What Is a "Sales-Driven" Organization?

Should your organization be sales-driven?
How do you know?

Chuck Reaves, CSP, CPAE

OVERVIEW

“We are a customer-focused company!” “We are a sales-driven organization!” “We are a market-driven corporation!”

I hear these terms often. Occasionally they are spoken as the words people think they are supposed to say. After all, it sounds good. In fact, it sounded like a really good idea at the seminar the CEO attended and so he/she came back and said, “We are going to be driven by the wants and needs of our customers”.

Now what?

What does it mean to be a marketing-focused or sales-driven company? Is it even a good idea? Some of the following content may surprise you. Being customer-focused and sales-driven is not right for every organization.

YOU HAVE OPTIONS

First of all, you have some options for driving the behavior of the people in your organization. Here are a few.

- Engineering-driven – design and build the finest products in the category; make them right every time
- Product-driven – build better products with better features than the competitors’
- Profit-driven – please the stockholders/owners no matter what
- Customer-driven (sales-driven, marketing-driven, etc.) – design and build what people want to buy and see if the other motivations (above) fall into place

Henry Ford is remembered for his attitude towards his customers’ wants and needs when he said, “Any color as long as it’s black.” He actually understood what his customers wanted: affordable, reliable transportation. The fact that it was only available in black was one of the reasons his was a sales-driven
What is a Sales-Driven Company?

company. He was selling to his targeted customer’s primary buying criteria. He was not trying to be all things to all people.

Fast forward to today and you will see Southwest Airlines doing the same thing. You have anything you want to eat on a Southwest flight as long as it is peanuts. Southwest understands that what their customers want is affordable, reliable transportation. (Sound familiar?)

The similarity between Ford and Southwest is that they both concentrated on their customers’ primary needs and let others provide the products and services that were outside that criteria.

**THE CSO PRINCIPLE**

**Your orientation determines your value to your customers.** If you are sales oriented, you help your customers sell more of their products. If you are engineering oriented, you help your customers build better products. If you are product oriented you make sure your customer has the best products to use in achieving their objectives.

**WHAT IS YOUR CUSTOMER’S PRIMARY CRITERIA?**

If you sell to consumers, you are a B2C salesperson and you must be customer-focused or you will not sell effectively. If you sell to other businesses, you are a B2B salesperson and being sales-driven and customer-focused is more complicated.

The old myth is that if you build a better mousetrap the world will beat a path to your door is, well, a myth. This is a product-driven sales process. It assumes the best product will win the day. It may not. Three things must be true for this myth to work: the customers must know you have a better mousetrap (marketing), the customer must know where your door is (sales) and the customer must know they have mice (market demand). If they don’t have mice or don’t know they have mice, they will have no need for your trap no matter how good it is.

**THREE STEPS IN BECOMING A SALES-DRIVEN ORGANIZATION**

So there are three steps in becoming a sales-driven organization:

1. Meeting a need (or desire) in the market
2. Having a product differentiation and
3. Letting the customer know you’re there.

We will assume that you have accomplished the first two: 1) you have something that people want or need and 2) it is different from the competition. [If this is not true, CLICK HERE]
To support your success in creating a product or service that the market wants or needs and one that is unique, your organization – your entire organization – can now become sales-driven. If only a part of your organization is sales-driven, it is not a sales-driven organization. Salespeople are sales-driven even in product-driven and engineering-driven organizations. In a sales-driven organization, everyone focuses on what the customer wants.

You may have noticed that we use the singular “CUSTOMER” here. Every customer is different; every customer you have buys from you for a different reason. Sales-driven companies accommodate reasonable customer expectations. If a customer wants the widgets they buy from you to be green, the employee in your paint booth must be excited about painting some widgets green – even if it means cleaning their paint gun an extra time. If a customer wants to pay their bill on the 23rd instead of the first of the month, the folks in your accounting department must be excited about cutting invoices for payment on the 23rd even if the accounting software makes it difficult.

So, how do we accommodate thousands of different criteria? How do we become all things to all people? We don’t. Our salespeople see to that. In a sales-driven company, the salesperson sells their product or service as a solution to a customer problem or as a tool for accomplishing some objective.

Rather than focusing on some smaller matter, such as color, the sales professional focuses on what the customer is really trying to accomplish. Usually, this is more sales for the customer. So, in a sales-driven organization, the sales professional focuses on helping their customer sell more of their products or services to their customers.

Sales-driven B2B organizations know they do not sell to, they sell through. They help their customers sell to their customers. When they do, some of the other issues go away.

“Mr. Customer, if we could develop a program for increasing your sales by 8%, could your accounting department find a way to pay our invoice on the first of the month?”

If you can help your customer increase their sales by any appreciable amount, they will come over to your building and pay their invoice in beaver pelts, if they have to.

Like you, your customer is trying to improve their profitability. When they can sell more of their products and services, their profits should increase. When they can sell more and, at the same time, lower their costs, their profits should increase even more. When they think green widgets will increase sales, they will ask for green widgets. When they think paying invoices on the 23rd will lower their total costs, they will ask for the date.

What if they are wrong?

Your company could absorb the expenses of making the changes the customer wants only to see the customer return to the original way of doing business when the changes do not
produce the desired results. Your profits are reduced by the changeover and the customer sees little or no increase in their profits. Sales-driven companies do not necessarily allow customer decisions to drive the way they do business.

Instead, sales-driven companies understand their customers’ supply chains. They know who their customer’s customers are and why they buy. Then they help their customers better serve their customers. They sell through, not to.

For instance, when you bought your first personal computer, the chip inside of it was probably made by Texas Instruments or Motorola. (Whatever happened to these giants?) Gordon Moore started another chip manufacturing company and named it Intel. Intel had a chip that was twice as fast as the chips on the market and could sell them for half of the current chip price. They had engineered a great new product. Users wanted higher speed and lower prices so Intel could have simply relied on the speed and price differentiation, couldn’t they?

Moore’s Law, now a commonly used barometer, stated that in the world of chips, speed would double and prices would halve about every eighteen months. Every other manufacturer would be able to match what Intel had done.

So Intel became a marketing-driven company. They went to the computer manufacturers and explained that with every chip they shipped to the OEM, they would also ship a decal about the size of your thumbnail that said, “Intel Inside”. Intel understood their customer’s customers. In this scenario, the customer’s customer was the user who wanted the latest and greatest computer. Assuming speed and price would become the same across all manufacturers (it did), the OEM’s touted their chip supplier as the best. By bragging about the chip they had used in manufacturing their PC’s, the OEM’s convinced users that their units were better.

Before Intel began their marketing-driven approach few users cared about the processor in their computers. Now, virtually every computer on the market lists the processor type prominently in their advertising.

What can you do to help your customers sell more of their products and services to their customers?

When you can answer that question, you will be on your way to being a marketing-driven company.

**Ah-Ha!**

Here is the ah-ha when it comes to being a sales-driven or engineering-driven company. Your orientation determines what you are doing to help your customers better serve their customers. As a sales-driven company, your conversations with your customers need to focus on what you can do to help make them more successful with their customers. You will be most successful when your approach is based on Business Function Selling.

As an engineering-driven company, you will be most successful when your sales approach is based on a feature-benefit analysis.
As a product-driven company, you will be most successful when stressing compatibility, seamless integration and other product related advantages.

**Making It Happen**

How do you make the shift to being a sales-driven company? Here are some ideas.

1. **Change your focus by changing your leadership.** Instead of having a sales manager, vice president or Chief Sales Officer (CSO) who knows your business, find one who knows your primary customers' businesses. Find a sales leader who understands supply chain management. Look for someone who can help your salespeople think about their customer’s business models, not their customer’s buying criteria.

2. **Change your focus by changing your compensation.** Reward salespeople who excel in learning how their customers make money. When your salespeople know enough about their customer’s business to actually run their business, they are truly a sales-driven salesperson. I recently worked with a veterinary supply company and asked the salespeople how many of them thought they could run the back office for a veterinarian. More than half raised their hands — they understand their customer’s businesses. I also worked with the sales team for a master distributor of electrical components and asked the salespeople how many of them felt they could run a distributorship (their primary customers) and only one person raised their hand. They would be more successful if their compensation included some incentive for knowing their customer’s business better.

3. **Change your focus by changing your sales model.** Think in terms of reactive versus proactive selling. Most B2B sales models are proactive. The salesperson is expected to initiate the contact, build rapport, execute a needs analysis, offer a solution and close the sale. All of this is predicated on building a relationship with the customer based on what the salesperson knows and can learn about the customer. Reactive selling begins with a customer-initiated action. When the customer makes the initial inquiry for your products or services, they already have some idea of what they think your product or service could do for them. Your conversations will naturally focus on what you can do for them; it’s an automatic way to be a sales-driven company. Causing customers to call you (reactive selling) is a function of marketing and can be the primary criteria for your marketing campaigns. (I’m a sales expert, not a marketing guru. You will benefit from having a marketing expert help you as well. Tell them you want to stimulate interest, generate brand awareness and have a strong “call to action”.)

**When You Should Not Be a Sales-Driven Organization**

Not every selling situation or sales model lends itself to being sales-driven. There are times when being engineering-driven, product-driven or even profit-driven can be more effective.

Examples of situations where being **engineering-driven** is more appropriate include:
What is a Sales-Driven Company?

- Precision medical equipment that allow doctors to perform more accurate procedures. Once the medical community learns of the new technology, the more successful practitioners will seek out the equipment. Practitioners learn about the new technology through effective marketing that might include strategically placed articles, traditional advertising, etc. Some medical device companies have thrived for years by focusing on engineering. The danger here is that a competitor will develop their device using a different technology and the doctors will need to be taught how to distinguish between the options. Teaching customers is a sales function.
- High-end consumer electronics also rely more on engineering than sales. The enthusiast wants the latest and greatest equipment and will do the research and seek it out. Sales is less important than engineering and, once again, marketing will alert the potential buyer.

Examples of situations where being product-driven is more appropriate include:

- In scenarios where single sourcing is important, having a full line of products can trump having the best-engineered products. We are seeing more and more instances where a manufacturer or (especially) a software company buys a another company to fill out their product line. Their customers are more interested in being able to have a full complement of compatible products that interface seamlessly than they are in having the latest and greatest offering.
- When the customer has an embedded technology that is difficult to change, compatible products are more important than technology.

There is at least one scenario where being profit-driven is more important than being sales-driven or customer focused.

- When an organization’s primary objective is to make themselves attractive to investors or when they are in a position to be acquired, being sales-driven can actually be counter-strategic. While us salespeople believe that the fastest way to a fatter bottom line is a fatter top line, there may be some argument for eliminating sales (and other) costs and allowing the organic revenue growth to make any increases in the bottom line.

**SUMMARY**

Successful Sales-Driven Companies help their customers increase their sales. They accomplish this by understanding how their customers make money and then help them do that better.

**CONTACT INFORMATION**

Chuck Reaves, CSP, CPAE  1.800. MR. REAVES (800.677.3283)

Email: Chuck@ChuckReaves.com  Site: www.ChuckReaves.com

For more information on being a CSO: www.CSOToolBox.com