

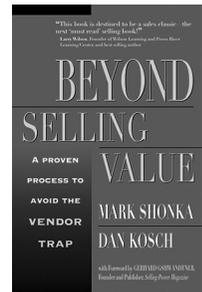
# Introduction

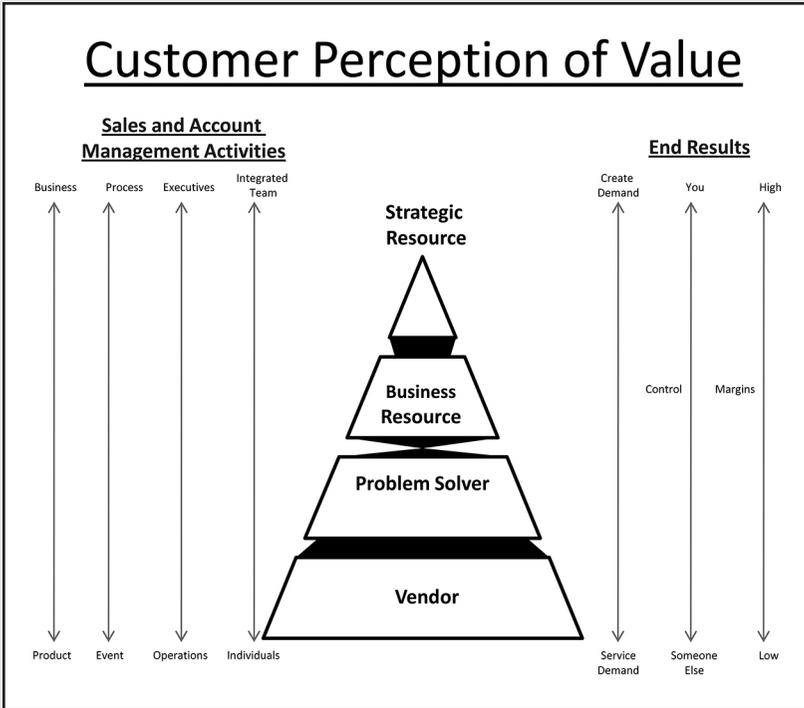
RFPs, Internet auctions and purchasing consultants—these all are tools of the ever-powerful CPO (Chief Procurement Officer). The procurement rules are well laid out and familiar: Here is the information we want you to know; respond to these questions; follow this format; email your response by the deadline; don't call anyone else; wait to hear if you made the cut; etc.

These tools are designed to level the playing field, equalize various vendors and boil down many decisions to product and price—and they've proven very effective. This is not good for value-leading sales organizations, however, that can't afford to win based on the lowest price (or may not have the most function-rich solution at every point in time).

Previously, we published the popular *Beyond Selling Value: A Proven Process to Avoid the Vendor Trap*.

This book introduced many people to the IMPAX process, which describes how to sell value by understanding your customer's business and needs; leverages that knowledge to gain access to the real decision makers while selling effectively at all levels; and provides a format for presenting to decision makers the business and solution fit you provide—all in a compelling manner! At the heart of the IMPAX process is the question: How do customers perceive your value?





The Customer Perception of Value slide above describes the ascending levels of value sales organizations offer their customers. The more time you spend focusing on product, events, operational issues, and meeting with technical individuals and product evaluators, the lower you and your company are perceived on the pyramid. But the more your time is driven by a process that focuses on both the customer's business as well as product needs and you meet with senior-level management as well as technical and operations people, the higher you and your company will be perceived on the pyramid. You create demand because executives value you as an integral part of their business and processes.

The IMPAX process is timeless—proven over and over again. We pulled together the things effective value-oriented sales professional do by instinct into a powerful process that allows these things to be done consistently and by design.

We are often asked, “What are the biggest changes in the sales arena over the last several years?” The answer is simple: the rise of Procurement, which, in many organizations, has moved into a much more powerful and visible role.

All too often, the new procurement rules are being created so that value leaders lose. After all, the business value we can help drive doesn’t always translate well to a vendor grid.

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IMPAX MAXIM

*“The rules are written so that value leaders lose.”*

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We don’t want to paint Procurement solely as an enemy. We all have developed good, collaborative relationships with this group. However, in too many cases they have assumed the role of gatekeeper and have marginalized the value we bring to the table. We certainly don’t want an adversarial relationship. We prefer a professional, company-to-company relationship where Procurement is one of the key players. By building a beneficial and respectful rapport, we are in a much stronger position.

Sometimes it’s easy to do this. In many cases, however, Procurement is going to school and learning how to better commoditize us. If we stand still while they get better, we’ll end up stuck.

Combine this development of Procurement with a sales environment that is immersed in a struggling economy, competitors who are desperate and customers that are well informed and you could easily say, “This isn’t your father’s sales job!” Some of our long-held beliefs are now out of date. For instance, the old adage “People buy from people they like” has been replaced with “People buy from people they like when they can. Otherwise, they buy from whoever they have to.”

It’s clear the procurement landscape has changed rapidly and dramatically. Has the sales profession changed as quickly or as much?

Here is a challenging procurement-driven situation a client found themselves in: They were pursuing a new customer in the Canadian oil fields. It was a very complex application and they were well positioned to deliver – better than anyone else in their industry. In addition, the stakes were high. Not only would this be a huge customer with a long-term contract, but it would give them an entry point in a growing market.

So far so good. The customer decides to issue an RFP and involves four different suppliers. Looking at the competition, our client's confidence goes up. The competitors just aren't positioned to deliver against the customer's requirements, so they decided to play the game and follow the process. Imagine their surprise when they learned they had been eliminated from the bid. The RFP administrator wanted to cut the field to three "finalists" and decided that the best thing to do was to cut the most expensive alternative. Now our client is on the outside looking in and can't believe it.

Was it time to throw in the towel? No, they felt that they had to win this deal and decided to break the rules. They used several of the strategies found later in this book.

They:

- continued their research efforts
- developed stronger coach relationships
- asked their COO to reach out to the customer's president to schedule a meeting
- got in front of the real senior level decision maker

When the COO made the phone call, he was well prepared and leveraged their knowledge of the customer to make a compelling request for a meeting. It's no surprise that the president was open to a meeting.

Now the question was, "how do we make the most of this 11th hour opportunity?" They leveraged a unique presentation format you will read more about later in the book. This presentation format focuses on the customer and the value that can be created as a result of the business relationship between the companies. Here are some of the key slides:

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| <p><b>A Business Presentation<br/>To</b></p> <hr/> <hr/> <p><b>Alberta Refining</b></p> <p>Presented By:<br/><b>ESI</b></p> <p>1</p> | <p><b>Meeting Objectives</b></p> <hr/> <hr/> <ul style="list-style-type: none"><li>• Confirm ESI's understanding of Alberta Refining</li><li>• Present ESI as a strategic resource</li><li>• Position the powerful business fit between our companies</li></ul> <p>2</p> |
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## Presentation Agenda

- Alberta Refining Overview
  - Profile
  - Objectives
  - Strategies
  - Issues
- ESI – a Strategic Resource
- ESI Solution Executive Summary
- The Alberta Refining/ESI Business Fit
- Action Steps/Timetable

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## Alberta Refining - A Profile

- Market leader
- Technology and product leader
- Aboriginal commitment
- Environmental stewardship
- Safety focus
- Community commitment
- Heavy investment

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## Alberta Refining - Objectives

- Management capability
- Aboriginal content
- Innovation
- Commitment to regional leadership
- Financial results

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## Alberta Refining - Strategies

- Improve maintenance productivity
- Reduce MRO unit cost
- Re-engineer a supply chain with 7 modules
- Utilize aboriginal services in the supply chain
- Benefit from a multi-producer network

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### Alberta Refining - Business Issues

- High expectations
- Local perceptions
- Emerging competition
- Regulatory environment
- Environmental

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### ESI – A Strategic Resource

- Industry presence and experience
- Best practice leader
- Track record of innovation
- Project management discipline
- Implementation and accountability

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### The Alberta Refining/ESI Business Fit

- Builds management capability
  - Implementation plan
- Drives SCM re-engineering
  - 5 year horizon
- Utilizes aboriginal content
- Ensures innovation
  - Continuous improvement portfolio
- Supports commitment to region
  - HR plan

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### Action Steps

- Address open questions
- Ensure all Alberta Refining evaluation criteria have been met
- Provide ESI’s firm commitments
- Gain Alberta Refining commitments
- Gain commitment
- Implement
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After the presentation, the conversation really picked up in the roundtable discussion. It became clear that the business fit was compelling and that the companies should work together. The president made the decision based on the strategic nature of the fit and they embarked on a journey that continues years later.

Perhaps the most important point of all – they couldn't afford to lose and didn't take the "no" lying down. They would've liked to win with Procurement, but they didn't. They knew they were the best solution for the customer and they broke the rules to get back in the game. Along the way, they worked to protect their relationship with Procurement. They didn't want to hurt anyone but they had to move ahead. They had to win, and they did. **What were the key take-aways?**

- Our client did not want to hurt or offend Procurement at all
- They tried to work effectively with them but were eliminated on the basis of price
- Procurement was not going to make a decision to buy the most expensive solution, even if it was the best solution
- The client used other tactics to get to the right people and sell their value
- They probably should've done this from the start.

Fortunately, we don't have to be victims of this new reality. We can learn effective strategies, break the rules and discover where it leads. We can choose who to call, what questions to ask, how to present our response, how to react to the RFP or even if we want to respond at all.

It's completely up to us. We just need the courage and conviction to blaze our own trails. If the rules were established to make us lose, then we better not follow them. We need to make new rules. After all, there is no glory for a victim. The glory is reserved for those who find a way!

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*“On the road to tomorrow, are you the windshield or the bug?”*

Gary Hamill, Harvard Professor

Breaking the Rules is designed to give you a series of tips and ideas based on our 4-step process for selling value in the era of Procurement.



Step 1 – Assess the procurement situation to determine your best course of action.

Step 2 – Develop your procurement-oriented strategy.

Step 3 – Develop your overall sales strategy.

Step 4 – Execute your strategy professionally.

The key is having options. No idea is the correct one all the time but given enough options, we can fight back against the trend toward rampant commoditization, effectively position the value we bring—and win!

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*“The best way to  
predict the future is to create it!”*

Peter F. Drucker

## Real World Application

Consider this situation faced by an IMPAX client: They received this letter from a customer when they had a successful relationship in place and three years left on their contract:

Greetings,

The University needs your assistance in dealing with an ongoing budget crisis.

...The state’s revenue shortfall directly affects the University. For the first time in recent history our budget is smaller than it was the preceding year and we are in our second year of a general freeze on salaries.

Although the University has proactively cut and deferred costs across a full range of both discretionary and essential spending requirements, it is unlikely that the University can continue to absorb further cuts without significantly decreasing its expenditures to its vendors for purchased goods and services.

Accordingly, we ask that you consider providing voluntary decreases in the pricing that your firm offers to the University. We request that your firm advise us of the reduction percentage that it agrees to provide the University.

Please address our request expeditiously and advise us of your firm’s intended price reduction percentage by contacting the buyer handling your commodity.

Thank you.

## What would you do?

## What did they do?

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*“We refused to provide proactive discounts based first on principle. We had an effective win-win relationship in place and had worked to get credit for the value we were bringing to the table. Instead of offering discounts, we went back to our coaches for additional research and insight. Next, we went to their decision maker and conducted a relationship review presentation, reflecting on the value we have created as a result of our relationship. The value in the relationship confirmed, we shared a sign of good faith by deferring their price escalation clause (which was due to kick in soon) for the following 12 months. We actually strengthened our position with the customer as a result of this procurement tactic. As a value leader, it is incumbent on us to fight for the value we bring. We cannot afford to be commoditized.”*

Tony Ennis  
National Director of Sales  
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