



BEHAVIORAL DIFFERENTIATION

VOLUME I, ISSUE 4, APRIL 2005

Many of today's customers work to render the technologies and services we sell as commodities. This drives prices downward. What this type customer doesn't realize that is doing what seems best for his/her organization, it is actually bringing about great harm. When they reject anything but the lowest price as a differentiator, in time the finest providers will be forced to abandon them. When this occurs they will have nothing left to choose from but the lowest bidder, who in every sense represents their highest risk. As marketers, we are continually challenged to not only re-differentiate our products and services but ourselves as well.

Behavior now plays the most significant role in our ability, or inability, to positively differentiate our organizations. It is the last – and the only truly unique – standard from which our clients can positively differentiate us from our competitors. It is now, and will become even more so in the future, the way we will win.

~ Bob Flynn

TOM AND SHANE GET EVEN!

Tom Farmer and Shane Atchison are principals in a Seattle based firm. Recently they experienced the kind of trip from hell that frequent travelers are all too familiar with. Instead of just whining and moaning about it they decided to get even – and get even they did!

After a trip to Houston, in which a hotel employee treated them very badly, Tom and Shane created a PowerPoint presentation to register their complaint. The presentation described step-by-step, how shabbily they were treated upon a late night check in; basically, they were refused rooms that were "confirmed" and "guaranteed." And Bill, the night clerk did nothing to help them find accommodations elsewhere. To top it all off, he was non concerned and deeply unapologetic!

They sent their presentation to the hotel chain's headquarters and a few friends, envisioning that twenty people might see it. NOT THE CASE – those twenty sent it to their friends, who sent it to more friends, and like a rabid chain letter it spread far and wide. Did I say far and wide? Listen to this:

Is 20 Million People Far and Wide?

This incident occurred in mid-November. By Christmas the story had been picked up by USA Today and subsequently by almost every newspaper in North America. The PR Director of the hotel's parent company was inundated with complaints and their cancellation rate skyrocketed. Experts estimate that this one incident of negative Behavioral Differentiation conservatively cost the hotel chain \$5,000,000.00 in lost revenue.

In this internet age, even a single unpleasant lapse in positive behavior toward customers can bring notoriety far beyond the scale of the offence.

A QUICK REVIEW

As promised in the last issue, I'm going to introduce and make available to you, five BD "tools" that will help you on your quest to achieve positive BD in your organization, department, and personal life. Before discussing these tools, let's review the key points from our three previous issues.

Key Points - Issue #1

- If you ain't positively different you'd better be cheap!
- The key to connecting with customers is through communication and nothing communicates the "truth" about you and your organization more definitively than behavior.
- The more competing firms claim to be superior, the more they appear the same to the customer.
- To positively differentiate in today's environment and keep your customers in the years to come, there must be bonding chemistry between you and your customer.
- You are on stage all the time with your customers. Like it or not, you are ALWAYS either showing them that there is no difference between you and your competitors or you are behaving in ways that positively or negatively differentiate you from other companies that want their business.

- You must know how your behavior, across the spectrum of your people and in every interaction, can differentiate you from your competitors and help you win more market share.
- The behavior of your people is your best competitive advantage.
- BD does not just happen, it must be led.
- You should master positive BD personally and in your organization because if others are out behaving you, then you are inadvertently losing business, promotions, and salary increases.

Key Points - Issue #2

- You must justify your price through differentiation that has meaning to the customer.
- Operational BD's are the foundation of Behavioral Differentiation.
- Genuine interpersonal skill arises from the heart, not from policy.
- Exceptional BD has the kind of impact that can cause intense and vocal customer loyalty and turn customers into advocates.
- Symbolic BD means walking your talk – behaving in ways that reflect and reinforce your messages.
- Your first order of BD business is to operationalize behaviors that distinguish your company, your department, or yourself from its rivals.
- To be effective in BD you must identify all customer touch points, define optimum behavior, then manage it into your organization.

Key Points - Issue #3

- Business development behaviors are translated by the client as delivery behaviors. Any negative business development behaviors will be multiplied by ten as a delivery behavior.

The nine domains of differentiation:

1. Product Uniqueness
2. Distribution
3. Product Market Segmentation
4. Customer/After Sale Service
5. Breadth of Offerings
6. Brand
7. Size/ Market Dominance
8. Low Price
9. Behavior

- Most of what many companies cite as differentiators or unique advantages doesn't differentiate them at all. When those "differentiators" are put to the test, they either fail the test of uniqueness [because their rivals products are so similar] or the test of significance [because customers do not care].
- BD passes both the test of uniqueness and the test of significance.
- Your company is "on stage" with it's employees and customers at all times. Your organization is either showing them that there is no difference between you and your competitors, or it is behaving in ways that positively or negatively differentiate you from the other companies, companies that want the mind share of your employees and the market share of your customers.

IS The BD Case Made?

Man I hope so, because I've been trying my guts out for the past three months to demonstrate the awesome revenue and profit producing power of positive BD and the significant downside of negative BD. Just in case this stuff ain't registering, and before you lick the stamp to put on that hate mail you've addressed to me, may I remind you once again...

**IF YOU AIN'T POSITIVELY
DIFFERENT... LOWER
YOUR PRICE!**

THE TOOLS

There are five basic BD Tools. They are designed to assist you in creating positive BD in a variety of circumstances.

1. Chemistry / BD Plan

This tool is used to build chemistry between your people and the customer's people. Keep in mind that when I use the term customer I mean both internal and external. The Chemistry/ BD Plan is effective for sales people and sales managers to use in determining how to build chemistry between them and their customer's or a department manager to use in determining how to build better chemistry between their people and the people in another department.

2. Value Gap Analysis

The Value Gap Analysis tool is used to determine how to add value, i.e., positive BD to your existing products and services from the customer's perspective.

3. Differentiation Needs Analysis

This tool takes into consideration the nine domains of differentiation and how you stack up in each based on the opinion of specific customers.

From the customer's perspective you'll identify the relative importance of each of the domains and compare your company, dept. etc. against the capabilities of your competitors.

4. Key Issues Analysis

This tool is a competitive analysis, again, based on the customer's perspective. You will determine the issues most important to your internal or external customer, then rate yourself and your major competitors relative to your ability to effectively address the issues. Next, you will develop specific actions to enhance your score.

5. Opportunity Specific BD Development

This tool is designed for a specific sales opportunity. It is quite comprehensive and highly effective. Its purpose is to thoroughly assess a large sales opportunity in terms of customer expectations, your competitor's ability to meet those expectations, and your ability to meet the customer's expectations as compared to your competitors'. You will develop specific actions and strategies designed to create positive BD and win the business.

HOW TO GET THESE TOOLS

E-mail me at peopleworks@aol.com and request any or all of the Behavioral Differentiation "power tools." I will send them out in a PDF format. You should print them out on an 11x17 paper. Questions? Email them and I'll get right back to you.

The "New" Way to Sell... Yada, Yada, Yada!

I'm changing gears now, I'm going to talk about sales, specifically, I'm going to talk about why...

SELLING IN THE TRADITIONAL SENSE IS DEAD.

Why sales? Simple, response. Over 80% of the responses and questions I've received from the first three BD newsletters have been sales related.

Plus, the sales department and the way in which it approaches the marketplace typically have the greatest opportunity to demonstrate positive [or negative] BD.

I mentioned responses, they've been overwhelming. Here is what I consider some representative examples.

- How can salespeople demonstrate positive BD?
- Is learning about my customers, listening, building relationships, asking questions, only responding to their interests, selling solutions not products and services exemplifying positive BD as a salesperson?
- How would you suggest that I positively distinguish my sales organization from those of my competitors?
- What are the latest and greatest sales approaches? There are so many theories out there I'm confused.
- Internet bids, reverse auctions, price cutting competitors, increasingly aggressive buyers fixed on running me out of business, isn't it all about price? Really, do I even need a sales department?

Been There, Heard That. What Else You Got?

The basics of selling were established in the early years of the twentieth century. Although much has been written about understanding the buyer's motives, asking good questions, listening, meeting the buyers needs,

developing sales strategies, planning for the interview, presenting the solution, handling objections, closing and so on, very little has changed. Despite their claims of novelty, the overwhelming majority of modern day authors are mostly covering well-trodden ground.

Sales hasn't changed much. The selling environment; oh my! That's a different matter. Since the late 1980's the complexity of business has grown exponentially, consequently, **the basics of selling are no longer effective, or even appropriate for the selling environment of the twenty-first century.**

From a BD perspective they position you just like everyone else. Why? The rudiments of selling are so well understood that people in business who don't understand them haven't been paying attention.

The Sales Pitch - It's Dead Too!

Today's customer can check you out faster than you can say "we've got great products and services." In this age of Internet, reverse auctions, online catalogs, and Web-based purchasing, your Web site is now your pitch. If your Web site does not give them adequate qualifying information, you probably won't make their supplier list. Today, they probably don't even need to talk to you to determine if you can provide what they need. Many buyers prefer it that way, it saves them precious time, reduces their transaction costs, and it's easier and less painful than sitting through your Power-Point presentation.

Has Selling Become A Commodity?

Yeah, I'm afraid so. Nearly every good salesperson on planet earth uses the selling techniques that have been promoted over the last few decades – to the point where the selling process itself has become commoditized. Not only are most companies products, services, and channels virtually the same as your competitors', your selling process is too.

Does the Behavior of a Salesperson Really Make a Difference in Buying Decisions?

The answer to this question seems self-evident, but I have talked with countless supplier executives and salespeople who would argue vehemently, "No, all that matters is price." You, my dear reader may feel the same way, so let's examine the facts.

In doing extensive reading and research on what today's buyers really want from suppliers, the facts reveal information that has profound implications for selling in today's environment.

Surprise, Surprise, Price is Critically Important.

All businesses today have to find ways to reduce their costs, and when a significant portion of their expenditures is for outside products and services they have no choice but to find ways to reduce the amounts they spend with suppliers. Don't laugh; I know this is a glaring statement of the obvious. My question is: why do sellers keep ignoring it? It ain't gonna change, because it can't, and here's why. All organizations are challenged by fierce competition forcing them to substantially improve the quality of their products and services while becoming more price competitive. In today's environment, most organizations are trying to meet this challenge in three principal ways: [1] by improving quality and streamlining manufacturing and other operations, [2] by reducing the cost of raw material and other goods and services they purchase through pressure on suppliers to reduce their prices, and [3] by using supply chain management techniques to drive cost down throughout the supply chain.

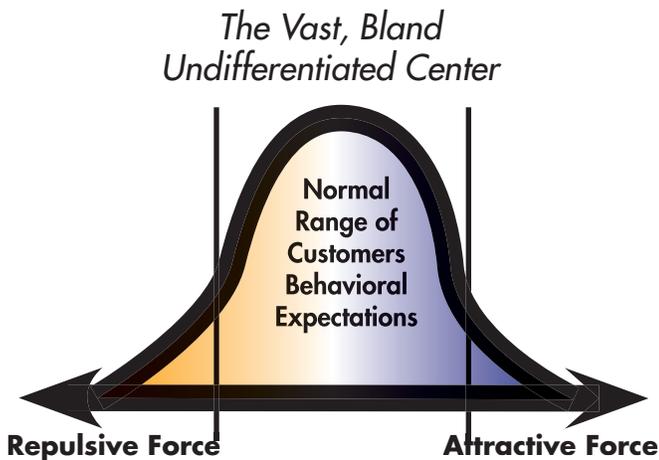
This all equates to...

Driving costs out of their systems by beating up on suppliers-demanding free services, expecting suppliers to assume a disproportionate share of risk, commoditizing markets through ruthless price competitions and reverse auctions, leveling the playing field by sharing each suppliers technical innovations with other suppliers, and using the purchasing process to get free consulting to build their knowledge.

A Blessing in Disguise?

Currently, it may be very well disguised indeed but there is undoubtedly some relief in sight. Some companies are beginning to realize that beating the crap out of their suppliers can only net so much in savings before quality and reliability –and the suppliers goodwill are degraded. This has resulted in some buying organizations concluding that they need to work with fewer suppliers to reduce transaction and relationship costs – and build better, more partner like relationships with suppliers who "make the cut." And how will they decide who makes the cut? It will be predominantly based on the effectiveness of the sales force to exemplify positive Behavioral Differentiation.

THE BELL SHAPED CURVE OF SALES EFFECTIVENESS BD.



When you look at sales effectiveness, i.e., positive sales BD on a bell curve here's what you'll see.

The behaviors buyers normally experience from sellers fall into the middle hump of the curve and do not differentiate.

Behaviors at each extreme, however, are one or more standard deviations from the norm and will have a differentiated impact on buyers, either positively or negatively.

17% of Sales Approaches Repel Buyers.

Examining the first extreme of the bell curve you'll see that 17% of the sales approaches studied repelled the buyers, thus exemplifying negative BD. The following is a sampling of the negative behaviors described by the buyers.

- Talked incessantly.
- Poor listeners.
- Inadequately prepared.
- Did not understand our:
 - Business issues.
 - Problems.
 - Customers.
 - Opportunities.
- Competitive situation.
- Used clichés and generalities. "We're the best,

we wrote the book, we have great people. "

- Knocked their competitors.
- Non collaborative approach.
- Pitched their products/services before understanding our situation.
- Could not offer special dispensation.
- Could not get things done within their own organizations.
- Contradicted themselves.
- Failed to establish rapport, trust and credibility.

Well, it's pretty obvious that these type sales forces are in reality **The Sales Prevention Department**. Unfortunately there are still plenty of the "show up and throw up" variety around.

66% of Sales Approaches Fail to Positively Differentiate.

This is why I say selling in the traditional sense is dead. 66% of the sales approaches fell within the range of the buyers behavioral expectations. Here's what the buyers expected from the salesperson.

- Consistently well prepared and professional.
- Works to build relationships with our people.
- Asks and listens more than they talk.
- Seeks first to understand before being understood.
- Is collaborative and consultative in their approach.
- Is knowledgeable of our problems and opportunities.
- Offers good solutions.
- Products and services meet our specifications and are priced competitively.
- Answers questions and follows up in a timely manner.

Hopefully you can see even a well trained and effectively executing salesperson is not going to achieve positive BD in today's demanding environment.

Why? Because that's exactly what the buyer expects, it's nothing exceptional. It doesn't get you noticed from a positive perspective.

Here's What the Sales Person Must do to Achieve Positive BD in Today's Ultra-Demanding Environment.

Looking on the right side of the bell curve you'll notice that 17% of the sales approaches did achieve positive BD. Here's how they did it. First they did all the things the 66% in the middle did [those things are "givens" today] – AND – they went significantly further, they did things like:

- Taking part in the customer's product/service development process.
- Offering truly customized solutions by creating new or modifying existing products/services.
- Anticipating the customer's needs and helping them understand it before they need it.
- Challenging the customer's thinking.
- Offering something of value on every sales call.
- Knowing as much about their industry and their company as they knew about theirs.
- Understanding their specific business objectives, their culture, their people, and their competitive climate.
- Providing viable information that helped the customer make good buying decisions.
- Employing state-of-the-art quality and lean concepts to help customers improve their business processes.
- Investing in R&D and technology to bring innovation and new ideas to customers.
- Helping them find ways to reduce costs throughout the supply chain.
- Showing a passion and commitment for the customer, their business and their success.
- Demonstrating a focus on, and an understanding of their customer's customer.
- Being comfortable to do business with.
- Not creating pressure and obligation.
- Adapting to the customer's way of working.
- Demonstrating integrity above all.
- Protecting the customer's proprietary processes and what they learned about their business.
- Being open and candid, not guarded and inflexible.
- Admitting mistakes as soon as they occurred and getting senior officials involved in the solution.
- Communicating all changes as far in advance as possible.
- Not making any promises they couldn't keep.

GET THIS OR ELSE

In the past decade, there have been dramatic shifts in the way buying decisions are made. Unfortunately, many suppliers aren't paying attention. With their heads in the sand they continue to employ outworn sales practices that may have worked in simpler times but are inappropriate and ineffective in today's complex business organizations.

Today, the ethos and practices of selling are much closer to those of professional consulting firms than they are to the sales force models that proliferated in a bygone era.

What this means is...

To be effective today, people engaged in business development must be as smart and well educated as the supply chain management professionals they are dealing with

And...

In this age of commoditization, they must know how to use behavior, not price, as a primary source of differentiation.

Coming up in the May Issue

In the first four issues of Behavioral Differentiation I have dealt exclusively with external customers. In the May issue we will examine what has to take place internally in order for positive BD to proliferate. This is critical because experts estimate that over half of North American employees work significantly below their capacity. These same experts are convinced that a major component of the issue is due in part to the behaviors of supervisors, managers, and senior leaders.



As always, if you have suggestions, comments, or questions; email me
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Best regards,

Bob