergent offerings (essentially new application offerings), the buyer does not possess the knowledge, infrastructure, capability, systems, resources, or budget to support them. Therefore, from both the buyer’s and seller’s perspective, divergent offerings and concurrent offerings must be approached differently. This is a significant, fundamental lesson repeated in this book.
A new model for major account selling is taking shape. Figure 1.3 graphically illustrates the key points thus far.

**Selling Tangible versus Intangible Offerings**

Neil Rackham’s book *SPIN Selling* is a landmark because it distinguishes large sales from small sales and claims they need to be treated uniquely. *Selling Is Dead* is a landmark because it distinguishes four types of large sales, which each needs to be treated uniquely. However, some people believe that tangible and intangible offerings need to be sold differently. Our question: Do you think best practices dictate that tangible offerings should be sold differently from intangible offerings, and vice versa?

It’s an interesting question. Much has been written in sales training books about the difference in selling tangible offerings (hard products) versus intangible offerings (soft services). In fact, in terms of tangibility versus intangibility, we often hear salespeople comment that they are much better at selling one versus the other.

Yet our assessments of thousands of salespeople (using our behavioral assessment methodology) suggest there is little or no difference in the proper process used to sell an intangible versus a tangible product or service. Think of it from the perspective of the buyer: The buyer simply
uses a product (tangible) or service (intangible) to accomplish a specific job and achieve a desired result. The buyer does not really care about the nature of the offering and whether it has a physical substance. Instead, the buyer’s focus is on whether the job is getting done efficiently and effectively. In other words, buyers buy the concept of the desired result (the end), regardless of whether the offering is tangible or intangible (means to the end).

Interestingly, the sellers’ instinct that some types of sales are fundamentally different from other types of sales is actually correct. However, these sellers are incorrect in their belief that these differences lie in whether the offering being sold is tangible or intangible. Rather, sales differ based on whether the sale is large or small and, with regard to large sales, on whether the offering is a divergent or a concurrent offering. Thus, there should be no separate model or selling approach for tangible and intangible offerings.

**Demand Versatility**

Salespeople know that they are in the business of creating and managing selling opportunities. Furthermore, they know that an opportunity can only come from one of three places:

- Existing customers
- Former customers
- Noncustomers

This is the *opportunity universe.*

Demand, on the other hand, can only originate from the buyer. Highly effective salespeople understand that demand manifests in one of four ways:

- New application demand
- Aggregate demand
- Continuous improvement demand
- Economy demand

This is the *demand universe.*

Ideally, an effective salesperson keeps a balanced mix across both the opportunity universe and demand universe. Salespeople who can navigate
all four demand types effectively have tremendous value to their organization. They score high in demand versatility.

As an example, consider a top salesperson at an IT consulting firm. Let’s call her Pat. Here are the selling opportunities she is currently working on:

- **Create new application demand** with a noncustomer. Pat is attempting to convince a mid-market prospect to outsource its IT department to her firm. Outsourcing is a new application for the buyer. In fact, it’s a paradigm shift. This would be a huge IT project worth millions of dollars to Pat’s company.

- **Gain aggregate demand** with an existing customer. This buyer is considering giving Pat’s company expanded responsibilities in some other divisions of the company. The first project worked so well that they are considering more.

- **Sell continuous improvement demand** to a former customer. This buyer left Pat’s company to do business with a competitor 3 years ago. The experience with Pat’s competitor has been less than stellar in terms of service and technical competence. Pat is currently trying to win the account back by showing the former customer a higher quality outsourcing solution, which includes greater responsiveness and the ability to take on a greater breadth of projects.

- **Propose economy demand** to an overserved prospect. Pat has found that a buyer does not require all the manpower applied by its previous IT outsource on a recent systems integration process, or the complexity of the solution. Pat shows the buyer how to cut the fat from the offering and save almost 40 percent on an upcoming IT project.

Best-practice selling requires separate models and methodologies for each demand cycle. We already claimed there are large differences between selling divergent offerings (new application demand) and concurrent offerings (aggregate, continuous improvement, and economy demand). However, there are also nuances among selling the three types of concurrent offerings as well.

For now, though, let’s focus on the uniqueness of selling divergent offerings versus concurrent offerings. Table 1.1 details how the principle challenges of selling these two broad categories differ from each
### Table 1.1 The Differences in Selling Concurrent versus Divergent Offerings

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<thead>
<tr>
<th>Selling Challenge</th>
<th>Concurrent Offerings</th>
<th>Divergent Offerings</th>
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<tbody>
<tr>
<td><strong>Decision Makers</strong></td>
<td>Mid-tier personnel. Decisions are made by one or a few individuals within a given buying organization.</td>
<td>Mid- and upper-tier personnel. Consensus decision among a larger group of decision makers within a given buying organization.</td>
</tr>
<tr>
<td><strong>Major Challenge on an Opportunity-by-Opportunity Basis</strong></td>
<td>Convincing a smaller number of mid-tier buyers to purchase more of the same version (aggregate), a more robust version (continuous improvement), or cheaper version (economy) of an existing offering. Regardless, the way the job is done does not fundamentally change. Typically, the challenge represents getting the mid-tier decision base to switch to a new vendor for a comparable method of doing a job.</td>
<td>Convincing a larger group of buyers from mid and upper tiers within the buyer organization to fundamentally change the way a job is currently being done, or to begin doing a new job altogether (risky).</td>
</tr>
<tr>
<td><strong>Marketing Challenge</strong></td>
<td>Unearth qualified leads of buyers who have active needs.</td>
<td>Getting salespeople in front of buyers who do not yet have active needs so they can begin building the case for change.</td>
</tr>
<tr>
<td><strong>Primary Competition</strong></td>
<td>Competitive solutions.</td>
<td>The buyer’s resistance to change (buyer inertia).</td>
</tr>
<tr>
<td><strong>Budget</strong></td>
<td>Existing budget is in place for this category of offerings, although it may have to be revised when the demand type is continuous improvement.</td>
<td>No budget is currently in place—or even on the horizon—for this type of offering.</td>
</tr>
<tr>
<td><strong>Infrastructure for Offering</strong></td>
<td>Original investment in infrastructure is already made, so at least some infrastructure is in place.</td>
<td>No infrastructure is in place. Significant investment in infrastructure is required.</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-----------------------------------------------------------------</td>
<td>------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Buyer Perspective</strong></td>
<td>Low-to-moderate risk in and around the decision to buy/change.</td>
<td>High organizational, departmental, and personal risk to buy/change.</td>
</tr>
</tbody>
</table>
| **Typical Buyer Motivation to Change** | Problem removal or problem prevention of day-to-day issues. | Typically, both of the following are required:  
◆ Opportunity to help the buyer better achieve critical goals and objectives.  
◆ Problem removal or problem prevention of day-to-day issues or constraints. |
<p>| <strong>Proposals</strong>                 | Product/service-focused proposals or quotes. | Proposals that build and demonstrate the business case for change first and then present the offering a distant second. |
| <strong>Buyer's Understanding of How to Make, and Confidence in Making, a Purchasing Decision</strong> | Moderate-to-high competence and confidence. | Low-to-moderate competence and confidence. |
| <strong>Entry Dynamics into New Opportunities</strong> | Attempting to get into a buying organization at high levels is actually a strategic mistake. Higher-ups have little interest in this category because they see the value around change as marginal. | Entry can be either at mid or upper tiers. Contrary to conventional sales folklore, mid-tier entry can be quite effective as long as a selling process is in place that eventually engages both higher-ups and other mid-tier vertical department managers. |</p>
<table>
<thead>
<tr>
<th>Selling Challenge</th>
<th>Concurrent Offerings</th>
<th>Divergent Offerings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Buyer Behavior Subsequent to Decision to Change</strong></td>
<td>Once a decision to change has been made, most buyers will proactively shop the category by evaluating other vendors (although the level of shopping can be to varying degrees). The common exception is when the existing category vendor is perceived by the decision base as critical.</td>
<td>Once a decision to change has been made, which is typically due to the catalytic efforts of a change-agent salesperson, a buyer will most commonly not shop the competition. Rather, the buyer will continue to progress with the existing seller, and the buyer’s next driving psychology around decision making focuses on the buyer’s desire to hedge its bets and reduce risk around the seller’s new application offerings. Risk must be mitigated before a full rollout can be commenced.</td>
</tr>
</tbody>
</table>
other. You should begin to see from Table 1.1 how and why sellers must possess demand versatility.

The impact the cycles of demand can have on selling teams is often profound. Once understood, better paths can be built to new customers that work infinitely better for both buyer and seller.

Keep in mind that many companies sell a portfolio of offerings with varying degrees of maturity. Each new offering, if successful, will evolve over its useful life, satisfying new application demand, then aggregate demand, then continuous improvement demand after being enhanced, and, finally, economy demand after going down market to serve buyers who are overserved.

Case Study: One Salesperson’s Difficult Adjustment to Selling Divergent Offerings

Selling divergent offerings is more difficult than selling concurrent offerings, and requires a separate set of models and strategies in order to be effective. Many sellers are effective at selling concurrent offerings (existing applications), but struggle to be consistently successful at selling divergent offerings (new applications). If you don’t believe us, ask Laura Leggett.

Laura is a senior account executive for the RoviSys Company, a multifaceted technology firm that provides tailored process automation and information systems for a diverse client base. Prior to joining RoviSys, Laura worked for a company that sold high-end phone systems to large and midsize companies. These phone systems almost exclusively represented existing applications, or concurrent offerings, to her customers.

At RoviSys, Laura’s primary responsibility was selling a product called GrandView, a business software tool for organizations that operate in a multiple-project environment. It helps organizations (such as pharmaceutical companies, software developers, engineering firms, etc.) manage multiple projects by blending project management functionality, scheduling, automated communication tools, collaboration tools, library and project history functions, and much more in an online solution.

GrandView represented a divergent offering (new application) for the vast majority of Laura’s prospects. These organizations usually managed their projects with much more narrow project management software such as Microsoft Project, or through unsophisticated combinations of Excel spreadsheets, e-mail, and Post-it notes. GrandView was a fundamental shift in how

(continued)
A New World Order for Selling Teams

The theme of this book is that selling teams have not adjusted well to an economy in which demand cycles at an ever-dizzying pace. Very few teams know how to sell new application demand effectively. As a result, and considering that new application sales represent the economic driver for most companies, selling teams have become lower value-adding functions to their organizations.

The paradox is that organizations are increasingly more dependent on their sales and marketing teams than ever before. They rely on salespeople to sell innovation and create demand, because demand for new and innovative offerings is increasingly the lifeblood of a company (and source for more robust profit margins).

The cycles of demand approach to major account sales is based on our 17 years of work in sales productivity as well as formal research. Our premise is sixfold:

1. Selling strategy and skills change dramatically depending on whether the offering being sold represents a concurrent or divergent offering to the buyer.
2. The category of offering being sold determines the buyer’s decision-making process; that is, buying behavior changes from concurrent to divergent offerings because buyer needs vary so significantly across the demand spectrum.

3. A salesperson’s productivity will directly correlate with:
   a. The number of demand types one can successfully navigate (called demand versatility).
   b. The salesperson’s ability to influence buyer demand throughout the buyer’s decision making process (called demand influence).

4. Sales, as a profession, has been disrupted. This is causing sales teams to radically change the way they face their markets: they must adopt new roles and strategies. Also, salespeople’s value to an organization is increasingly based on their ability to create all four types of demand with buyers where none existed before. Creating demand will be especially critical in new application selling where buyer contentedness (I’m satisfied), ignorance (I don’t know what I don’t know), or inertia (Why change?) are the real obstacles to sales success.

5. The large majority of salespeople lack the knowledge, expertise, and skills necessary to create buyer demand, especially when selling new applications. Although 90 percent of all salespeople describe their approach as consultative, few truly are. Our work in interviewing thousands of salespeople suggests that only a tiny percentage understand how to accomplish the most critical of all selling competencies—selling new applications and innovation.

6. Last, organizations will increasingly succeed or fail based on the market-facing ability of their sales team. A poor sales team will experience customer scarcity, while an effective sales team will experience customer abundance. Taking an identical business model, one sales team will see limited market opportunities. They will complain about buyer resistance, lack of leads, and limited brand awareness. Another sales team faced with the same challenges will experience endless opportunity because of its ability to create selling opportunities where none existed before. This opportunity creation is done not in a buyer’s office, but in the only place possible—in the buyer’s mind. Buyer psychology is
the new playing field for selling teams—where the real market battles will be won or lost.

**Final Thoughts before Moving On**

For too long, salespeople have been playing checkers where chess is the game necessary for success. The pervasive relationship and consultative selling methodology of yesteryear will not work for companies today—especially companies attempting to differentiate and succeed on the basis of innovation and new applications.

*Selling Is Dead* provides direction for creating and managing each type of demand. However, it primarily focuses on how to best sell divergent offerings. Of the four types of demand, selling innovative new applications, especially radical, nonmainstream offerings where buyer risk is high, is inarguably the most difficult.

This book is for people who want to go beyond consultative selling and become high-value-adding *businesspeople who sell*. Those who embrace the strategic principles of this book will see the world they sell in as one of opportunity and abundance. There will always be challenges and occasional frustrations, but these businesspeople who sell will be far better off than their dysfunctional counterparts who are plagued with self-inflicted sales productivity problems.

It’s your choice. Which direction will you take?
A Preview of What’s to Come, and What You Will Learn

We now want to provide a road map for where this book takes you. Here’s a quick synopsis of what you’ll learn in each section.

Section I: Building Your New Growth Engine

Your effort begins with the acceptance that the engine driving your sales growth may be inefficient or underpowered. The result is less than optimal sales performance. In Section I, you will learn the key components of a best-practice, high-performance growth engine.

Section I discusses the key concepts and models that are the basis for all of your sales strategies and selling activities. Much of this section focuses on two buyer decision-making models. The best salespeople are not only good businesspeople, but good psychologists as well. Understanding buyer psychology and buyer decision-making processes is critical because sales practices that are misaligned with how buyers think and make decisions create friction in the sales process. The sales process bogs down, and eventually breaks down, as a result of this friction. Sellers who enjoy the most success are always aware of the buyer’s mind-set and stage in the decision process. This awareness enables top sellers to align their strategies and tactics accordingly.

Of the two buyer decision-making models, one is more traditional and one is less traditional. The more traditional model represents the decision process used by buyers of concurrent offerings. The new, non-traditional model represents the decision process used by buyers of divergent offerings. Buyers do not make decisions about divergent offerings in the same way they make decisions about concurrent offerings. Therefore, sellers must understand both buyer models and apply each in their strategic selling framework.

Section I also revisits the concept of a selling framework. Essentially, the architecture of a selling framework is the architecture of a new growth engine.

Section II: Igniting Your Growth Engine

Section II teaches the critical strategies, sales process steps, and competencies needed to become a best-practice, high-value-adding, major
account businessperson who sells. This section begins by showing the tools and methodologies for selling divergent offerings, and ends with a similar discussion on selling concurrent offerings. Essentially, Section II equips you for managing all selling opportunities to “yes” decisions.

A key element of this section is a business process for creating buyer demand. Demand creation is the platinum competency of sellers faced with the large sale. For most organizations that sell large, expensive offerings that represent risky buying decisions for their market, the vast majority of their potential customers do not have active needs for their offerings at any given time. Regardless of your industry, 90 percent or more of your market has dormant or inactive needs for your offerings. In other words, less than 10 percent of your market has active needs for what you sell at any given time. The implication is that you and your sales team must adopt a business process for creating demand in order to optimize your market.

Another important discussion in Section II focuses on a new type of sales call. Traditionally, with most sales organizations, there have been two types of sales calls: needs analysis and presentation of capabilities. What these sellers are lacking, and what is described in Section II, is a third type of call that acts as a shock absorber between analyzing needs and presenting capabilities. We call this third category bridging sales calls.

Section III: Sustaining Your Growth Engine

Section III is a short section that concludes the book, and is written for executives and managers who must sustain the growth engine once it is built and ignited.

Selling opportunities must be created and managed in a manner that meets organizational objectives. Section III discusses how executives and managers responsible for their organizations’ growth can tie together their sales frameworks and make them permanent fixtures within their organizations. These executives and managers need systems and tools for holding members of the sales organization accountable to the selling framework. Each member of the sales team must also learn the sales framework and become disciplined and proficient in its execution. Section III discusses how to teach your sales framework to your organization, how to hold people accountable to it, and how to ensure that your framework is being carried out with high degrees of competency.
Summary

In Chapter 1, the key points are:

- Think sales framework—not sales training. The five components of a sales framework are suppositions, strategies, steps to “yes,” skills, and systems.
- There are four types of demand and two broad categories of offerings:
  - Divergent offerings satisfy new application demand.
  - Concurrent offerings satisfy aggregate, continuous improvement, or economy demand.
- Selling divergent new applications is the most challenging type of sale, but it is also a growth catalyst for your business because new application sales stimulate future cycles of demand.
- Sales organizations must gain high levels of competence in creating and managing each type of demand within their markets.

Notes