



COMMERCIAL EXCELLENCE IN B2B

Understanding and managing for value

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Commercial excellence in B2B is not about relationships, it is about creating value. Of course, relationships play an important role in commercial activities. Especially in a B2B context; where close alignment with your customers is essential, where markets are opaque and the decisionmaking process is complex. Professional B2B organizations drive value creation potential through an integrated customer focus approach.

In stable situations, relationship management will bring a certain level of commercial success. However, it won't bring you the focus, differentiation and selectiveness that you need in a dynamic context. In entering new markets, developing new customers, adapting to changing industry dynamics or when dealing with customer organizations that are in flux, just relying on established relationships will not be enough. You need a commercial organization that is geared to creating value.

Professional B2B organizations drive value creation potential through an integrated customer focus approach. With 'integrated' I mean that the three commercial pillars (Market Intelligence, Market Communication and Sales) all have their role in building a customer focused organization. Organized as an integrated force they contribute to one another and make each other stronger.

1 Market Intelligence brings focus to commercial activities. It focuses the efforts of the company on those market segments where it can best create value with strong propositions. And it brings insight in the developments and trends in these segments, allowing the company to choose which markets to focus on, now and in the future.

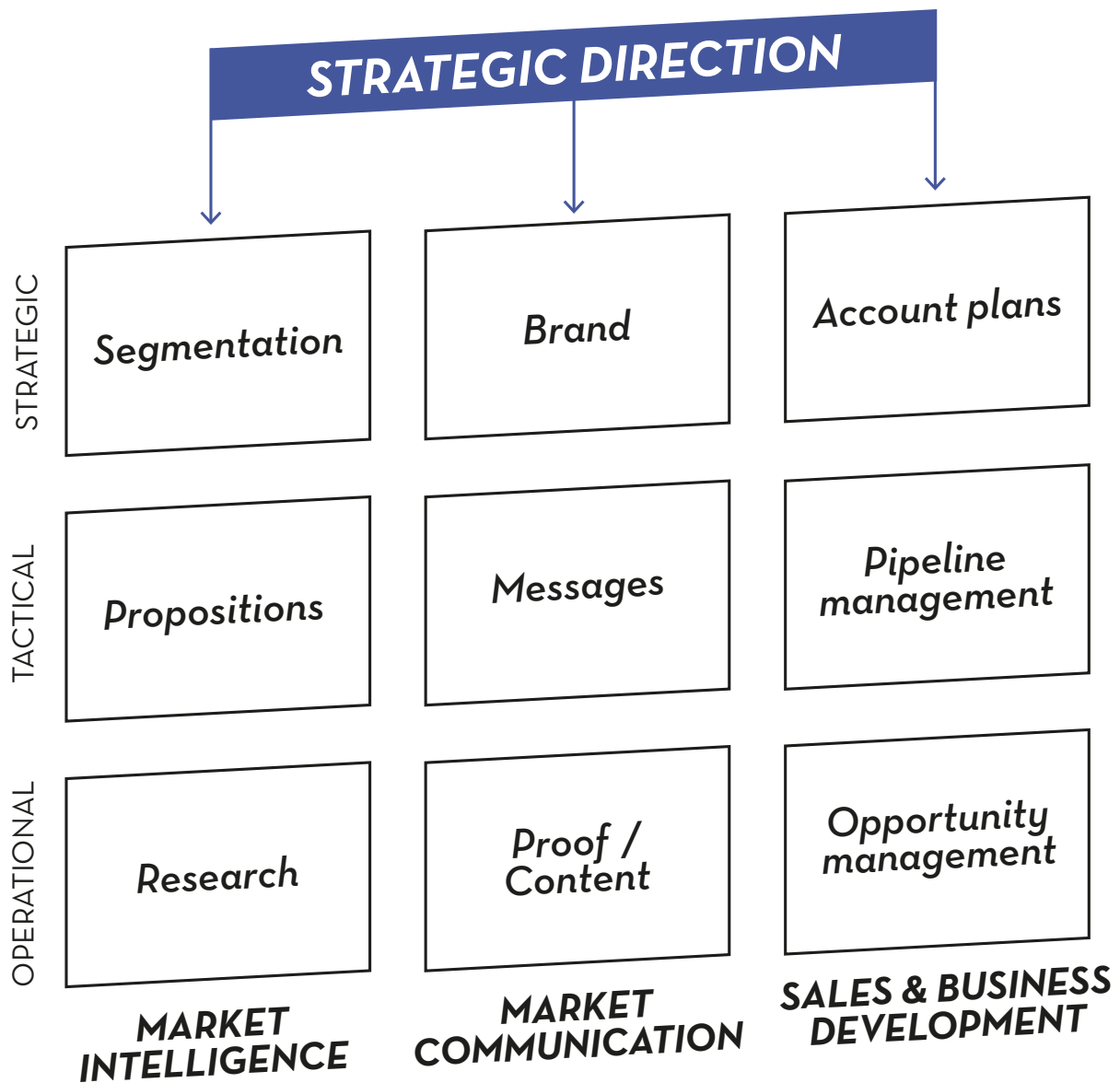
2 Market Communication differentiates the company based on its ability to create value for customers. Based on this 'brand promise', the company develops specific messages for individual segments and creates content to demonstrate how the company brings this differentiated value.

3 Sales identifies and selects those opportunities where the company can create most value. By dedicating all necessary resources to those opportunities, sales will increase the chances of success. Selectiveness greatly improves the effectiveness of sales activities.



The above summaries will apply to all companies whether classified as B2C or B2B. However, the B2B context creates some specific challenges. On the following pages I will look at each of the three pillars of the commercial organization. I will highlight the specific challenges that the B2B context creates for that specific pillar. I will explain how each pillar should be organized in order to deal with those challenges and consequently maximize the value creation potential of the company. And I will highlight how each can strengthen the other two pillars.

The three commercial pillars all have their role in building a customer focused organization



1 MARKET INTELLIGENCE - FOCUS ON VALUE CREATION POTENTIAL

Good market intelligence starts with the notion that you cannot be everything to everybody. Companies have to focus their efforts on where they can create most value. The role of market intelligence is to find those markets or customers where that is the case and then build a deep understanding of those markets.

Most B2B companies operate in markets that are small and specialized; as a consequence they are poorly documented. In the absence of good quality information, segmenting and understanding markets is a difficult task. Given this complexity, most B2B companies settle for a generic breakdown of markets - across industry, geography or customer size. This is seldom sufficient to understand the real value creation potential and build a true focus in the activities of the company.

So, it's difficult. On a positive side: it is difficult for everybody, so if you succeed in building a superior understanding of your markets, you will build a competitive advantage. As B2B markets are very specific, there are no golden rules.

However, three guidelines help build the insights necessary to focus with confidence:

→ Segmentation

A first step is to decide on market segments. Good segmentation clusters (potential) customers with similar needs - not necessarily along industry or geographic lines. Aim to segment on the basis of needs that are directly or indirectly relevant to your product or service. A cleaning company and a supplier of machines may serve the same customer, but they serve very different needs.

→ Propositions

Once segments are defined the company has to identify which are most attractive. Matching the needs of individual segments with the specific competences of the company provides a basis for the development of value propositions. Understanding customer needs and creating tailored propositions brings insight as to where you are best positioned to create value. This brings focus to the commercial activities.

→ Research

Identifying focus segments is one thing, really understanding them is a different ballgame. Comprehensive insight of relevant trends and developments, determining segment size and potential and identifying new opportunities, requires research. The clearer segments and propositions are, the more specific market research can be.

Market Intelligence creates insight and focus. Having a clear understanding of customer needs and the company's propositions will support market communication to sharply position and differentiate the company and to develop effective messages for focus segments. Market insight helps sales to identify where the largest value potential is and brings focus and selectiveness to sales activities.



2 MARKET COMMUNICATION - IT'S ALL ABOUT BEING CONFIDENTLY DIFFERENT

Market communication is all about creating a preference. It is impossible to determine a preference for one out of two identical entities. Differentiating your company from competition will help (potential) customers choose. Market communication builds the brand and highlights how you create value for customers.

Preference is best created by playing to emotions; however for B2B companies this is not sufficient. Their customers aim to make decisions as fact based and objective as possible. The procurement process tends to involve several stakeholders, who all have their own focus areas and related criteria. Although emotions will also play a role, B2B customers primarily select on the basis of benefits to their company.

So, it's all about differentiation. Being different can be scary at first. Any strong claim is open for ridicule and attack. But the greater difference you show, the better help you provide to potential customers making a selection. Some will not like your positioning, and might look for alternatives. But to win customers who choose wholeheartedly, you need to be explicit about how you create value and profess that, with confidence.

Positioning your company around customer value requires clarity at three levels:

→ Brand promise

The first step in differentiation is building a brand around a clear and specific promise of the company's ability to create value. Such a promise will inevitably be somewhat abstract. However, all customers in focus should feel that their needs are understood and that the company has a unique ability to meet those needs. The brand promise must be explicit about the value it creates, but can be generic in how it actually does that.

→ Messages

Once the brand promise is established, customers will want to know how it is actually realized. Market communication specifies the brand promise through clear messages for the different focus segments and the different stakeholders involved in the procurement process. These messages need to be fully aligned with the brand promise, so they reinforce both the brand and each other.

→ Content

In order to make the differentiation credible, customers need proof of the company's ability to create value. Content marketing will substantiate the messages by explaining how value is created, through examples and cases. Here the company provides factual proof of its ability to create specific value and allows all stakeholders to justify their preference for your company.

Market communication differentiates and creates a preference. Developing specific claims and proving those through examples and cases will further specify how value is created. This sharpens the insights of market intelligence and can help to fine-tune segments and propositions. With clear expectations and preferences, customers will be open to engage in a more specific and insightful dialogue, which facilitates an effective sales process.



3 SALES- SELECTS FOR SUCCESS

Finally, you have to bring home the value, and that's what Sales does. No matter how well informed you are and how clearly you communicate, without closing the deal your hands will be empty. Only a deal translates potential into real value. Professional sales organizations realize they cannot win every battle, so they select the best chances.

Sales in a B2B context is a 'high risk/high reward' game. Sales processes tend to be long and intensive, with some tender processes taking several years. As the customer often involves many stakeholders, Sales needs to understand and manage a range of different interests. However, the rewards in terms of the size of the deal can be huge as well.

In a high risk/high reward context you should choose your bets wisely. Selectiveness is no guarantee, but it increases the chance of success. If you stop running around trying to cater for every request, you save time. Time that can be better invested by increasing your understanding of what is needed and then delivering.

If you want to improve the chance of winning, and maximize the value that is up for negotiation, you need selectiveness. This is organized at three different levels:

→ Account planning

Market segments or specific accounts are selected based on their expected value creation potential. Account planning offers a structured and coordinated approach to realize that potential. It formulates actions to increase customer insight, improve relationships and align activities with the customer's needs. Account plans define objectives and orchestrate the efforts of all engaged; not just the Sales team but also R&D, the board, or operations.

→ Sales management

Planning is valuable, but plans tend to conflict with reality. Some opportunities may evaporate; others accelerate. In some cases the value potential turns out differently to what was anticipated. This makes Sales a dynamic process that requires constant management to re-prioritize and re-align. A selective and well-monitored Sales process increases effectiveness.

→ Sales dialogue

The company should concentrate all its commercial efforts on the opportunities that have been selected and prioritized. With multiple stakeholders involved, Sales need to understand the individual criteria of all decision makers and influencers. Sales calls are dialogues, aimed at building that understanding. In their proposals Sales can then select those arguments that maximize the value of the offer in the eyes of the customer organization.

Selectiveness increases the chances of winning. It also allows for more meaningful interaction with customers. This brings market intelligence and valuable insights into the needs and decision criteria of customers. These insights can be used to further refine market segments and improve value propositions. Scoring contracts where superior value is created contributes to the image and case history that support the brand promise and messages of market communication. And that drives the flywheel of commercial excellence. ●