

42[™]
Rules
for Growing
Enterprise
Revenue

2ND EDITION

Go-To-Market Strategies that Increase
Your Relevance to B2B Customers

LILIA SHIRMAN

FOREWORD BY JILL KONRATH




**SECOND
EDITION**

42 Rules for Growing Enterprise Revenue Book Excerpt

Go-To-Market Strategies that Increase
Your Relevance to B2B Customers

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Foreword by Jill Konrath

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Foreword by Jill Konrath

Selling to large enterprises is complicated. Selling complex products and solutions to these same organizations is even more difficult.

As I travel, presenting at sales meetings, professional conferences, and industry events, sales professionals are very open with me about the challenges they face. It's tough to set up meetings with busy decision makers, get them to move off the status quo, and set themselves apart from competitors.

It's not any easier for executives. They're struggling to adapt their companies to the turbulent business environment, stay unique, maintain market share, and drive ongoing growth.

Sounds familiar? You probably live with these issues every single day. And everything keeps changing. The large enterprises you sell to are in constant flux. They regularly reorganize, open and close offices or entire divisions, and change emphasis among geographies, products, and brands. The roles, priorities, and identities of decision makers shift. Meanwhile, your competitors nip at your heels as they close in on your once-differentiated offering.

Your own company is also evolving, creating its own new set of challenges. You're introducing new products, implementing new marketing strategies, and launching lead generation initiatives and sales programs. The sheer amount of new information overwhelms sellers' ability to keep up and creates internal conflict for their mind share.

In response, they resist or ignore new approaches and stick to selling what they've sold before, to customers who have bought before, using techniques they used last time. To compound

the challenges to field adoption, companies are slashing the sales enablement budget. They're keeping reps in the field and out of training.

This prevents the transfer of knowledge required for in-depth business domain expertise. We're left with sales forces that know the product details and the high-level messages, but not the context in which it all comes together. For decision makers, this leads to messaging overload. Every vendor seems to promise a similar set of benefits, but few truly understand the relevance to their organization.

As a result, decision makers mistrust salespeople, tune out their claims, and erect barriers to keep them at bay. They have no desire to waste their precious time with product-pushing peddlers who are under extreme pressure to shorten sales cycles and bring in the business now.

In my book, *Selling to Big Companies*, I show sellers what it takes to overcome these roadblocks and get the attention of corporate decision makers today. But salespeople can't do it alone.

42 Rules for Growing Enterprise Revenue gives dozens of ideas for turning customer relevance into a company-wide effort. Sales reps want products that deliver on customer needs and are simple to deploy and use in the context of the customer's business. They want the intelligence and awareness that an effective marketing organization provides. They want the extra boost in deal size that comes from selling well-thought-out service offerings.

Sales reps need to be able to articulate to partners and customers why their products are a great fit alongside complementary offerings. If their organization doesn't give them what they need, salespeople will improvise. Many do it regularly and well.

But they are more effective if they don't have to make it up as they go along. They are also more efficient if they don't have to spend time recreating sales tools, messages, and pitches because marketing just didn't get it. When provided with the right tools, average salespeople immediately perform at higher levels, and new sales professionals get up to speed much faster.

Sales efforts don't take place in a vacuum. They are accelerated and amplified when the entire company focuses on what matters to customers. When you follow the excellent strategies outlined by Lilia Shirman in *42 Rules for Growing Enterprise Revenue*, that's exactly what will happen.

Jill Konrath
Author of *Agile Selling*, *SNAP Selling* and *Selling to Big Companies*
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The concept of customer centricity is over a decade old. In that time, companies have improved at tracking customer information, incorporating customer input into product design, and identifying customer needs in their sales and marketing messages. Despite these advances, the most frequent complaints by decision makers involved in complex purchases are that vendors don't listen, don't understand their problems, and don't convincingly articulate value. Something is obviously missing from all that customer-centric activity.

What's missing is context. Most definitions of customer focus center on understanding customer needs. In practice, that leads to corporate tunnel vision. Marketers zero in on the needs and "pain points" of key audiences, but not in the context within which those needs represent high-value sales opportunities. That may sound like a subtle difference. It's not.

That's because the context, not the need, determines value for both the buyer and the seller. Your relevance to customers starts from understanding needs in context, and your ability to deliver tangible, unique value comes from meeting those needs in a way that fits the context of the customer's business.

42 Rules for Growing Enterprise Revenue focuses on becoming more relevant—about mattering more to the customers and markets that represent the greatest opportunity for growth. Here are numerous integrated, cross-functional initiatives that enable companies to grasp and define the context for revenue opportunities. These rules embody three key themes:

Customer relevance is at the core of any successful growth strategy.

Growth in new markets hinges on targeting the segments in which your product or solution really matters. Expanding in existing markets—whether through deeper account penetration, sales channels diversification, or focusing in on specific industries or audiences—also requires that you prove why you matter. This focus on relevance ensures that customers will value and reward your investments in new growth initiatives.

Being relevant demands cross-functional execution.

This book is not about marketing, or sales, or alliances. It's about initiatives that succeed most spectacularly through cross-functional action and collaboration. Relevance in an enterprise-wide scope encompasses more than product design and marketing message. It includes services and support, channels, sales processes, pricing, and packaging any aspect of business that matters to customers. Marketing can create brilliant programs, deliver well-qualified leads, and produce outstanding “air cover” in the press and online. Unless that success is accompanied by complementary efforts throughout the organization, the company as a whole cannot reap full benefits.

Sustainable relevance and growth require ongoing innovation and experimentation in every aspect of business.

The rules cover a broad range of strategies with the intent to encourage companies to examine and experiment with a variety of go-to-market approaches. While some of these strategies will be new to your company, others are reminders to finally implement the commonsense practices you know but have yet to carry out.

The rules represent the most effective strategies implemented by B2B companies to increase the relevance and value they deliver in order to drive steep growth curves. This book contains seven sections. The first, “Relevance Is a Corporate Initiative,” is about going to market as a single integrated entity, rather than a collection of loosely

integrated functions, and laying the foundation for relevance throughout the organization. “Pursue Markets Where You Matter” discusses identifying markets in which you have the potential to deliver the greatest value. “Context Defines Relevance and Value,” “Cultivate Customer Collaboration,” “Succeeding with Solutions,” and “Live in Your Customer’s Universe” discuss approaches for developing, articulating, and delivering value that truly matters to customers. Finally, “Nurture Your Channels” addresses one of the most important and often neglected factors for successful growth—the ability of the sales channel to comprehend customer needs and context, articulate why you matter, and adapt in sync with the rest of the company.

The ideas in *42 Rules for Growing Enterprise Revenue* have been successfully implemented by leading enterprises, including BEA Systems/Oracle, CA Technologies, Cisco Systems, Citrix, Informatica, National Oilwell Varco, Symantec, and many others. You will find some of their experiences described in these pages. Use these strategies to experiment and collaborate on similarly successful growth initiatives and to drive relevance, value, and innovation within your business.

1

Rules Are Meant to Be Broken

Look at the cars, not at the streetlight.

“Hell, there are no rules here—we’re trying to accomplish something.” - Thomas A. Edison

I often jaywalk when I’m in a hurry because eliminating the wait gets me where I’m going faster. The key to not getting run over, of course, is understanding the rules of streetlights—why they exist, what they’re meant to accomplish, and how exactly they accomplish it. Once I know that, I can decide intelligently when the rules can be broken to my benefit and with minimal risk.

When I do follow the rules and cross on green, I look around for cars as if there were no streetlights. After all, others might break the rules even while I follow them. By identifying rule breakers early and assessing the threat they pose, I can make an intelligent decision about my own actions.

In business, breaking rules can enable a company to leap ahead of rivals. Companies that can trade in the industry standard for a completely new approach can achieve wildly better results than competitors. To do so, you must first understand the rules or the current best practices and industry standards—when they’re useful, what they enable companies to accomplish, and when they needn’t apply.

In *Blue Ocean Strategy*, W. Chan Kim and Renée Mauborgne present a compelling case and some great frameworks for rule breaking. They teach companies to examine industry assumptions and create completely new models for delivering value, thus, ignoring and disrupting the industry’s

status quo.¹ The rules in this book have been proven effective by leading companies, but represent practices that have yet to be adopted by the vast majority of B2B vendors. They represent a break in the rules followed by most companies selling enterprise technology.

There are two ways to use these rules—put them into practice or find ways to break them. Either way, focus on the desired outcomes for your company and your customers rather than on incremental improvement to well-established practices. Remember, whether your trip is down a city street or through a complex business plan, look at the cars, not at the streetlight. A streetlight has yet to run over anyone.

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Size Matters, and So Does Ability

Most new strategies fail due to internal issues.

When prioritizing growth initiatives, many companies focus too much on the size of a market opportunity and insufficiently on their ability to successfully pursue it. Their business plans analyze opportunity size, the rate of revenue growth, and market share potential. The revenue opportunity is quantified by customer segment, geography, and product. Risk assessments focus on external factors like competitors, regulators, and customers. Yet, most new strategies fail due to internal issues.

In selecting target markets, balance enthusiasm about the opportunity with a realistic assessment of your company's ability to execute. Can you be uniquely relevant and create, communicate, and deliver differentiated value? Will the capabilities you develop be useful in the long term? Constantinos Markides, a professor of Strategic Leadership at the London Business School, comments that in evaluating diversification opportunities, "like good chess players, forward-thinking managers will be thinking two or three moves ahead."⁷

"It's all about execution, and there are not that many companies that have execution as a discipline," commented Chris Cook, now president and COO at New Relic. Chris described how his previous company, Wily Technology, focused on execution as the central factor in planning growth. The management team translated each revenue objective into specific execution plans. Chris recalls, "We thought about the details of how we are going to deliver the number. Via which

channel, and how much revenue do we need per sales rep? How do these numbers match history? Is it doable?"

That simple question—whether success in a new market is *doable* for your company—is as important as any market characteristic. New products and markets create challenges for sales execution. Before committing to a new strategy, anticipate the changes that will be required of the sales process. Longer sales cycles, increased partner involvement, or greater complexity of product mix are likely to cause big disruptions. Existing sales compensation and the momentum of existing products, practices, and habits will make such adjustments difficult and possibly unwelcome. Consider your sales practices and compensation model carefully and plan for changes that will encourage behaviors appropriate to the new market.

Also consider the number of new skills reps will need in order to articulate relevance and value of new offerings or to engage new buyers. Existing channel partners and service and support personnel will also need new tools and capabilities. In many cases, you may need to recruit new reps or channel partners with different expertise or within new geographies, and in-region resources deployed to support them. Though entry into a new market does not necessarily involve new products, success will lead to demand for new or modified product features or processes for implementation and service delivery. Make sure product management, R&D, and services groups are prepared to add at least some of these changes to their road map. Get agreement and allocate dollars to these areas proactively. A realistic assessment and investment now will prevent unmet expectations, firefighting, and finger-pointing later.

Assessing Opportunity	Assessing Ability to Execute
<ul style="list-style-type: none">▪ Size of the addressable market▪ Growth rates for your product/service category in the target market▪ Competitive pressure▪ Customer demands▪ Potential revenue from deeper penetration of existing accounts▪ Potential revenue from expansion into new accounts▪ Foreseeable external changes that may spur demand	<ul style="list-style-type: none">▪ Sales alignment and acceptance▪ Relevant sales skills and domain expertise▪ Ability to leverage partnerships▪ Marketing domain expertise▪ Success of pilot deployments or programs▪ Expertise and skill-sets of service and support organizations▪ Existing relationships with relevant thought leaders▪ Proven record of successful acquisitions, if required to enter new market

Figure 2: Balancing Opportunity Size with Ability to Execute

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Relationships Happen Between Contract Renewals

Create a process that touches customers with relevant ideas that are neither sales pitches nor marketing campaigns.

To communicate a credible value proposition, you need to understand your customer's business. To deliver value, you must be committed to your customer's success. Unfortunately, the structure of most businesses supports the former more than the latter. Enterprise sales reps get compensated for closing big deals. Once the deal is closed, the rep moves on to the next account, to return in a year, or two, or three, when it's time to renew the contract.

If *salespeople* don't touch the customer between sales cycles, and *support* reps only do so when the customer asks for help, then who is really managing the relationships with your top accounts? What happens to customer relationships between contract renewals?

Chapman Kelly is a leader in healthcare compliance and cost-containment services for Fortune 500 companies. Michael Browning, director of strategic development, described the processes his company has put in place to prevent voids and dips in customer relationships. The company understood early that not all customer contact is created equal. Simply sending an e-mail, calling on the telephone and saying hello, or "checking in" does not provide the customer with value or develop greater trust. "We want the information to be useful and valuable—this makes it about the customer. We try to take the customers' point of view and figure out what would be valuable to them," explained Michael. Chapman Kelly makes contacts and communication educational and

useful and creates interactions that help build the company's reputation as a subject matter expert that can help solve problems.

Michael helps his sales force create such interactions by giving salespeople good reasons to stay in touch with clients during the downtime between project completion and the time when clients are ready to buy again. To create content that will be valuable to customers, Chapman Kelly asks its services organization and business development people to create articles based on real deployments. In addition, the small business development staff, made up of people who understand both sales and marketing, uses Google alerts and keyword searches on target industries and customers to provide a constantly updated sales toolbox with timely discussion topics and articles. The company also created a system that reminds salespeople to contact customers based on preset time intervals or milestones within ongoing projects. Sales reps always have relevant and interesting content to share. The engagement tools are available to the company's extended sales force. Brokers also get information they can use with clients and even brand as their own.

The result of such ongoing relationship management is a completely transformed sales process. "Many times if we're able to form a close relationship with the client, the competitive request for proposal process is not even necessary. If the client is required or prefers to issue a competitive RFP, our position means we can help define the RFP and suggest criteria, questions, or requirements that our competitors may have a difficult time meeting," commented Michael.

Don't leave the task of creating an ongoing dialogue to sales reps. They focus on the next big deal and often lack the time to figure out and use complex news services, or to seek out and deliver information to customers without immediate sales opportunities. Create a process that touches customers with relevant ideas that are neither sales pitches nor marketing campaigns but, rather, relevant and timely resources for their business.

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Educate Your Channels on What Matters

Sales is marketing's internal customer, and as with all customers, segmentation is a key to success here too.

If you're selling a complex product to large organizations, many people contribute to the sales process. Different sales process participants have different needs. Yet, the focus of sales training is often on the content and tools more than on the audience. Sales is marketing's internal customer, and as with all customers, segmentation is a key to success. When you're thinking about the next sales kickoff or creating your sales enablement plan, ask yourself two key questions:

- Who am I educating and enabling?
- What knowledge, tools, and skills does that person need to be successful?

One way to segment your sales resources is by current effectiveness. The top 20 percent of sales reps don't need (and won't accept) much education. They are likely to benefit from access to information and to a community of subject matter experts. The bottom 10 percent probably won't improve much, regardless of training. The rest need information and skill building on both the *what* of your products and the *how* of sales practices and skills.

A person's role in the sales process is also key to designing education. Most companies with complex products already provide in-depth technical training to sales engineers. Consider functionally focused education for the rest of the sales team. Solution or product specialists need different information and skills than global account managers, who must develop and nurture the

customer relationship and coordinate a dispersed and diverse account team.

First-line sales managers need coaching and interviewing skills they never used as individual reps. Regional directors may need to better understand lead generation techniques so they can provide informed input about programs in their region. In addition to phone skills, provide inside sales reps with information about the customer's business situation and the relevance of the current campaign. They are the first line of contact with those expensive leads. Their ability to engage in a conversation about the customer's business and needs, rather than just follow a script, can drastically affect both the quantity and quality of opportunities entering your pipeline.

In designing its learning programs, Cisco strives to accommodate differences in the learning styles of the four generations that make up today's workforce: Traditionalists, born prior to 1945; Boomers; Gen Xers; and Millennials, born after 1980. The youngest generation of digital natives or "Disbies" (digital since birth) want interactive, even entertaining, learning, a chance to explore, and a "connect me to everything" attitude. By contrast, Gen Xers are more likely to respond to collaborative team learning environments.¹⁴ To serve all the audiences within your own organization, provide multiple modes for delivery of information and development of new skills.

There are many, less obvious, members of your sales team. Identify everyone who represents your company to customers, whether they have "sales" in their title or not. Booth staff at trade shows; support reps; anyone answering online forum questions; executive briefing center staff who interact with customers. Do your consultants know how to qualify a lead and what to communicate to whom when they run across an opportunity? As part of your sales enablement efforts, inform all these people about how to position your company and products. And don't forget to make it easy for all of them to get leads or contacts into a tracking system to ensure rapid follow-up.

Finally, don't forget the sales force that isn't on your payroll. It works for your partners and your customers, or lurks in the social networks. Add education and sales tools for channel partners to every sales enablement play you have. (See rule 41 for more on empowering partners.) When you provide useful information to customers, include easy ways to pass that information on to their colleagues.

Segmenting your sales resources to deliver relevant education minimizes training time and optimizes impact.

About the Author



Lilia Shirman is a technology industry executive and advisor. She is the founder and CEO of The Shirman Group, a consulting firm that helps technology innovators define go-to-market strategies that increase customer relevance and grow revenue. Lilia is also a Managing Director at Golden Seeds, a nation-wide investor network delivering above market returns through the empowerment of women entrepreneurs.

Lilia's career has included such diverse roles as strategic, solutions, and product marketing, business development and alliance management, manufacturing operations, and supply chain management. Lilia serves on the advisory boards and as an interim executive of early stage ventures, and is a coach in Stanford University's Global Entrepreneurial Marketing program. She holds a B.S. in Engineering from U.C. Berkeley, and an M.S. in Technology Management from Stanford University.

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John O'Melia, Vice President Worldwide Services, EMC

"B2B sales succeed on relevance and value, and this book provides great strategies on how to deliver more of both, directly and with partners. Every management team focused on business customers should read this book – and put these ideas into action."

Mercedes Ellison, Vice President Global Cloud Ecosystem & Channel, SuccessFactors, an SAP Company



LILIA SHIRMAN

Lilia Shirman helps companies grow revenue and increase customer relevance. She is the founder and CEO of The Shirman Group, which helps technology innovators define and execute go-to-market strategies, and Managing Director at Golden Seeds, a nationwide investor network. Lilia's career spans strategic, solutions, and product marketing, business development, alliance management, manufacturing, and supply chain operations. Lilia serves as an advisor and interim executive of new ventures, and is a coach in Stanford University's Global Entrepreneurial Marketing program.

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