The Importance of the Selling Process

How to Sell Effectively With Little Money and Less Sales Experience
Peter de Bruyn Kops, Acugen Software, Inc., Nashua, NH

When I graduated from college, my view of salesmen, learned at my Mother's knee, was that they were out to trick me. "Stay away from salesmen. Don't answer the door if they knock ...." It is surprising to find myself here promoting selling.

How do you tell when a salesman is lying? Answer: when his lips are moving.

When I started my company in June 1986, the goal and name was Private Label Software. The private label concept meant that I would develop great products that other companies would sell. Although I had two years practice selling at Teradyne, I was not good at selling and I did not enjoy selling to individual users. In September 1986, at a trade show in Boston, I made a contact with Personal CAD Systems (PCAD). One thing led to another and I found myself demonstrating a prototype product at PCAD headquarters in February 1987. Although the marketing group I was working with was excited about the product, the venture capitalists had just installed a new president who could not see the value in my product.

Rule #1: It is difficult for a potential distributor to see the value in selling your product until you have proven its salability, thereby eliminating the need for the distributor.
Rule #2: Avoid venture capitalists unless you really know what you are doing.

So, how do you sell a product directly with meager funds ($60K in February 1987) against a big competitor (DATA I/O with annual sales $50-100 million). DATA I/O had a 50-person direct sales force, had sales offices all over the country, could make a personal sales call to nearly any prospective customer, and had an impressive reputation based on its success with PLD programmers and PLD design software. I would not be here if I had not pulled it off somehow.

When reading the following description of the ACUGEN sales approach, please keep in mind these requirements for the ACUGEN situation to be considered similar to your situation:

1) Product must be superior in some dimension that matters.
   We developed several major technical advantages that DATA I/O was unable to match.
2) Product must be industrial capital equipment sold to businesses.
   Our technical software is bought and used like capital equipment.
3) Price range: $3K to $30K.
4) Marketing work has defined key levers in the sale. This includes the economic arguments for how payback will be achieved as well as which technical advantages will make a difference in the sale.
5) Target customers are in the more sophisticated end of the market.

There were four main ingredients in our solution to this sales problem:

1) Automated Sequence Of Touches©
2) counselor selling philosophy
3) piggybacking
4) the sales operation as a manufacturing process

I give credit to Ralph Grabowski for ideas (1) and (4), to Teradyne for (2), to The MIT Enterprise Forum and our strategic partner Norm Rice for (3), and to everyone at ACUGEN for turning these ideas into a successful operation. (Automated Sequence Of Touches© Ralph E. Grabowski. All rights reserved.)

Automated Sequence of Touches ©

The concept behind automated sequence of touches is that you earn "contact points" each time you have contact with a prospect. Some threshold number of contact points are needed before a sale is possible, and the threshold is higher for high dollar value sales than for low dollar value sales.

type of contact	# contact points earned	$ cost of contact	$ cost/point
letter/mail/fax	1	$2	$2
telephone call	3	$20	$7
personal visit	10	$250	$25

A computer with appropriate software and support equipment allows automation and customization at low cost. Especially since automation makes it easy to bury a prospect in a deluge of letters and faxes, it is very important that each contact be substantive and perceived as valuable by the prospect.

In 1989, our early stage selling involved five mailings, 1 per week, to each lead. Each mailing had three unique pieces, one heavy technical, one moderately technical and one light/fun piece. We then made a telemarketing call to get answers to five simple questions, the answers to which allowed us to qualify the account. We then knew the likely product configuration, order value, technical issues and likelihood of competition. The telemarketing calls were easy because, after five substantive mailings, the prospects knew who we were. From the prospect's viewpoint, we were a solid company who had delivered a large amount of highly relevant information. By this point, DATA I/O may have made a sales call (visit) and left a brochure. The playing field was approximately level at this point -- ACUGEN 8 points vs. DATA I/O 10 points. For a $5,000 product, DATA I/O could afford only one more visit but we could afford ten more phone calls.

Care should be taken in constructing the literature to be included in mailings. Many people have difficulty reading large amounts of prose. Some graphical content is highly desirable, but should be aimed at conveying the key messages rather than aesthetic beauty. Our literature was, and still is, primarily produced on a Macintosh and LaserWriter and photocopied onto letterhead. To an engineer, this style says we are conveying technical information and not trying to fool anyone with fancy pictures and empty slogans.

Counselor Selling

The next major stage of the sales process is the technical proof phase. We use a counselor selling approach where we view ourselves as working with the prospect to solve a joint problem. No one wins if the prospect, through ignorance or trickery, buys an inappropriate product. The first step in the technical proof phase is to understand the prospect's situation -- you need to listen, ask questions and dig into the gray areas in what you hear. After this discovery process, the salesman should be able to concisely articulate the prospect's problem and propose a product configuration that solves the problem. If we cannot solve the problem, we say so and the problem definition either gets renegotiated or we bow out. Assuming we have a solution to propose, the next step is designing a method of proof that our solution will solve the problem. This is worked out between the prospect and the salesman because the proof has to meet two conditions:

1) the prospect's management has to agree the proof is adequate or else the purchase will not be approved.
2) The proof has to confirm to ACUGEN that the solution will solve the problem to minimize the chance of an unsuccessful customer. An unsuccessful customer is very expensive in terms of management time and reputation damage.

Once the proof has been agreed upon, the technical work must be done to execute the proof. Our proofs typically involved receiving 2 designs from the prospect, running our software on them, and returning the output files for the prospect to examine and test.

If the proof was successful, the order would usually follow. No special sales magic was required to close the sale at this point. The critical work was done during discovery and proof creation.

The cooperative attitude behind the counselor selling approach was applied to all of our literature. All of the technical pieces were written in a direct and clear manner, and assumed that our prospects were intelligent and trying to do the best jobs they could. We used no hype and no marketing mumbo jumbo. This attitude set us apart from our competitors and helped reinforce our reputation as a supplier of accurate solutions to complex problems.

Piggybacking

The best sales leads came from Automatic Test Equipment companies, particularly GenRad. In 1988, GenRad's testers did not work well with test vectors produced by DATA I/O's product. The only way GenRad could have successful customers and sell more component testers was to recommend our software. We made it as easy as possible for GenRad sales engineers to recommend our products and we made sure our products performed so that the GenRad testers were successful. GenRad sold more testers, we sold more software, and we had free benefit from an expensive and sophisticated sales force. No money changed hands between GenRad and ACUGEN for this work.

You have to be flexible and pragmatic about how to set up a piggybacker relationship because every large company is different. With some companies, it is best to work with the field sales offices. With other companies, a central marketing group is the most effective avenue. With us, no two piggybacker relationships are the same. We have had two very successful ones and four or five moderately successful ones in five years.

Sales As A Manufacturing Process

From a management perspective, I view the sales operation as a continuous-flow manufacturing process. A typical salesman will argue that it is an art that requires his special skills and techniques, deftly applied with exquisite timing and delivery. The distinction between process and art is that a process can be described in terms of

1) well-defined operations, and
2) conditions defining the flow and branching among these operations.

An art cannot be described so that someone else can do it. A properly defined process has several benefits compared with art:

1) a process can be automated,
2) a process can be expanded or replicated,
3) process performance can be measured and improved,
4) given adequate volume, a process has lower variable costs.

Accuracy

In our case, in 1989, we would receive about 20 leads per week and make five mailings to each (over a five week period). This meant we mailed 100 envelopes every Thursday. We had two clerical people trying their hardest to do this mailing accurately. All addresses were printed from the computer on labels which had to be stuck on the envelopes. The envelopes had to be stuffed and stamped. It sounded easy until we tried it. For the first three months we would get 5-10 envelopes returned from the Post Office per week, marked "Insufficient Postage" when there was no stamp, "Insufficient Address" when there was no address or when the address was missing the city, state and zipcode, and other equally humbling markings.

We ended up building a paper tracking and verification system in parallel to the computer system just to get the accuracy. We used that parallel system for two years. We now do several hundred letters per week and get one returned per month because of an error on our part.

I suspect that the parallel paper system was most important in giving the ACUGEN employees something tangible to understand and work with. Data that went in and out of the computer had no meaning to them until they had worked with the system on paper. When setting up a mailing system, keep in mind you will not be hiring MIT-grad computer wizards to stuff and label the envelopes.

Flowchart

Later, in 1991, we took a serious look at how to improve the early stage sales process. As a first step, I said I wanted to see a flowchart of what we did with a lead from the moment we received it until it was pronounced dead, dormant, or graduated to be a later stage sale. Furthermore, I let it be known that a good process would have a quality measurement downstream from every decision point, with feedback, so that decision methods could be improved and kept accurate.

When you consider the initial data entry and coding of the lead (University and Government leads are treated differently from commercial leads), several mailings, the possibility that the prospect may respond to one of the mailings by phone or mail, and the telemarketing call, the flowchart could have several dozen nodes.

It took two months of nearly full-time work by two people to construct this flowchart. Where did the time go? While constructing the flowchart, they noticed many holes in our process which they immediately fixed. The flowchart they presented to me was for the new process, not the old. The new process saved thousands of dollars in postage and supplies plus it freed one person for other activities. The quality of our execution also improved, and our sales increased over the next few months. I learned the lesson that the sales process benefits from some clear analytical thinking. A less obvious lesson is that you need the people involved in the process to perform the analytical thinking. The boss cannot do it for two reasons: (1) the boss does not know what is really being done now, and (2) people will not implement his plan until they fully understand how it is better and they become motivated.

Viewing late stage selling as a process and submitting it to the above flowchart rigor would yield profound rewards for ACUGEN, but the sales team argues that their work is too varied and full of judgments to be codified. I believe their argument means:

1) constructing a good flowchart would be difficult,
2) working in a loose structure with no flowchart is more fun (less stressful).

Everyone at ACUGEN does agree that sales go through stages. Occasionally a potential sale will revert to an earlier stage, and sometimes a sale will move through a stage so quickly and easily that it seemed to skip that stage. Nevertheless, at each stage, the sales situation can be categorized, a list of actions can be taken or not taken, the sale will change status or not, and the destination status can be enumerated.

Conclusion

When working with a handful of sales, it is difficult to see the process. But when working with several hundred sales, the process can become visible. Indeed, managing the process becomes essential. It helps to have a computerized tracking system to reveal the volume at each point in the flowchart and the rates of flow in different parts of the graph. Most people just watch the flow rate at the end of the sales funnel (i.e. orders) and wonder why it went down (very few people wonder when it goes up). The key to improving the sales process is being able to monitor the various parts of the process and provide feedback to stimulate improvements. Sales people, in general, do not want their activities monitored. I have to admit I do not like being monitored either.

Sales and sales management are easy to do but very difficult to do well. Selling is an essential part of any business and can be done well even with very little money. Keep your eye on the most important issues, apply engineering rigor to process improvement, perform detailed activities with minimal defects, and you will do well.

Presented at MIT 19 January 1995, 18 January 1996, 23 January 1997, 21 January 1998