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# The Selling System In The Age Of The Customer

by Scott Santucci, March 5, 2014

## KEY TAKEAWAYS

### **The Power Of Knowledge Has Shifted To The Buyer And Is Driving Commoditization**

Buyers are more demanding, informed, value sensitive, and have more choices available to them than ever before. These realities -- accelerated by a tight global economy -- are driving commoditization in all B2B industries where buying decisions are increasingly shifting away from product differentiation to greater focus on costs and benefits.

### **A Growing Gap Exists Between The Business Strategy And The Selling System That Supports It**

Aware of this trend, CEOs are developing business strategies focused on better understanding their customers' problems and creating a rich portfolio of products and services that can be combined in a variety of ways to add value. However, companies are also reporting disappointing results as they "go to market" with their new business strategies.

### **Modernize Your Selling System By Following A Go-To-Customer Approach**

Businesses that wish to protect their margins will create selling systems to communicate value to targeted executives and develop a new set of principles to drive the operational plan. Four P's (problem, pattern, path, proof) lay a common foundation to allow different functional groups to find better ways to support each other toward a common goal.



# The Selling System In The Age Of The Customer

Part One: Illuminating The Gap Between Strategy And Execution

by [Scott Santucci](#)

with [Bradford J. Holmes](#) and Michael Shrum

## WHY READ THIS REPORT

The age of the customer is upon us. Buyers are more demanding, informed, value sensitive, and have more choices available to them than at any other point in history. As executive leaders drive transformational customer-centric business strategies, they are growing increasingly frustrated with the revenue and profitability results their organizations are generating. In response, functional leaders are also driving changes in their operating practices, all with the goal of helping sales sell. The result? These efforts tend to create either organizational drag or confusion at the point of sale, or both. Businesses that wish to boost their margins will create selling systems to: 1) communicate value to targeted executives, and 2) develop a new set of principles to help drive the details of an operational plan. A go-to-customer approach provides executive leadership with a clear vision to communicate to the rest of the organization and a way to carve out organizational white space for new operational models to emerge.

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## Notes & Resources

In preparation for this report, Forrester interviewed leading sales and marketing decision-makers at companies in the US and Europe.

## Related Research Documents

[Understanding The Reality Of Your Sales Force](#)

February 28, 2013

[Introduction To The Value Equation Framework](#)

November 29, 2012

[Engineering Valuable Sales Conversations](#)

November 12, 2008

## THE AGE OF THE CUSTOMER IS CREATING A STRATEGY-TO-EXECUTION GAP

The power has forever shifted away from businesses that in the past could control how their messages got to customers and dictate the value of their products. Today buyers have the power, because they can decide for themselves what's valuable — thanks to the myriad of alternatives available in a highly connected global economy and the ubiquitous information they access through digital technologies.<sup>1</sup> Simply put, buyers today demand more value, have many more options to choose from, and are more informed about their options than ever before. As executive leaders wake up to this reality, they typically espouse — and some successfully develop — more customer-centered business strategies. The rub? Many firms are struggling to execute their new strategies, and it's showing up in anemic top-line growth. This report examines why there is a growing gap between business strategy and sales execution, and it is the first in series of reports about modernizing your selling system to support custom-centric business strategies.

## Tectonic Market Forces Have Transformed The Selling Environment

Today's business environment has radically changed: Industries that once enjoyed economic flexibility and power are now combating commoditization forces for the first time. A sustained tight economy changed buying practices and funding patterns as businesses were compelled to operate more efficiently, which increased the number of stakeholders involved in buying decisions. Coupled with a globalized market with expanding options for buyers, the selling environment is more competitive than ever. To add to the pressure, customers are far more informed about your products and services thanks to social media and the Internet. As CEOs struggle to adjust to this complex and changed business environment, investors are demanding evidence of profitable growth, putting CEOs between a rock and a hard place.

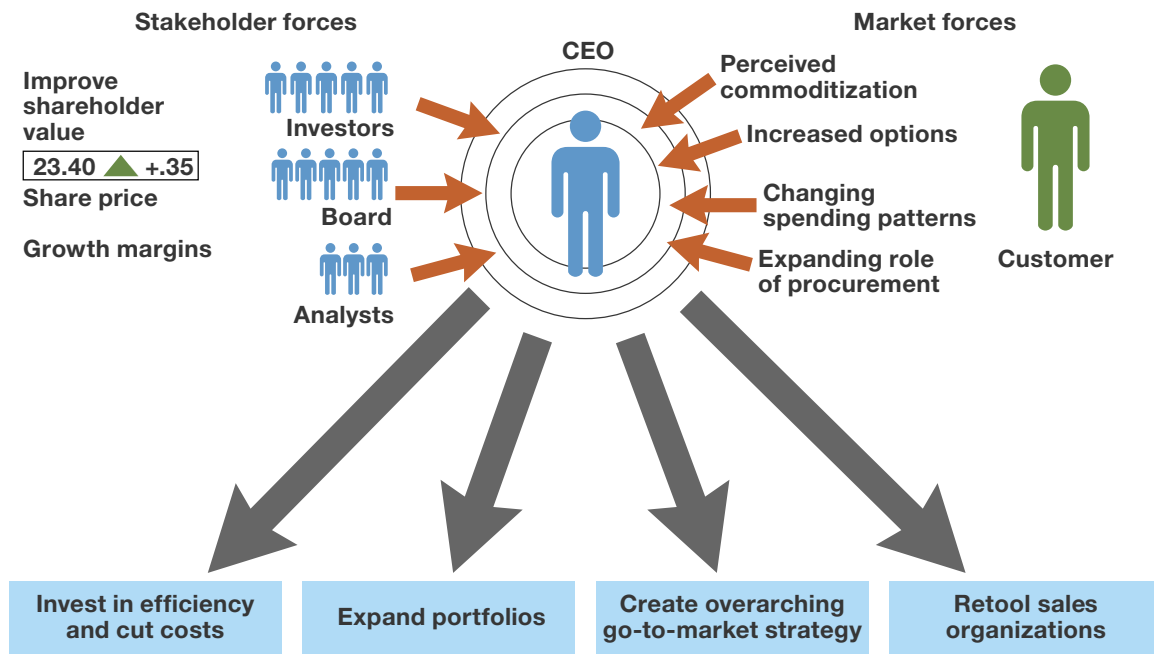
## CEOs Are Transforming Their Companies

To survive, CEOs are developing business transformation strategies that typically increase the focus on customer satisfaction, elimination of waste, and capability differentiation to deliver the results Wall Street expects. This results in a pattern of strategic imperatives that can be categorized into four major buckets (see Figure 1):

- **Mandates to eliminate waste.** Chief financial officers and chief operating officers are driving mandates to eliminate waste or — more likely today — identify ways to improve overall efficiency across the enterprise.
- **Overhauls of the portfolio.** Portfolio overhauls usually take the form of acquisitions and then business integration efforts — run by various business unit leaders.
- **Revisions to the brand and messaging.** Chief marketing officers are generally given the assignment to communicate this new collection of now seemingly differentiated capabilities to those customers for whom they are intended.

- Upgrades in the sales force.** Sales leadership is tasked with retooling the existing sales force (which has been deemed unsuitable to support the business strategy) to deliver the new message and introduce the differentiated capabilities to customers.

Figure 1 CEOs React To Colliding Business Forces



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Source: Forrester Research, Inc.

### The Selling System Isn't Adapting Quickly Enough

Regardless of how much effort leadership puts into the planning process, or how well received the strategy is at road shows, few CEOs are seeing the results they expected. Execution — and specifically the execution of the sales force — is often cited for the failure to produce results that should have been produced in the plan. Upon examination of many earnings call transcripts, financial analysts are increasingly asking CEOs questions about sales execution. New executives taking over for past leaders cite execution challenges as their top priority, while tenured CEOs point to challenges with their sales force as the key barrier to delivering better results.

“On our go-to-market strategy what I would say simply, we had talented people everywhere in the world really working hard but that our system doesn't work, or *probably better said we don't have a system*. Our process, our technology, the tools we have, our knowledge management, our sales force is not empowered and freed up to sell.”<sup>2</sup> (Steve Bennett, Symantec president and CEO)

## **SALES EXECUTION IN THE AGE OF THE CUSTOMER**

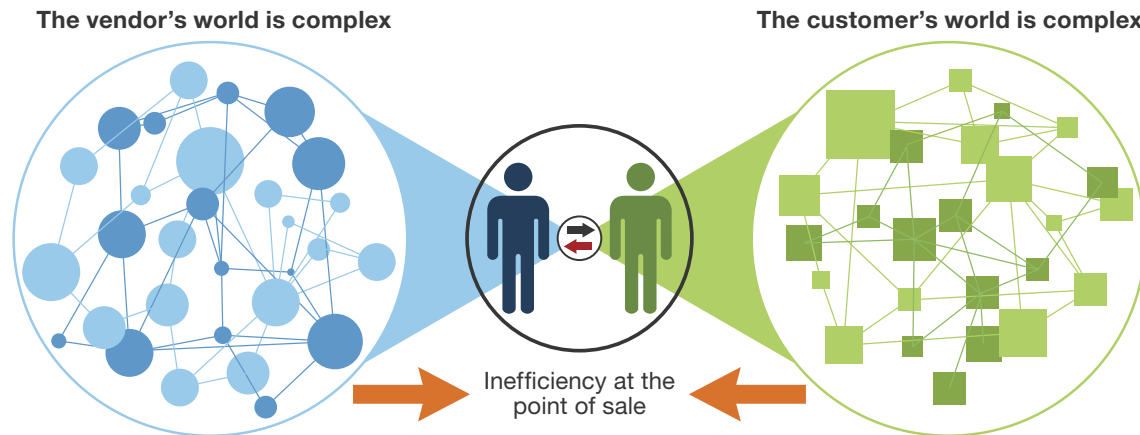
So what is going on? The conventional wisdom in strategic business planning is to set the strategy and then task members of the organization to carry it out. This system worked well in the past as organizations evolved highly specialized departments, each focused on operationalizing its portion of the business. In this prevailing system, finance manages the resources, marketing develops the messages, business units create and deliver the products, human resources recruit and develop the workforce, and sales persuades customers to select the company's products and services over other choices. There is a reason this organizational model emerged — it worked extremely well in the old command-and-control, product-centric economy when the power rested with business.

### **Trying To Mount A Value-Selling Engine On A Product-Selling Chassis**

While the idea of being more customer-centric has definitely found its way into the business planning process, executive leadership has largely failed to recognize the source of the gap between the new business strategy and successful execution. The evidence? How companies are attempting to execute has not changed. In other words, executive leadership is trying to mount a value-selling engine on a product-selling chassis. To unlock the value of productivity investments, modernized portfolios, new branding, or a transformed sales force, all your initiatives must be synchronized to create value for customers. Unfortunately, these efforts tend to get tangled in the intricate web of the organizational matrix and create either organizational drag or confusion at the point of sale, or both. This puts client-facing employees in the difficult position of connecting a variety of parts that were not designed to fit together into something meaningful for increasingly demanding customers. As a result, each sales interaction is taxed with unmanaged complexity that compounds over time and creates a clogged selling system (see Figure2).

To address this gap between strategy and sales execution, the executives must first ask themselves two questions: Do we believe that our current organizational model is optimized to execute our business strategy and, therefore, the only thing we need to focus on is improving the skill set of our sales teams (and other client-facing employees)? Or do we need to understand if our current selling system is better suited to execute the old business strategy rather than the new one and make some fundamental changes in how we are executing as a result?

**Figure 2** The Problem: A Broken Selling System



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Source: Forrester Research, Inc.

### The Selling System Involves More Than Just Your Sales Force

Forrester defines a selling system as:

*All activities that are performed by employees in your company to carry out revenue generation activities.*

The selling system: 1) begins with the completion of a business strategy (and ongoing operations) and stops when the product ships or the delivery team takes over; 2) includes the allocated headcount of all employees who are “doing things to help sales” (including contributions from marketing, learning and development, legal teams involved in deal review, financial, or business technology groups supporting the sales force); and 3) is measured by the total aggregate of contracts (including renewals) that are counted as revenue and fueled by all of the expenses specifically associated with producing that revenue.

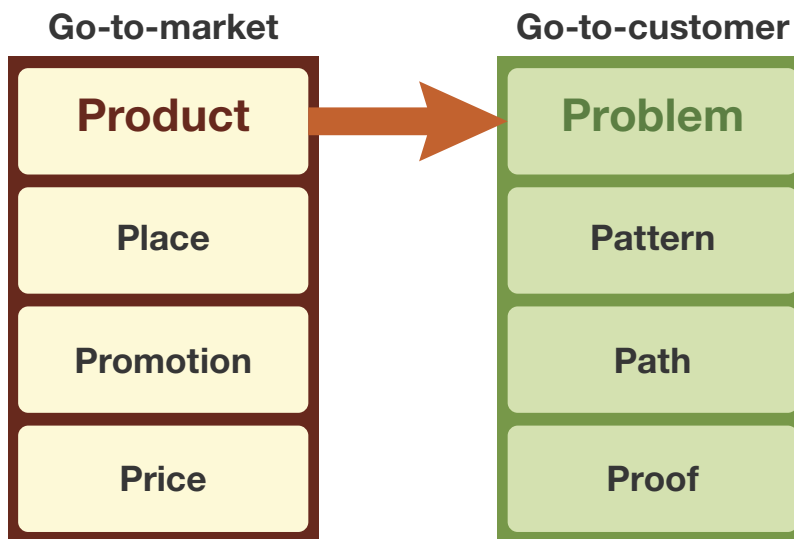
### Your Strategy Calls For One Selling System; Your Operating Model, A Different One

Since the original four P's were introduced in the 1960s, product, place, promotion, and price have become intermingled with the whole concept of “go-to-market.” Operating under this monumental muscle memory, many different functional organizations developed a variety of best practices centered on the basic idea that engineering develops a product, marketing creates the value propositions, and the sales force sells it. Over the following decades, companies have grown in size and complexity. In order to budget, set goals, and measure performance, companies developed an organizational matrix designed to manage many distinct ongoing operations.

Through the first decade of this century, these organizations could operate more or less as holding companies of many products or business lines that never disrupted each other. Economies of scale were achieved by leveraging shared services (like office space, mailrooms, or distribution networks) and new roles emerged from the matrix organizational model (product marketing, marketing operations, sales operations, training, and so on) — each with its own set of best practices.

Today, things are different. Consider, for example, FedEx or UPS. Each company comprises several businesses (ground, air, freight, shipping, stores). When you ship a package to your relatives or buy a book from Amazon.com, do you care which of these groups gets revenue credit for your shipping fees? Of course not. Most people also expect to be able to schedule a package pickup, track the progress of their package online, and have a variety of payment options, all accessible on a mobile device.<sup>3</sup> Those are services that consumer companies will have to provide if they wish to compete in the age of the customer. Your business customers have the same expectations from your company. Therefore, to retool your selling system to better support your customer-centric business strategy, you need to understand how difficult it will be to retool the operating model and plan for the transition accordingly. To successfully execute your strategy, you must first create some breathing room for that new operating model to emerge that won't disrupt the old one. Forrester calls this a go-to-customer model (see Figure 3).

**Figure 3** Go-To-Customer Is The Execution Model For The Age Of The Customer



## A New Set Of Four P's Is Required To Go To Customer

Forrester developed the conceptual attributes of a go-to-customer model through interviews with executive-level buyers over the past four years. The main goal is to provide a simple and clear focus for salespeople to orient around what is valuable for customers, and also to provide a frame of reference for all of the groups that support the sales force or make decisions about how it will be deployed or measured.

The core shift is from products as the source of what's valuable to a focus on resolving problems (see Figure 4). A common objection Forrester receives, typically from people in sales operations or product marketing, is that at the end of the day, they sell a product. Our response? That doesn't mean that is what the customer is buying. Think back to the UPS/FedEx example — can you definitely say what product you are buying (and do you care?), or do you really just want to pay for a delivered item? Your clients are no different — and the more your business strategies call for your sales team to cross-sell more products and services to your existing customers, the less relevant products will become. The new four P's are:

- **Problem.** What is the root cause issue your customer must address? Who are the individuals with the budget authority responsible for solving the problem? What vision do you have for addressing it?
- **Pattern.** A common reaction of executives when rejecting the idea that someone from the outside can help them solve their problem is that it's a unique situation to their organization and something they must endure or solve uniquely. Thus, you need to provide common reasons why that problem exists (so the leader can determine the problem isn't as unique as he or she originally believed) and common actions that others have taken to solve the problem.
- **Path.** Once an executive and his or her team understand the high-level requirements to address a problem, they will need a prescriptive approach or road map to follow. You must be able to show a clear set of steps that others have taken to give your buyers confidence that they can address it too and that your organization has specific products or services to help them.
- **Proof.** Instead of getting into the weeds about pricing each part (though your sales team will still likely have to do that when dealing with a procurement function), you need to provide evidence of results that other companies have achieved to make executives feel comfortable moving forward.



**Figure 4** Comparisons Of Go-To-Market And Go-To-Customer Execution Models

Go-to-market	Go-to-customer
<b>Product</b> Focus on building the right product at the right price point.	<b>Problem</b> Focus on providing resources to solve a given problem.
<b>Place</b> Determine the best places to distribute your product.	<b>Pattern</b> Create clarity for customers to help them understand why they have a problem and what needs to be accomplished to solve it.
<b>Promotion</b> Develop the best approaches to promote the benefits of your products.	<b>Path</b> Develop a clear sequence for customer to follow to solve the problem.
<b>Price</b> Set the right price commensurate with the target audience that will drive the most demand yielding the highest fees.	<b>Proof</b> Provide customers with clear evidence of the realizable benefits achieved by other companies that have successfully followed your path and are making progress to solving the problem.

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Source: Forrester Research, Inc.

### IMPLICATIONS OF A GO-TO-CUSTOMER APPROACH

Your company has developed a deep-seated and exceptional ability to operationalize things. You must avoid at all costs trying to drive changes that will negatively disrupt operations, because your organization will experience revenue shortfalls. However, you also need to start carving out white space to develop new operating practices to support customer-centric functions. The whole idea of creating a go-to-customer model, in contrast to the go-to-market model, is to help you wall off these efforts.

### Executive Management Can Bridge The Gap Between Strategy And Execution

Following a go-to-customer approach helps executive management better assess business strategies and determine how well they can be executed. For example, if a business unit promotes a business strategy and is unable to clearly articulate the core business problem it's trying to help a specific buyer address, that strategy isn't likely to be well executed. In addition, creating a strong identity for what needs to be done to execute the strategy provides a rallying point for the whole organization and a common foundation to allow the CEO to more clearly communicate with the rest of the organization.

### **There Is A Clear Rationale To Develop New Operating Practices**

If you were to call a cross-functional meeting involving business analysts, demand generators, field marketing professionals, product marketers, branding leaders, sales trainers, sales operations, sales managers, consultants, business unit leaders, and sales leaders — in other words, all of the people involved in the operating plan — how much agreement would there be about details of executing your organization's business strategy? How many different sets of conflicting objections would emerge if you had that discussion? Most customer-centric business strategies require significant coordination across all of these groups, and when the groups don't agree, they revert to their traditional metrics and push the fog of execution on the sales teams. The new 4 P's provide a common way to get groups communicating with each other — and while those discussions might seem frustrating and time-consuming at first, imagine the benefit to customers when the clarity for how to confront their complex problems begins to emerge. Also, the go-to-customer model can provide a way to allow like-minded groups to talk and come up with entirely new and creative ways to improve sales execution.

### **Groups Innovate In Pockets**

You don't need to have an all-hands meeting to get started. If you are a product marketer, you can identify a business problem that requires the capabilities of other groups inside your firm and begin to work on a story for how to fit the pieces together. Along the way, you'll definitely encounter client-facing subject matter experts (perhaps in consulting or in client services) who see similar things as you but lack a new 4 P's structure to articulate those insights. This team could talk to a vice president of sales who runs a named account team, and you could develop the idea further with a few of his or her salespeople who are also thinking in a similar way. This is a natural process, and it is how the highly effective execution strategies emerge within Forrester's clients.

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#### WHAT IT MEANS

### **A GO-TO-CUSTOMER MANTRA KEEPS THE FOCUS OUTSIDE IN**

To bridge the gap between business strategy and sales execution in the age of the customer, all employees involved in the selling system must develop simple, common mantras to help them stay focused outside in, rather than inside out. Going to customer is both an identity, to help focus various people involved in the operational plan, and an execution strategy. Developing a go-to-customer orientation is an important step in optimizing your organization's selling system to drive a customer-centric business strategy.

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## ENDNOTES

- <sup>1</sup> Empowered customers are disrupting every industry; competitive barriers like manufacturing strength, distribution power, and information mastery no longer create competitive advantage. In this age of the customer, the only sustainable competitive advantage is knowledge of and engagement with customers. See the October 10, 2013, "[Competitive Strategy In The Age Of The Customer](#)" report.
- <sup>2</sup> Source: Q3 2013 Symantec Earnings and Strategic Direction Conference Call, Symantec, January 23, 2013 ([http://investor.symantec.com/files/doc\\_events/2013/SYMC%20Strategy%20Announcement%20and%203Q13%20Earnings%20Transcript.pdf](http://investor.symantec.com/files/doc_events/2013/SYMC%20Strategy%20Announcement%20and%203Q13%20Earnings%20Transcript.pdf)).
- <sup>3</sup> This report is the business case component of the mobile eBusiness playbook and walks eBusiness professionals through the key strategic components of how to provide excellent mobile services: delivering convenience, leveraging mobile as a highly efficient sales and service channel, focusing on customer needs, breaking free of their PC-based design roots, and being agile. See the May 1, 2012, "[Mobile Mandate For eBusiness Professionals](#)" report.

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