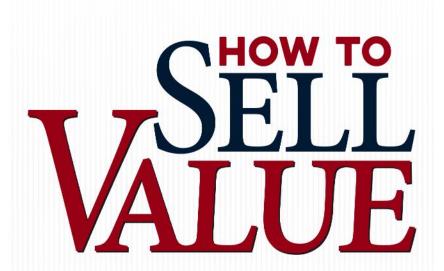
# Sampler



THE REVOLUTIONARY
SALE + VALUE®
SYSTEM TO SOLVE CLIENT
PROBLEMS AND WIN

**PEDRO LUIZ ROCCATO** 

#### Praise for How to Sell Value

"In *How to Sell Value*, Roccato details with clarity and simplicity the main points to attract, develop, and retain indirect sales and distribution channels, multiply your sales force, and help your sales channels develop a value proposition to your clients. Everything is explained in a clear and simple manner."

—Jorge Sukarie Neto, President, ABES (Brazilian Association of Software Companies)

"The use of the Sale+Value methodology described in *How to Sell Value* is part of my routine, as I am in charge of sales of digital marketing solutions, not only because the concept works, but also because there is no alternative when the service sold is the result (profit) obtained by my clients. Many sales professionals can't see the value of their solutions in the client perspective. These people can only use the price/discount/deadline resource to negotiate. As already mentioned, the value lives on, but the discount ends soon."

—Luís Maian, Latin America Partner Sales Manager, Adobe Systems INC.

"Thanks to the consulting projects, courses, and content published by Direct Channel, including the new edition of Roccato's book, *How to Sell Value*, hundreds of professionals with solid knowledge of the principles that guide the creation and maintenance of a sales and distribution channel have been trained and are now experts in this area, bringing great value to the value chain of the Brazilian channel."

—Sérgio Basílio, Director, Solutions & Strategy, Latin America, Westcon Group "How to Sell Value is a fantastic book. It details and clearly explains the importance of observing and outlining a balanced company, directed to the most important figure of business—the client. From start to end, How to Sell Value shows all steps to a successful company. This guide should be the pillow book of every entrepreneur."

—Patrícia Marega, Business Development Manager, the U.S. Department of Commerce, U.S. Consulate, São Paulo, Brazil

"The importance of adding value in the supplier-customer relationship is key to sustainable and permanent growth of organizations. The application of the Sale+Value methodology from *How to Sell Value* brings prompt results, and it's the base of a trustful relationship and a competitive differentiation, leading to loyalty. A practical guide that greatly contributes to the development of companies, the book has important insights. In Network1, these concepts will be culturally incorporated and are practiced every day."

-Rafael Nassar Paloni, President, Latin America, Network1 Distribution, a ScanSource Company

"We know the collaboration between people and companies is part of the Sale+Value methodology featured in *How to Sell Value*. And maybe, because of that, it is so gratifying to learn and share thoughts with Roccato, as he always makes us think of a new way to act in the market, considering that we are incessantly searching for a collaborative process to achieve good results."

—Renato Lovisi, Director, Advanced Solutions, a division of Ingram Micro "After the training with Sale+Value, my horizon has expanded. This method has allowed me to practice new approaches on a daily basis and listen to clients better, with a humble and real interest in understanding my business. A curtain has opened and opportunities have appeared. New scenarios have been discussed and a much more pleasant talk has been conducted, much different from the assiduous debates on bits and bytes, endless and boring, typically seen in the technology market. I hope *How to Sell Value* becomes the eternal recognition of good and hardworking professionals, enthusiasts who dared to provide a differentiated experience to themselves and their customers."

—Nycholas Szucko, Country Manager, FireEye Brazil

"The implementation of the Sale+Value method in channel management was decisive for the business model and strategy in Bematech channels. There were no clear rules or transparency among the over 5,000 authorized partners. Our main challenge was the change in company culture in regards to roles and processes. This work, structured with the method developed by Roccato, brought two excellent results: stronger relationship with channels and a more participative commercial management, with long-term vision for the delivery of the company's solution strategy."

—Fábio Luiz Moro, Channel Manager, Bematech





## How to Sell Value

The Revolutionary SALE+VALUE® System to Solve Client Problems and Win

#### PEDRO LUIZ ROCCATO

- See how to provide a differentiated buying experience to your clients from the corporate, retail, or government market
- Become a customer expert and learn ways to ensure loyalty to you and your brand by committing yourself to solving your client's problems, pains, points, and needs
- Use social media to disseminate the perceived value of your company and its services
- Learn how to turn your customers into your best salespeople

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# To my wife Priscila, who encourages me to be a better person every day.





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The Direct Channel® was founded in 2004 with the mission to help people change the world so they can live a better life. In thirteen years of operation, working with all sales links in the chain (manufacturers, distributors, resellers, and customers), the company has experience in Information Technology, Commercial Automation (POS and Barcode), and telecommunication, as well as other industry verticals, including insurance, food, real estate, healthcare, oil and gas, automotive, retail, the public sector, and others.

The Direct Channel takes a holistic view of business and has created a comprehensive portfolio for the market including:

- Projects and Consultancy
- Courses and Workshops
- Content for Events
- Groups for International Events
- Portal do Canal<sup>®</sup>
- Books and Methodology

Portal do Canal<sup>®</sup> is a site with content and services aimed at generating business between the sales and distribution chain links. www.portaldocanal.com



### Introduction

PROVIDING A DIFFERENTIATED BUYING experience. That should be the mission of a salesperson, if you ask me. Unfortunately, management tells us we have to sell products. After all, that's what the company produces. Company executives forget, however, that while they have to manufacture products, clients don't need to buy them. Indeed, everyone needs to have access to the benefits of products. For instance, consider the book you're now holding. Do you need the book, or the knowledge it will provide you? In the value-added perspective, the book is simply a way to achieve your goal of acquiring knowledge and having more successful sales.

Until the entire sales and distribution chain recognizes this reality, everyone involved will face increasing challenges in trying to win clients. After all, the products are more and more alike (and my view is based on the product itself, not the value proposition to the client), the profit will be less and less, and the competition will be greater. Remember, from the client's perspective, a salesperson has to sell something the client may not need to buy. Based on this principle, the relation between the salesperson and the client starts with suspicion.

Thus, the role of the salesperson is essential in the client approach strategy.

Salespeople must identify the client's pain points and needs related to the solution provided by the value proposition. And that desired loyalty will come through the salesperson's commitment to solving the client's problems, rather than simply selling a product.

Since the release of the first edition *Sale+Value\**: *How to Sell Value*, *Not Price* in 2010, the market has evolved dramatically, which led me to write this revised edition. This edition offers an update on the themes addressed in the first version as well as additional information for sales and distribution channels. In addition, we have included countless examples from various sectors, markets, and client profiles to help you understand and absorb the concepts and our methodology.

I hope you are prepared to serve today's new and much more demanding client, one with a high level of knowledge and whose native process is to collaborate with peers, especially on social media. I'm sure this client will share any positive or negative experience with your company with his contacts.

As with my other books, my mission is to help you provide a differentiated buying experience for your clients, not only making them buy from you, but having them return to buy more, becoming multipliers among those in their communities and contacts.

Welcome to *How to Sell Value: The Revolutionary SALE+VALUE® System to Solve Client Problems and Win!* 

Good reading and good sales!

-Pedro Luiz Roccato

## Sampler

## 1 Mr. Client

L deepest needs. A client focus should guide your decisions, and you cannot forget that all the problems you have are directly or indirectly related to the client, as are all the solutions. In this chapter, you'll learn how to get to know the client better so you can have a successful client approach.

#### The Client: The Beginning and End of Everything

When talking about sales, no one is more important than the client. Everything should start and end with the client. Unfortunately, many companies offering conception processes do not start with the client's needs, but on a demand prompted by manufacturers' engineers. These engineers create products, which will be offered to clients, based on what they believe are great ideas. Often, this process results in a negative answer from the client, who should have been involved with the whole process from the outset. I believe the process of product and offer conception must always starts with the customer to identify his

needs even if he doesn't know about them. It happens more frequently that you think. As sales professional, it is our function to identify these needs and look for a solution within our company.

For that, we developed a methodology that we will present on the next topic.

#### PORTFOLIO REDESIGN METHODOLOGY ON PRACTICE

To assist our customers on alignment of their operation and portfolio, we developed our own methodology the we called

#### **External Diagnosis**

- What main verticals, segments, and client profiles do you want to focus on?
- What main problems, concerns, and challenges of clients do you want to focus on?
- What are your needs and wishes?

#### **Internal Diagnosis and Analysis**

- What's the correlation between the end client's problems and your company's core?
- What's the proposed portfolio of products, services, and solutions?
- What competences are required to such development?
- Considering cost, time, and sales volume, how will you promote such competences (direct channels, indirect channels, mergers and acquisitions)?

#### **Development**

- Alignment between the company and plan implementation.
- Attraction, development, and retention of channels and employees.

**Figure 1.1:** Graphical representation of portfolio redesign methodology to define their offers

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Portfolio Redesign. It allows an analysis of opportunities from customer, based on his necessities, pain, desires and aspirations.

The illustration shows that the portfolio definition process should start with the group of clients whom you have defined as your focus. In fact, this is the exact opposite approach taken by many companies.

The most common process happens in inverse way: from company to customer. However, I don't believe it is efficient.

The customary, inefficient process goes from the company to the client. According to our methodology, the portfolio definition should be the result of two aspects. The first is the pain points of the clients whom you have defined as your focus. The second is the correlation between your client's pain points and your competences, your core and what you do well. With this method, your value proposition will be well received by the client.

In contrast, when products are defined first and then clients are contacted to see if they need what you offer, the chances of successful sales are lower. For this reason, we see many resellers focused on price over clients. To make the sale, they will have to offer a discount. A discount, however, may consume all your profit, so stressing discounts clearly is not the best solution.

#### FOCUS ON THE CLIENT OR FOCUS OF THE CLIENT?

When making a correlation between the comments and contrapositions I find in trainings, consulting, and lectures, some



Figure 1.2: Simplified representation of the methodology

people contest the client-focused methodology, saying the focus shouldn't be on the client, but rather on the focus *of* the client. Now, I ask, if we assumed the client's focus is correct, wouldn't we be assuming a risk? Wouldn't it make more sense not to assume a previously defined scenario and, instead, focus on helping the client find the best solution to his or her problem?

Do all clients know the best solution to their problems? Based on my experience in helping people and companies solve problems, my answer is an emphatic no. I've seen a range of situations including clients who didn't know they had a problem, or clients who knew their problem, but were unaware of the best solution for their specific challenge. For these reasons, you should be careful when assuming the focus of the client.

#### Interconnected Clients: Are You Prepared for Them?

Since 2004, I've participated in the National Retail Federation (NRF) Annual Convention, the largest and most important retail event in the world, held in New York City. The event gathers the world's main online and offline retail executives from all sectors, including technology, apparel, tourism, food, services, and more. In 2012, the primary worry for retailers was, in fact, the "connected" client. In 2013, the term used was not "connected" anymore, but "interconnected."

In the last two years, the mood at the event showed some panic, as many retailers with physical stores, especially in North America and Japan, had reduced sales. The clients (consumers), now interconnected 24 hours a day everywhere, were visiting physical stores, checking the Electronic Product Code (EPC) with their connected mobile devices (e.g., smartphone or tablet), comparing prices, and then, though still inside a store, buying the product from a virtual competitor. Besides not buying from physical retailers, these clients also shared their experiences

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in the virtual shops with their contacts, on a website of similar users, or through Facebook, Twitter, or other social media.

Now, let's analyze the situation. Is this reduction in sales because the client is intent on finding the lowest price, or is it due to the salesperson's lack of differentiation at the physical store during the contact process with the client? If the store had provided a differentiated buying experience to the client, would he or she have bought the product from a competitor using a mobile device? I have some doubts about it. The more you know the Sale+Value methodology, the more you'll become aware that the main problem is not with the client buying as described above, but with the retailer not offering a differentiated buying proposal to the client.

Interconnection is already an accessible reality for everyone. In January 2014, I was in New York and I was supposed to shop for my baby daughter's layette. Since my wife was far along in her pregnancy, she didn't accompany me. Years ago in Brazil, it was not possible to choose the products you'd like to buy from a store in the United States. With the Internet, this process became very easy. My wife registered online as a user on Buy Buy Baby, one of the largest retailers of baby supplies in the United States, and then she chose the items she wanted and included them in her online wish list. She shared the online list with me so I could view it on my own mobile device, without her being present. The differentiation became visible when I went to the store.

When I got there, with my iPad showing the wish list she had generated on the website, I started to search for the products, but I couldn't find them for several reasons. There were other products just as interesting as the ones selected, and other items on the list were only for sale on the website and not available in the store where I was. With the interconnected client profile, I decided to use the technology to beat the over 4,300-mile distance from my wife in Brazil. As I wanted to share that unique

moment of shopping for our baby daughter, I called her on Face-Time from my iPhone and I invited her to virtually shop with me. I turned on the video camera and started to walk across the store and show the items to her. We could also share our opinions via voice channel. We were connected for about an hour and I bought more than 60 clothing items and other products for our baby daughter. The experience was unique and unforgettable.

Interconnection brings people together, allowing a shared buying moment. Years ago, the NRF launched the store of the future, in which teenage girls could turn on the store dressing room webcam to share what they were trying on and receive help from friends and family members at the buying decision moment. Are you using the interconnection resources of technology to your advantage?

#### THE SURGICAL CLIENT

Today, clients are much more informed and prepared than your sales force. It's common to find a "surgical client." This is a client who has checked all stores before buying a product. This client has analyzed the opinion of other clients who have bought the same product, has seen comparative analysis involving the main competitors, and has read testimonials of other clients who have had a buying experience with the brand in question. This client is probably much more prepared to buy than your sales force is prepared to sell.

When surgical clients visit a store after performing prior product analysis, they will identify the salesperson that deserves their purchase. And this salesperson will be the one who provides a differentiated buying experience. In fact, what these clients really want to know is if you deserve their money. If you surprise them positively, then yes. If you surprise them negatively or if you assume a neutral attitude—that is, if you don't make a difference—they will probably not buy from you. Or, if they buy from you, they will ask for a discount, which, in my

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opinion, means they want compensation for the poor experience they have had with you. Unfortunately, this situation is more common than you imagine. The clients will never tell you how you could improve your sales technique; they'll just walk away and buy from a competitor (they will also probably say negative things about you and your company).

## HOW ABOUT SOCIAL MEDIA? SEE WHAT PEOPLE SAY ABOUT YOU AND YOUR COMPANY

Part of the perspective of interconnected clients involves the use of social media, including Facebook, Twitter, and others. Consider the application or website your clients are using since there will be perhaps 20, 30, 100, or 1,000 new ones like these cropping up. After all, it's up to the client to decide which one to use. The clients define where they will publish their testimonials about their experiences with your service and your brand. The same happens in the after-sales service.

People aged 40 and older usually contact a company's customer service first to make an after-sales complaint. This client profile will only post a complaint on a website or social media if they have not received satisfactory service. Users under age 40, however, do the opposite—they publish on social media and complaint websites without first contacting the company's customer service.

Do you think clients "telling the world" about their dissatisfaction with your company is unfair? Welcome to the interconnected client era. Clients choose how to post their opinions and experiences with your company. Therefore, pay attention to how your company is seen. Perhaps, the way you are seen is different from how you would like to be seen, or how you think the market sees you.

Check what communities are on your side—you will benefit from their dissemination at a speed never seen before—as well as posts against your company that may have a devastating

effect on your brand and reputation. There is no way to ignore what is said about you and your brand. The message is very simple: Connect to these users. Encourage the creation of communities. Check their perception of your brand. Encourage discussion forums. Show where you stand in relation to the market movements. Be connected to them.

Get in the game, because social media is here to stay. Tools may change, but this type of communication won't. Nobody knows if the future will depend on Facebook or any other specific community, but social media will remain, there's no doubt about it.

#### Churn Rate: What Is Your Rate of Clients Lost to the Competition?

Churn rate is the rate of clients lost to the competition. This term is frequently used in markets such as telecommunications and insurance, but it's applicable to any segment. The churn rate is an indicator of current clients lost to direct competitors. There are two ways to lose clients. One is when a client cancels a service without migrating to a competitor's service. The other is when a client migrates to another company that offers compatible services. The churn rate considers clients that are not served by your company anymore because they have migrated to a direct competitor, that is, a company with the same or a very similar offering, but that was more attractive to them.

Many companies are excessively concerned about winning new clients, but they are not worried about losing current clients. For example, if we consider the telecommunications industry in Brazil, in the first years of privatization, operators were measured according to telephone lines sold. Nobody was considering client losses because everyone was focused on the high sales volume.

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The current scenario has not had deep changes but there is clearly some concern about retention. The cost of a new client is high and, many times, the client has to accept retention for more than one year. With service plans linked to the supply of devices at supported costs for 12 months or more, as soon as the retention period is over, the client leaves the operator, enticed by a new offering from a competitor's plan.

Therefore, your strategic attitude for the development of a client base is extremely important for your company's survival. Winning new clients is as important as retaining those who have previously bought from you. Your challenge is not only keeping them with you, but also making them buy more and more, while saying positive things about your company.

The same concept should be applied to your sales and distribution channels if you have a chain of resellers and distributors that offer your products, services, and solutions. The key factor to success in channels will always be your "Structured Channel Program." It will help you handle the challenges to attract, develop, and retain channels. Distributors face the same challenge; for them, the solution is in the development of a "Structured Program of Loyalty and Relationship."

#### Last Word

In this chapter, you learned how to:

- Focus on clients
- Portfolio Redesign Methodology
- Recognize that clients are interconnected to social media
- Be prepared for the "surgical client"
- Pay particular attention to after-sales service
- Watch the churn rate (rate of clients lost to the competition)



### About the Author

Pedro Luiz Roccato has written several books about the themes of sales and distribution channels, value-added sales, and marketing, including: Sale+Value\*: Applied Sales and Distribution Channels, Sale+Value\*: How to Sell Value, Not Price, The Bible of Sales and Distribution Channels, and Sales and Distribution Channels.

Roccato has more than 23 years of experience in information technology and business administration. He is the founder and chairman of the Council of Sales and Distribution Channels in Brazil. He represents Brazil in global events as the coordinator of the Official Brazilian Delegation for the NRF Annual Convention, the world's largest and most important retail event, after an invitation from the U. S. Dept. of Commerce. Roccato, has worked as an executive with manufacturers including Microsoft, Itautec, Philco, and Parks, and in channels like Brás & Figueiredo, Infocenter, and others.

He is president and CEO of Direct Channel® Group, a company he created in 2004, and his customer base includes companies from various segments of the Brazilian economy, such as technology, telecommunications, insurance, food, real estate,

healthcare, oil and gas, automotive, retail, government, and more. He works in all aspects of the sales and distribution chain; his customers are the leading players in the market, such as: Adobe<sup>®</sup>, Apple<sup>®</sup>, Microsoft<sup>®</sup>, Symantec<sup>®</sup>, CATechnologies<sup>®</sup>, Cisco<sup>®</sup>, Enterasys°, IBM°, Dell°, HP°, Lexmark°, Xerox°, Lenovo°, Positivo°, Epson®, Bematech®, Siemens®, Eaton®, Emerson®, APC by Schneider Electric®, VMWare®, Ingram Micro®, Officer®, Network1®, ScanSource®, Avnet®, Claro®, GVT®, Vivo®, Telefonica®, Oi/Brasil Telecom<sup>®</sup>, Terra Networks<sup>®</sup>, Carrefour <sup>®</sup>, Brasoftware<sup>®</sup>, Sonda IT<sup>®</sup>, Totys<sup>®</sup>, U.S. Department of Commerce<sup>®</sup>, Mapfre<sup>®</sup>, Volkswagen<sup>®</sup>, Gilbarco®, and others.

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