



Complex Sales Made Simple

Positioning: A real-life example of how positioning turned an otherwise commodity purchase decision into a \$3.5M sale and created a \$44M business in three quarters

by

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A Great Opportunity

Years ago I worked for a leading manufacturer of telecom equipment, a company that manufactures wide-area-networking hardware. Our historical markets were Global 2000 enterprises, managed service provider networks, and DOD wide-area-networks (WAN). Our product line was led by a multi-service platform for voice and data infrastructures.

Our company was a recognized pioneer in building intelligent, self-healing WANs on a multi-service platform, supporting advanced data and voice services. Our flagship product supported legacy voice and data, as well as frame relay, IP routing, ATM transport, and ISDN services. Our voice capabilities included access, signaling, routing, and transport – voice compression and tone relay were configurable options.

At the time, global telecom deregulation was in full swing - new service providers were popping up everywhere, both domestically and abroad. Competition among equipment manufacturers were fierce as the euphoria of new telecom opportunities swept the industry and each day brought a new *player* with hopes of making it big as a *next generation service provider*. The swift competition and regulatory environment created a buyers market, with many new service providers picking and choosing among their suitors - selecting the vendor with the best financing and support offering.

Our voice capabilities met the need of a segment of this growing telecom market, international voice transport. We named this segment *Emerging Global Carriers*. I was asked to lead the effort into this new market – define the offer, maximize revenue, and make this market a business for our company.

Emerging Global Carriers were service providers who provided wholesale voice termination in deregulating countries. Their business was built on offering termination services in foreign countries. Their customers were upper tier service providers located in the US - AT&T, Qwest, MCI, etc. In simplified terms, if you made a call from the US to Japan and your carrier was AT&T, your call may very have been routed over an *Emerging Global Carrier* as part of connecting your call - as an end user, you'd have no idea.

As part of my market discovery, I personally met with 50+ companies in this space within the first 6 months of our effort selling to this new breed of service provider. What I found was competition and solutions from numerous point-to-point voice compression vendors, companies that manufactured equipment optimized for compressing voice between two locations. These companies competed on a bandwidth efficiency value proposition, priced on a voice channel basis.

The perfect storm existed for a commodity market – fast moving regulatory environment, immediate need, simple revenue model, and willing vendors eager to finance sales.

We targeted the CEO and investors in these small and rapidly growing companies.

We Were In a Commodity Market

Our prospective customers had it fairly easy, as long as two companies provided an equal quality of voice services, the purchase decision was reduced to how many voice channels a vendor can support over a given long haul line and the associated price per channel. The subjective quality of voice, combined with the fact there were little difference in how one vendor supported voice compression as compared to another, resulted in the market viewing voice solutions as a commodity and as such evaluated vendors with a calculator.

Initially, we positioned our offering in an apple-to-apples challenge for voice services. We had a good voice solution – voice compression, signaling, and transport – and as such went head-on against other manufacturers with similar solutions. This strategy resulted in a few sales, but nothing spectacular. We were more expensive than our main competition and our terms of sale weren't the most aggressive.

We Had to Change the Buying Criteria

If we wanted explosive growth, we would have to change the rules in the marketplace or change our offering. Changing the rules was by far the easier and faster path to significant revenue success. No one in their right mind would change the product to serve an unknown market, no matter how fast and promising it may appear.

I met with one particular prospective customer that, unknown to me at the time, would forever change our sales position and success in this market. This prospect fit our customer profile perfectly, they had entered the market due to an opportunity they saw a year earlier to leverage skill and expertise they had in international data services. The founders of the company had at one time been involved in wireless voice communication and held a fair knowledge of voice services. Leveraging relationships with foreign carriers in Mexico, they entered into the international voice market and soon grew a profitable business carrying overflow traffic from upper tier carriers in the US - MCI, Qwest, etc.

My first meeting with this company was typical of the two dozen or so I had previously attended in this market - they had successfully built a small network, made some money, and wanted to grow their operations. They wanted a vendor to partner with them. And they wanted their vendor-partner to finance their equipment purchase.

Vendor financing was becoming a *norm* and as such my company had established a leasing program specific for this type of opportunity. Our standard response to requests for financing was to ask our prospect early in the sales cycle for financial statements, pro forma financials, and their business plan.

They Laughed When I Asked For Their Business Plan

They laughed when I asked for their business plan. Looking at them a bit confused, I asked what was funny. They stated their business plan was to be out of business. They went on to explain their three year plan was to build a *bigger* network - based-upon a lucrative Mexico market and blue chip US customers - and sell it to someone *bigger* than them for a handsome profit.

Their plan was to *cash out* in three years.

While they joked about my request, I asked a follow-on question that brought the room to silence. “Why not get out of business in two years or less?”

Before they could answer I went on and asked them what plan they had to exit their business and had they looked at all of the elements of valuation to maximize their exit.

They Stopped Laughing When I Told Them They Could Make More Money

“Let’s talk about your planned success event - selling your customer base, service revenue, and infrastructure. The value of your infrastructure is greater with a multi-service platform than a point-to-point voice compression solution.”

I went on.

“There are many unknowns in the telecom future - the regulatory environment, competition, and technology are evolving fast. What if transparent LAN services, wholesale frame relay, or ATM access or bearer services become price performance or service revenue leaders in the future? How will you deploy those services if your point of presence only supports voice?”

There was a short pause and then I continued.

“Think of the difference in valuation between a point-to-point voice compression infrastructure as compared to an infrastructure that supports voice services as well as advanced data services...on the *fly*. You are no longer limited by the equipment you deploy - you have the freedom to evolve with the changing marketplace. If frame relay or ATM bearer services become price performance leaders and offer you the greatest margins, you can deploy in that environment seamlessly. You can make decisions based upon price, performance, and profitability - not the limitations on the technology your

equipment supports. You have freedom and protection from the uncertainties of tomorrow, while enjoying the opportunities you have today.

With our solution you'll eventually be selling a multi-service point-of-presence, capable of deploying a number of revenue services on a moments notice. That's a lot more valuable than a technology limited, point-to-point voice compression platform."

They hadn't thought of that position. It struck a chord. And they listened intently. Weeks later they signed a \$3.5M order for a multi-site network.

Those comments secured their business.

The Buying Criteria Shifted in Our Favor

With that series of statements, the competitive landscape changed. The buying criteria shifted in our favor. No longer were we selling a voice compression solution, I had trivialized that type of offering. Now we were selling a platform that could satisfy needs today and provide some insurance against an uncertain and rapidly changing market. A bonus was a potentially much greater valuation in the future. This position resonated with many service providers in this space because it addressed their greatest risk, opportunity, and dreams.

Imagine following us in an account with a voice compression solution priced slightly lower than ours. You'd have to convince your prospect a 3-4 month shorter ROI was a better solution than someone who offered the same near-term opportunity, but created the possibility for so much more.

We created a business argument based on knowledge of the industry and positioned need biased toward our solution.

The Result Was Rapid Revenue Growth

As a result of changing our position, our prospect's buying criteria shifted towards us and away from our competition. Our revenue in this segment of the service provider market grew from effectively zero to \$11M a quarter in

three just fiscal quarters! That's a \$44M run rate in a new market in less than a year!

We created a position whereby we had little to no competition and price lowered in the hierarchy of purchase criteria. We consistently beat larger companies with better financing and lower cost solutions.

We drove our competition crazy with sales traps set by shifting buying criteria to valuation of assets, diversity of revenue generating services, and flexibility in facing the uncertainties of a rapidly changing business environment.

An Orange Beats an Apple Almost Every Time

What I did is create an *orange* to compare to everyone else's *apple*. Where I created that orange is within the mind of our prospect – the product didn't change.

It was all positioning.

Our positioning worked because we focused on our prospect's business. We went beyond our product's speeds, feeds, features, and functionality. Our product's capabilities merely became *things*, a means to achieve the greater *end* of our prospect's business.

Creating an *orange* that better meets the needs, wants, and desires of your prospect beats an *apple* solution nearly every time.

In this story is a simple lesson that can be extended to any market. People want to buy what we can do for them, not necessarily what we offer. Our products and services are merely vehicles to achieve something greater. It's this something greater that drives every sales opportunity. Our job as marketers and sales people is to speak to the greater need and position our products and services within our prospect's mind to satisfy this need.

Forget the speed, feeds, features, and functionality of your offering and instead focus on how these *things* fulfill your prospect's business purpose.

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What You Should Do Next

I have developed a *30 Minute Sales Tune-Up* which I conduct over the telephone with you and your top staff members. Here is what we accomplish together in this fast-paced, zero-nonsense session:

- **Effective Lead Generation Tactics:** There are countless things you can and may be doing to generate leads, but as will all sales, lead generation, and marketing activities it's not what you can do, it's what you should do. We'll explore a range of activities best suited to your offer, target prospect, and sales cycle.
- **Offer Positioning:** Successful lead generation and sales is all about positioning. And positioning has little to do with your actual product or service. Positioning is about the space you create within the mind of your prospect. I'll evaluate your positioning and offer suggestions as necessary to best capture your prospect's time and attention.
- **Call to Action:** Every lead generation, sales, and marketing activity demands a call to action. Without one, you're basing your success on the chance your prospect *gets it* on their own. We'll discuss your call to action in your existing lead generation efforts and I'll offer ideas to increase response rates and tightly integrate them in a holistic sales campaign.

I've successfully led countless successful lead generation campaigns to access executive decision makers in both the public and private sectors. I'll bring all that knowledge and experience to this consultation.

Please be assured this consultation will not be a thinly disguised sales presentation - it will consist of the best intelligence I can supply in a thirty minute call. There is no charge for this consultation, but please be advised the call must be strictly limited to 30 minutes.

This consult will typically take place within 1-2 weeks of your request. To secure a time for this consultation, please email contact@jslogan.com and I will advise you regarding available time slots. I'll also provide you with a pre-consultation questionnaire that will prepare us both to get maximum value in the shortest amount of time.

Please don't hesitate, contact me today!

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About Jim Logan

Jim Logan is in the business of growing *your company's revenue* - in the time-frame business leaders, investors, and shareholders measure most - this quarter, this year. Jim works with his clients to increase their number of new customers, increase their average sale, and create repeat business.

Jim's work is focused on generating *immediate revenue* for his clients, developing services around the process of acquiring customers with existing services, products, and feature releases. Jim believes the key to revenue success is shaping the rubrics cube of existing features and functionality into real customer benefits, wrapping it with true differentiation, and clarifying reasons to believe in your company. Positioning is the cornerstone of Jim's work.

With extensive experience in working with both domestic and international Fortune 100 companies, government, and multi-national enterprises, Jim has the demonstrated ability to position solutions in support of business and revenue objectives. Jim has extensive experience working in high-profile complex B2B sales, business, and operational environments. His sales, business development, and marketing know-how and expertise are instrumental in increasing revenue and growing a profitable business.

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