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CHARLES H. GREEN ARTICLE SERIES VOL. 1

FEATURING

COMPETITIVE DISADVANTAGE: NEW SALES STRATEGIES FOR NEW BUSINESS MODELS



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“When strategies change, downstream tactics must change to support them. And when business models themselves change, even the downstream strategies must change.”

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COMPETITIVE DISADVANTAGE: NEW SALES STRATEGIES FOR NEW BUSINESS MODELS

BY CHARLES H. GREEN

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When strategies change,
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change to support them.
And when business models
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One of those business model-change times is upon us, and requires a fundamental shift in sales strategy. In this case, it's about moving from a competitive model to what I'll call a commercial model.

The shift is dirt-simple to explain and understand. Yet it's anything but simple when it comes to executing on it. The shift from competition to commerce seems to undermine many unconscious habits and instincts we have acquired over the years.

In particular—selling based on competitive models is becoming not just passé, but positively dysfunctional. You might even call it “competitive disadvantage.”

BUSINESS MODELS

Old approaches to selling were built to support old business models.

The old competitive business model.

Most of us have been raised on the idea that business is fundamentally about competition. Sustainable competitive advantage. Winning. Gaining the competitive edge. Anti-trust legislation. The power of free markets. Be number one or number two in all your markets. Market share. Five forces of competition. These phrases and concepts are mother's milk to businesspeople of the last four decades.

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“It is moving from a competitive model of permanent corporate competitors to a commercial model of entities buying from and selling to each other.”

They worked well, for a long time. They helped create complex corporate forms of organization which competed with each other to provide consumers with better and better solutions.

The new commercial business model. But things are changing radically. The benefits group that used to report to HR? It’s now outsourced to a company providing benefits services under a 5-year contract. The old IT department? Partly shared-services, partly outsourced, heavily globalized.

The dominant change in business these days is not globalization, or networking, or outsourcing, but a potent blend of all three. Business is moving from direct reporting relationships to commercially contracted relationships; from in-house to outside resources; from vertically managed to horizontally coordinated; from command and control to influence; from vertically integrated companies to interwoven supply chains; from competing to collaborating.

It is moving from a *competitive* model of permanent corporate competitors to a *commercial* model of entities buying from and selling to each other. And that changes how we must think about selling.

NEW SALES STRATEGIES NEEDED.

In the new business model, selling is more important than it used to be. But the same old sales approaches won’t work. There is much more selling to be done; and the nature of the buyer-seller relationship is changing fundamentally.

More selling to be done. In the competitive model, buying was done at the front end of a company’s business process, and selling was done at the back end. In between—a lot of internal transfers.

Every time a company outsources a function, an internal reporting relationship is replaced by an external commercial relationship. That requires selling where it didn’t exist before.

When a company re-designs a business process, it defines discrete sub-processes which are candidates for outsourcing. Technology and global communications make global scale possible, driving down costs and making outsourcing even more likely. It all adds up to more outsourcing—more supply chain configurations—and more opportunities for selling.

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“But selling is no longer an episodic, intermittent affair. It is now an ongoing, unceasing, integral form of relationship between buyer and seller.”

Old sales models, being infrequent, were built around transactions—the one-night stands of the business world. They began with introductions, and drove for “closing”—in as short a time as possible—before moving on to the next “pitch” at the next “dog and pony show.”

But selling is no longer an episodic, intermittent affair. It is now an ongoing, unceasing, integral form of relationship between buyer and seller. It doesn’t just involve a raw materials supplier and an end user—it deals with everyone in between, from systems suppliers to recruiters to temp agencies. Commercial buy-sell relationships are no longer one night stands—they are frequent, pervasive, and ongoing.

Changing Relationship. In the competitive business model, sales was a function—one of several—whose role was to contribute to the sustainable competitive advantage of the corporation in its never-ending fight against Competitor X. Customers were either means to a larger end-poker chips in a game between competitors—or competitors themselves.

The dominant sales approaches stressed keeping your cards close to your vest. Don’t reveal information; don’t quote price until you’ve established value; always be closing.

The competitive view implied zero-sum selling; either the customer is going to win, or I’m going to win, and since I get paid on each transaction, I will go for a win on every deal in every quarter.

That may have worked in a world of infrequent, one night stand commercial relationships. But in a world of interdependent supply chains, where customers want fewer suppliers with longer-term dependability, one-off hustling is a detriment.

Finally, in the old world, buyers knew what they wanted and could say so clearly to sellers. In the new world, with so much outsourced, buyers depend on suppliers not just for expertise, but for perspective, judgment and wisdom.

This means (as Jeff Thull points out) that doing a great job of listening and asking probing questions—consultative selling—is not enough. Customers depend on trusted suppliers to collaboratively help determine their needs.

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“The old model of competition-based, me-vs.-my-client, transactional selling is slowly but surely going to die off.”

SIX GUT-CHECKS FOR YOUR EXISTING SALES STRATEGY.

Check your existing sales model by asking questions in these six areas:

Confidentiality. Do you start by presuming confidentiality of information with your clients? Unless it’s illegal or unambiguously harmful to someone, start by assuming you’ll share it.

Proposals. Invite your clients to write all future proposals together with you, in the same room, at the same time. On the same side of the desk.

Client plans. Do you write 1-year client plans? Or 3-year? Why not write 5-year plans—and review them for realism with your clients?

Purchasing and contracts. Stop trying to go around the contracts people; they are your new clients. Your old client said so. Deal with it, and start treating them as clients.

Long term value. Every time you negotiate a contract or sale, discuss with the client: Is this fair to each of us? If we did this deal ten more times, would it feel right? If not, how we can we redress the balance on the next nine?

Relationships, not transactions.

You are not seeking one night stands. Let your competitor have those. You are not seeking transactions, but relationships. The best short-term performance does not come from short-term management—it comes from long-term management practiced consistently.

The old model of competition-based, me-vs.-my-client, transactional selling is slowly but surely going to die off. It is dying off because we are moving into a world that values long-term, collaborative relationships.


The value of sales is far higher in the commercial world we are moving into, if we can only remember the new rules for selling are different from the old rules. They are the rules of commerce—not the rules of competition.


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CLIENT SERVICE, NOT CLIENT SERVILITY

Most client-serving organizations I know make a pretty big deal about client service. For consulting, law, HR, IT, accounting, software, and salespeople in complex businesses—client service is right at the top of their list of virtues.

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SOME KINDS OF SALES MOTIVATION ARE BETTER THAN OTHERS

I once had a client who asked if I was a motivational speaker. I'd never heard that one before, and said, "well, I hope what I have to say is motivating to people, but that's not what I'm setting out to do." [READ MORE](#)

ABOUT CHARLES H. GREEN



Charles H. Green is a speaker and executive educator on trust-based relationships and Trust-based Selling in complex businesses. He is author of *Trust-based Selling* (McGraw-Hill, 2005), and co-author of *The Trusted Advisor* (with David Maister and Rob Galford, Free Press, October 2000). Charles has spoken before a variety of industry and functional groups. An engaging and content-rich speaker,

he has taught in executive education programs for the Kellogg Graduate School of Business at Northwestern, and for Columbia University Graduate School of Business, as well as through his own firm, Trusted Advisor Associates. His work centers on improving trust-based relationship and business development skills for businesses with complex service offerings. Business development, and on building profitable trust-based relationships.