In a Downturn, Provoke Your Customers

by Philip Lay, Todd Hewlin, and Geoffrey Moore

No question about it: This is a tough time to be selling to business customers. The budget allowances simply aren’t there. If you thought it was hard to make a sale before—when typically 85% of a customer’s budget was allocated to existing commitments and only 15% remained for discretionary spending—you’re finding out how much harder it can be, as even that fraction disappears in across-the-board cuts. Making matters worse, your customer relationships have lost much of their power. With less money to go around, proposals are subjected to higher levels of review in buying organizations, and the managers you’ve traditionally dealt with are no longer the decision makers.

All this would be thoroughly discouraging if not for one fact: Companies have survived downturns before, and some have even profited from them. In the research and consulting we’ve done since the 2001 dot-com bust, we’ve seen how. Rather than resign themselves to hearing the standard “Sorry, we have no budget for that,” some vendors—even some very young start-ups—have found a way to reach their customers’ resource owners and motivate them to allocate the necessary funds.

Using what we call *provocation-based selling*, they persuade customers that the solutions they bring to the table are not just nice but essential.

Provocation-based selling goes beyond the conventional consultative or solution-selling approach, whereby the vendor’s sales team seeks out current concerns in a question-and-answer dialogue with customer managers. And it differs dramatically from the most common approach still in use—product-based selling, which pushes features, functionality, and benefits, usually in a generic manner. Provocation-based selling helps customers see their competitive challenges in a new light that makes addressing specific painful problems unmistakably urgent. This approach isn’t right for every selling situation you’ll face in a downturn, nor does it apply only under challenging economic conditions. But for many companies that see their old approaches losing power, its time has come.
Learning to Be Provocative

Underlying provocation-based selling is the idea that the vendor should help the customer find investment funds even when discretionary spending appears to have (at least temporarily) dried up. Sybase, a data management and mobility company, did just that in the spring of 2008, as it tried to pry business out of financial services clients. Companies it had served for years were cutting overall operating costs severely. Instead of using precious meeting time to discover what customers were fretting over, Sybase salespeople told them what should be keeping them up at night: the fact that managers across the industry were failing to look at risk in a comprehensive and integrated way. Financial institutions tended to have separate risk-management systems for credit cards, mortgages, commercial lending, equity investment products, fixed income, commodities, and derivatives. Sybase’s message was that a risk-management failure in one area (say, home mortgages) would have direct consequences for the risk exposures in other areas (for example, collateralized debt obligations and other derivatives), so companies had to find a way to bring their risk positions together in a single view. By revealing the scale of the threat and the opportunity, Sybase could sell its Risk Analytics Platform (RAP), a new tool for integrating risk management, to clients who had not previously been troubled by the lack of one.

This was provocation-based selling at its finest: The vendor identified a process that was critical for customers in the current business environment, developed a compelling point of view on how it was broken and what that meant in terms of cost, and then connected the problem to a solution that the vendor was offering. How does that differ from the way you sell today? Let’s assume your organization has already moved away from product pushing to solution selling, and the process begins with a customer’s problem rather than with your offering’s features. The approach Sybase employed is more challenging to the customer’s thinking: Instead of aligning with a company’s prevailing outlook, it provides a new angle on the situation. (“You are thinking about your business along the following conventional lines….But the way we see things, that puts your success in jeopardy. You should be thinking about it in this completely different way….”) Whereas solution-selling salespeople listen for “pain points” that the customer can clearly articulate, provocation works best when it outlines a problem that the customer is experiencing but has not yet put a name to. (These and other differences are outlined in the sidebar “Why Not Settle for Solution Selling?”)

Why Not Settle for Solution Selling?

Of course, it isn’t easy to arrive at a provocative point of view that will strike the prospective client as original and helpful. But neither is it unrealistic to expect that professionals in your organization could do so. Generally, we find that vendors who have successfully met customer needs in the past already know more than they suspect. In the process of selling and supporting their offerings, they have interacted with other companies in the industry, and they naturally bring a different perspective to issues the client has viewed only from within. Moreover, they aren’t caught up in the dynamics that often make it hard for a client’s own managers to challenge the status quo. This hesitancy to make waves becomes stronger in times of general economic turmoil. When people in your client’s organization are too worried about their jobs to present anything original or thought-provoking, it is easier to come across as a much-needed breath of fresh air.

To begin a provocation-based sale, you must do three things well: identify a problem that will resonate with a line executive in the target organization; develop a provocative point of view about that problem (one that links, naturally, to what your company has to offer); and lodge that provocation with a decision maker who can take the implied action. Let us make a few observations about each step.

Identify a critical issue.
For any given prospect or customer, your sales and marketing team can generate a long list of industrywide and company-specific problems that could be better addressed. The key is to find the one that matters so deeply that even in a downturn the money will be found to fix it. Subject any issue you consider to three sets of questions:

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COMMENTS

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Pearl Zhu 07/01/2011 01:56 AM

good article to articulate the provocative point of B2B sales cycle, especially for IT vendors, always targeting customer's problems, then provide the tailored solutions with innovative initiative.

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In a down market, many companies are re-evaluating their suppliers. That creates opportunities to steal share from a distracted competitor. All these high-potential customers are the hot spots in an otherwise cooling economy. Once you have a sense of who they are, you can draw a heat map of the market to guide sales efforts. Managers can screen out opportunities that don't fit the map and focus reps' efforts on those that do. No downturn lasts forever. When the recession thaws, your sales organisation should be positioned to capitalise on pent-up demand. Companies that win during turbulence often recruit top sales talent from competitors. When it comes down to it, many customers don't even bother to complain. They simply leave and buy from your competitors. Research suggests that up to 80 percent of customers who leave were, in fact, "satisfied" with the original company. Obviously, customer satisfaction is not enough. Businesses nowadays need to positively delight customers if they want to earn their loyalty. It may seem counter-intuitive, but a business owner’s ability to effectively deal with customer complaints provides a great opportunity to turn dissatisfied customers into active promoters of the business.