

An eBook from TBK Consult

REVENUE GENERATION: *Facilitating the Buyers' Journey*

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FIRST EDITION

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TARGET AUDIENCE

The target audience for this whitepaper is business development, marketing, sales development, sales and other revenue generation professionals in the information technology industry with ambitions for achieving global market leadership.

ABSTRACT

Companies lie or at least they promise way more than they can deliver. Do you trust advertisements? Do you believe what companies say about themselves and their products/services?

I don't, you don't and your potential customers don't.

In an era where the price of communication has dropped the volume of propaganda has increased correspondingly. Our customers are more careful than ever when they the venture to find solutions for their needs, challenges and opportunities.

At the same time our industry is constantly developing improvements and inventing completely new value propositions that our customers can benefit greatly from if they only knew about them.

This is your challenge. You have invested in something that has great value, but so have others and if you don't grab a solid market share fast then your competitors will.

I hope my eBook will give you inspiration on how you can improve your revenue generation process and achieve the market leadership position that I am sure you deserve.

AUTHOR

Hans Peter Bech, M.Sc. (econ.)

THE OBJECTIVES OF THIS WHITEPAPER ARE:

1.

to help the reader better understand the way B2B customers are buying noncommodity products and services in an era characterized by hyper information and

2.

provide inspiration for how to organize the revenue generation process cutting through the noise and guiding the customer to a buying decision they will appreciate and expand on.

INTRODUCTION

Let's imagine that within a week your sales organization could sit face-to-face with all the potential customers in your target market¹ and have a conversation with them for one hour. If, six months later, you measure how many of those potential customers have actually bought a solution or are in the process of making a purchase decision within the next few weeks, then what would that percentage be?

¹ If we define the market as all those companies that could benefit from using your products irrespective of whether they are in active buying mode, right now.

NO ONE IS IN THE MARKET FOR EVERYTHING ALL THE TIME

For most companies offering B2B solutions only a small fraction of their potential market is in active buying mode at any one time.

If the companies in your market invest in your type of product every fifth year and the active buying process takes six months, then only **10%** of your total market will be in active BANT buying² mode at any point in time.

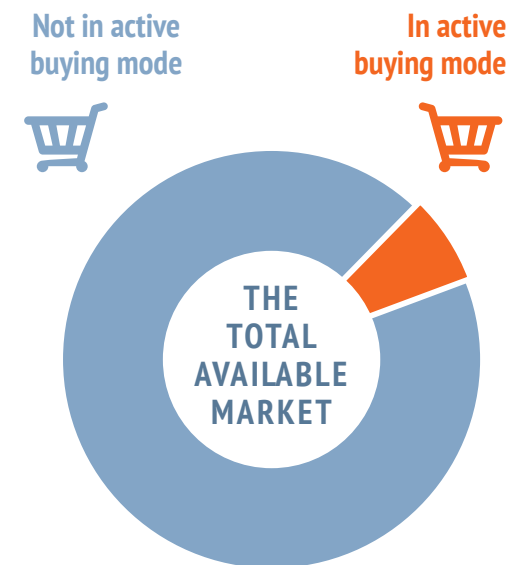
This means that about **20%** of your potential customers made an investment decision in your domain within the last year. Not all of them were positive so some could potentially be reactivated, but how many?

A certain percentage of the companies in your market will be considering if they should take action on the areas where you provide solutions. Let's say that **20%** of your potential customers are in this stage and may become BANT active in twelve months.

In this scenario around **70%** of the potential market is not actively looking for what you offer.

Can you somehow stimulate the interest of those that are not actively looking? Yes, of course you can, but my experience shows that only a minority can be activated right now. Activating the vast majority of the **70%** will simply be too expensive compared to the outcome you can expect.

Can you at least position yourself so that you are considered when the time is right? Yes, of course you can, but can you do it in a way that will generate steadily *increasing* revenue with steadily *decreasing* customer acquisition cost?

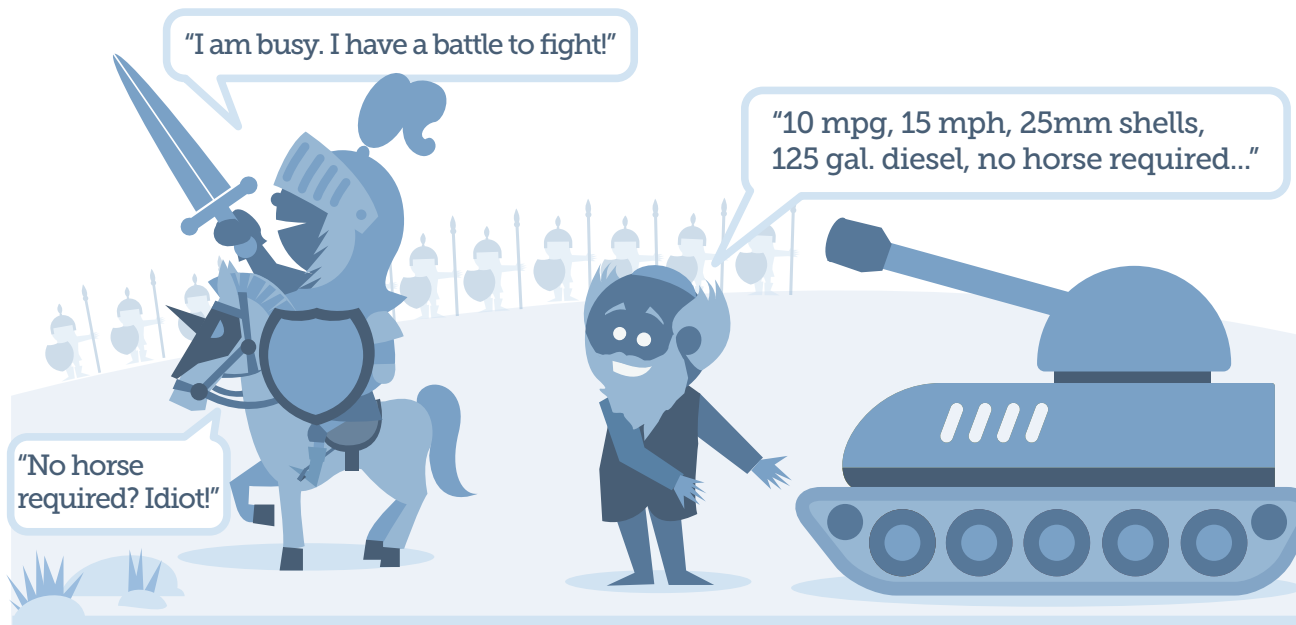


² We say that they are in BANT mode when they have access to a Budget, there is someone with Authority to make a decision, there is a recognized Need and there is a Timeline for making the decision. BANT means that there is a high probability for a decision, but there is obviously no guarantee that the investment will be made within the deadline or will be made at all. Companies always have competing investments so the one involving your type of solution may lose to an indoor tennis court for the staff.

COMPANIES HAVE ALL SORTS OF “ISSUES” ALL THE TIME

The good news for all of you working with revenue generation is that all companies anywhere in the world have all sorts of problems, challenges and opportunities (let's call them “issues”) all the time. Some of these issues are recognized by management and are on the list to be addressed soon, some are only visible to the people in the ranks and some are not visible to anyone in the organization right now.

The challenge is that the vast majority of your potential customers are not receptive to messages focused on your product and your company³. The majority of your potential customers are not capable of intuitively drawing the relationship between your products and your company and an issue that they have. They may have the intellectual capacity, but they lack the time, the issue is currently considered insignificant or it is not recognized at all.

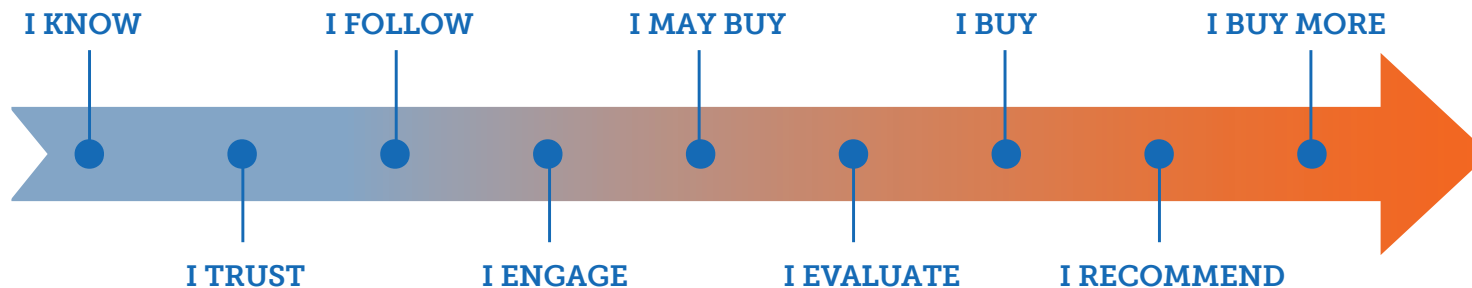


³ We call such communication "Propaganda."

THE BUYER'S JOURNEY



Put yourself in the shoes of your customers.
How do we buy products and services?



The process illustrated above represents how a typical potential customer may go through a process of making a purchase. Please note that this process is unrelated to where in the buying process she actually is. Please also note that this process may take 15 minutes for buying something insignificant on the Internet or many years for buying a mission critical business process management system.

I KNOW THEM

The potential customer can be in the final stage of making an investment decision or she can be totally unaware of an issue when she learns about you. We have just concluded that the vast majority of potential buyers are not in active buying mode, so we can also conclude that building awareness and making the first contact should not be based on content (we may call all your messages “content”) that is focused on your products, your services and your company. Instead you should communicate something related to the issues (problems, challenges and opportunities) that the potential customers in your target market faces in her daily operation.

Let us reemphasize this point:

Only a very small fraction of your potential buyers will at any point in time be looking for your type of products and services. Therefore, if you only communicate product and company information then you will make no impression on the vast majority of your potential customers. To catch the attention of the vast majority of your potential customers you must communicate content related to the issues they are facing.

PERSONAS

All significant business decisions involve more than a single person. An investment decision of a certain magnitude and importance may involve formulating a requirement specification, issuing a formal request for proposal to a handful of potential vendors, conducting several meetings with presentations and demonstrations, checking up on references, running proof of concept sessions, initiating pilot projects and then presenting the final recommendations to the committee running the procurement activity. Smaller purchases with less risk may be more informally processed, but will still need the consent of several stakeholders. Only insignificant commodities that are easily substituted may have a single decision maker.

Let us reemphasize this point:

All significant business decisions involve more than a single person.

The challenge in B2B revenue generation is that each of these stakeholders has a separate set of criteria on which they base their recommendations or decisions. The messages each of these personas need from you and the conversations that they may want with you are not the same.

Let's take an example.

You work for a company offering ERP⁴ solutions.

Who do you need to communicate with?

Today ERP solutions are an umbrella of solutions addressing various elements of how a company runs internal business processes as well as how they can communicate with suppliers and customers. Any ERP system is worthless until the operational processes that the system shall support are defined and the people that will use it are trained and motivated to do so.



⁴ Enterprise Resource Planning

Let's assume that your ERP software is targeted at companies that do engineering-to-order type solutions and that your solution besides support for the usual business processes can interface with the most common CAD⁵ systems. Customers can use this interface in the CRM⁶ module supporting proposal management, but the interface is also used in the MRP⁷ module and in the customer services module. You have a shop floor control module allowing for both planning the production workflow, but also for keeping track of actual machine and resource utilization. You have an HR module that can be used for running salary management and payment, but also have facilities for allocating resources to projects and for HR development. You also offer a facility to do post calculation of orders and a cost controlling module allowing you to allocate fixed and variable cost according to your preferences.



Your competitive edge is that you provide a fully integrated solution for engineering-to-order companies. There are certainly better “best of breed” solutions for CRM, HR management and other modules in the market, but integrating these with your system requires additional effort and customers have to reinvest every time each of these systems are upgraded.

Making a decision for acquiring an ERP system will involve a suite of interests from various parts of the customer's organization.

Who should you communicate with ensuring that companies will consider your solution, when they prepare to replace their ERP system?

⁵ Computer Aided Design

⁶ Customer Relationship Management

⁷ Material Requirements Planning

A decision for including your software on the list of options that potential customers will consider and their final decision for choosing the vendor will involve many stakeholders. Who should you communicate with in the various stages of the buyer's journey?

Most companies will pick 3-5 personas that they know are key for making a final decision. In the case above these could be:

The CEO: With a fully integrated system and business intelligence tools you can probably provide the best overview. The CEO will appreciate a one vendor scenario and will prefer a vendor that is specialized in her type of business and can show off a long list of references. The CEO may consider you the low risk option. However, the CEO is not your key contact. It is highly unlikely that the CEO will push the decision for a certain vendor because this will leave a lot of responsibility on her table. The CEO doesn't want a situation where the management team can say (on or off the record): "This was not my recommendation or decision."

The CFO: The CFO is normally the focal point for the ERP system. She will appreciate the integration and especially the ability to do follow up on the actual performance of each order.

The CPO (Chief Production Officer): The CPO is the key decision maker in an engineering-to-order company. She is heavily involved with supporting the development of proposals for the sales people and she is the key person responsible for coordinating the delivery of the solution. If she fails the customer projects will be too late, too expensive and way off specs.



What about the marketing and sales managers, the HR manager, the engineering (design) managers, the customer services managers etc.? Unless you are a very, very big company you cannot afford to design and operate dedicated communication efforts with more than 3-5 personas. In the last mile (sales) of the customer acquisition process you will most likely have to deal with them all, but in the early stages of building relationships you should focus on a maximum of 3-5 personas.

Now let's take a look at each step in the buyer's journey.

I TRUST THEM

How do you build trust with the vast majority of your market that is a long way away from being in buying mode?

LET ME TELL YOU WHAT DOESN'T BUILD TRUST:

- Pushing yourself, your products, your services and your company (this is propaganda).
- Producing customer testimonials that are too polished and orchestrated.
- Posting pictures on social media from your internal meetings (see how cool we are) or showing how cool your offices are (leave that to the HR folks - that's their job).
- Making a product or company announcement (including that you have raised a new round of funding).
- Designing your LinkedIn profile with the objective of getting another job (which 99% of all sales and marketing people do).
- Posting, sharing and liking posts on social media that are completely unrelated to your customers' issues.
- Not communicating at all.

THEN WHAT DOES BUILD TRUST?

- Offering material (books, whitepapers, videos, articles, pod casts etc.) that demonstrate your insight and engagement on your potential customers' issues.
- Posting, sharing, commenting and liking posts on social media related to your potential customers' issues.
- Announcing that you are now included in Gartner's Magic Quadrant.
- Being found and offering valuable content that your potential customers can use for inspiration to deal with the issues they have.
- A long list of testimonials loaded with the keywords used by your potential customers.

Reaching out to potential customers with content that focuses on their issues without any hint of propaganda builds trust.

You must provide value and continue to provide value until your potential customers find you so interesting that they decide to follow you.

FOLLOW US

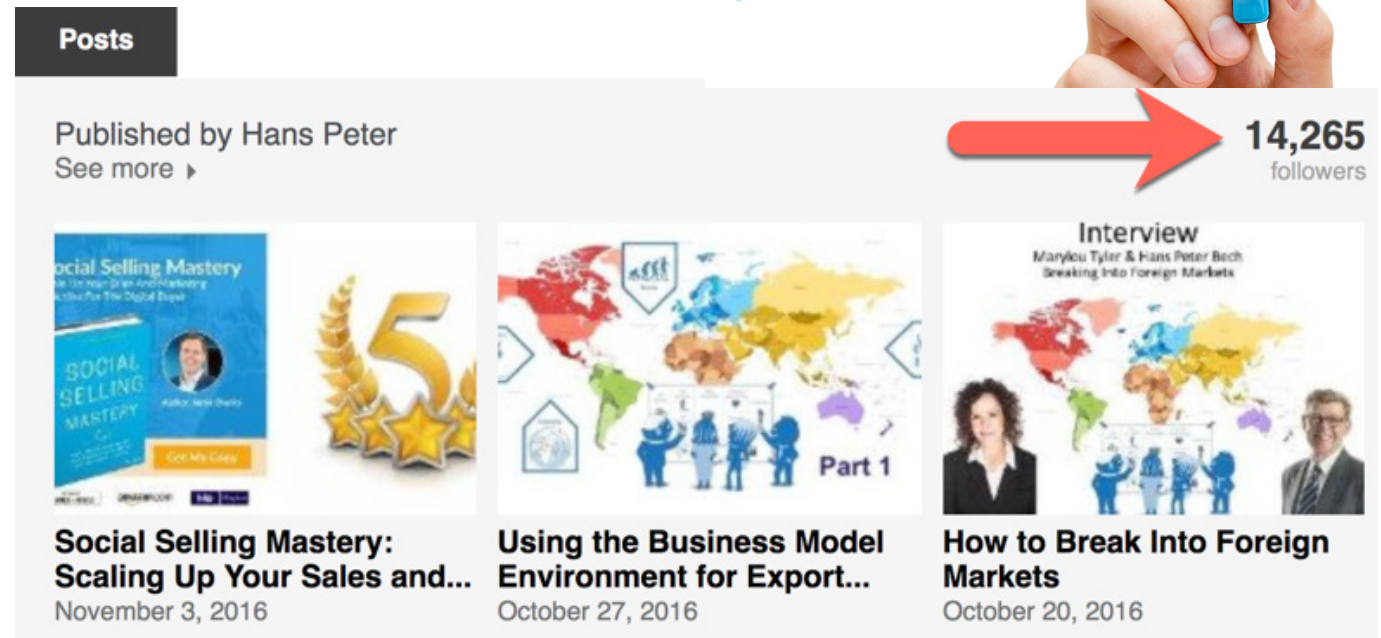
I FOLLOW THEM

Not all your potential customers will follow you, but some of those who find you a trusted source may do so. They may follow you or your company on LinkedIn, on Twitter and other social media platforms. They may add your web site to their RSS feeder. They may bookmark your blog for later reference. There are many different ways your potential customers may follow you. Make it easy for them and make sure you stay relevant or they will quickly drift off.

I ENGAGE WITH THEM

People who sign up for your newsletter or download a whitepaper from your web site and leave their email address have engaged with you. They become an identified inbound lead, but beware that “all inbound leads are not created equal⁸.”

Inbound leads need careful qualifying and most will be of no value, but some may be genuine leads and that by being nurtured and developed can become prospects and then customers sometime in the future.



⁸ A phrase taken from the book *Predictable Prospecting: How to Radically Increase Your B2B Sales Pipeline*, by Marylou Tyler and Jeremy Donovan. McGraw-Hill Education; 1 edition (August 15, 2016)

I MAY BUY

At a certain stage a switch will flip in the brains of your potential customers. From knowing who you are they have come to trust you so much that they have started following you. They have engaged with you and received genuine value in return and without being conscious about it they are suddenly in a state of mind that – when the times come – they will put you on the list of potential suppliers.

I EVALUATE THEM

And now that time has come. Your potential customer has moved into BANT mode and you are on the list of potential suppliers.

There is an ongoing discussion in marketing and sales about to what extent you as suppliers can instigate a BANT situation. Can you dive into a potential customer and activate the needs for what you do and create enough momentum that a key decision maker will take charge and define a project and find the budget required to make the investment?

When I was the country manager of Data General in Denmark one of our customers used our engineering workstations for designing ships. More than 100 engineers spent 8 hours a day in front of their workstations detailing the maze of oil tankers and container ships. We proposed to continuously test upgrading various modules of a workstation and measure the impact on performance. It would be quite easy to calculate how an impact on workstation performance could be translated into engineering productivity, that again would translate into lower production cost, faster throughput and improved profitability that again could be translated into more orders and more investments. From time to time we did find combinations of upgrades that had a positive impact on performance and when we did the customer immediately ordered an upgrade kit for all 100 workstations.

It is obviously much easier to identify up- and cross sales opportunities with existing customers.

What about new customers?

If your communication approach is propaganda based it will not happen, but if your dialogue with your potential customers is focused on their issues and you are given the opportunity to learn about the specifics of the individual customer situation, then I will claim that you can move the needle.

There will be situations where you will find the combination of needs and people required to make an assessment and prove that doing something now is better than doing it later. I am not saying that you can always do it, but if you invest the time required to fully understand the specific situation and work closely with the people developing the full business case, then your chances will improve substantially. Even when the case doesn't come to fruition I am certain that you will have built a reputation that will provide you a return on your investment at a later stage.

I BUY FROM THEM

Even though you may not always be successful moving the needle you will certainly have positioned yourself well. Your work will be reflected in the next requirement specification and you will have built the personal relationship required to navigate the final mile of the purchase process when that day comes. Trying to move the needle is never a complete waste of resources as long as you continuously qualify your opportunities and consciously assess the probability for success. You cannot afford to invest time and effort in anybody showing a pulse, so be very selective.

I RECOMMEND THEM

There is no stronger marketing vehicle than a recommendation from another customer. Anything from just the customer logo to a detailed customer case story has great value and can be used to accelerate the buyer's journey from unaware to “I may buy.” It will also help you improve your chances in coming out successfully in the last mile of the purchase process, because most customers find great comfort in solid references that resemble themselves.

I BUY MORE FROM THEM

In today's consumption driven delivery formats⁹ the first order you get from a customer may often not cover your customer acquisition cost. You must retain the customer and grow the relationship to reach break-even and secure profitability.

It is easier said than done. It should be as easy as possible to get onboard with you and it should as “difficult” as possible to switch to another supplier. Not because you are proprietary, but because you provide a lot of value to a lot of users. That's a real challenge, because products that are instantly very easy to use are mostly also very easy to drop in favor of a cheaper alternative that is also easy to use.

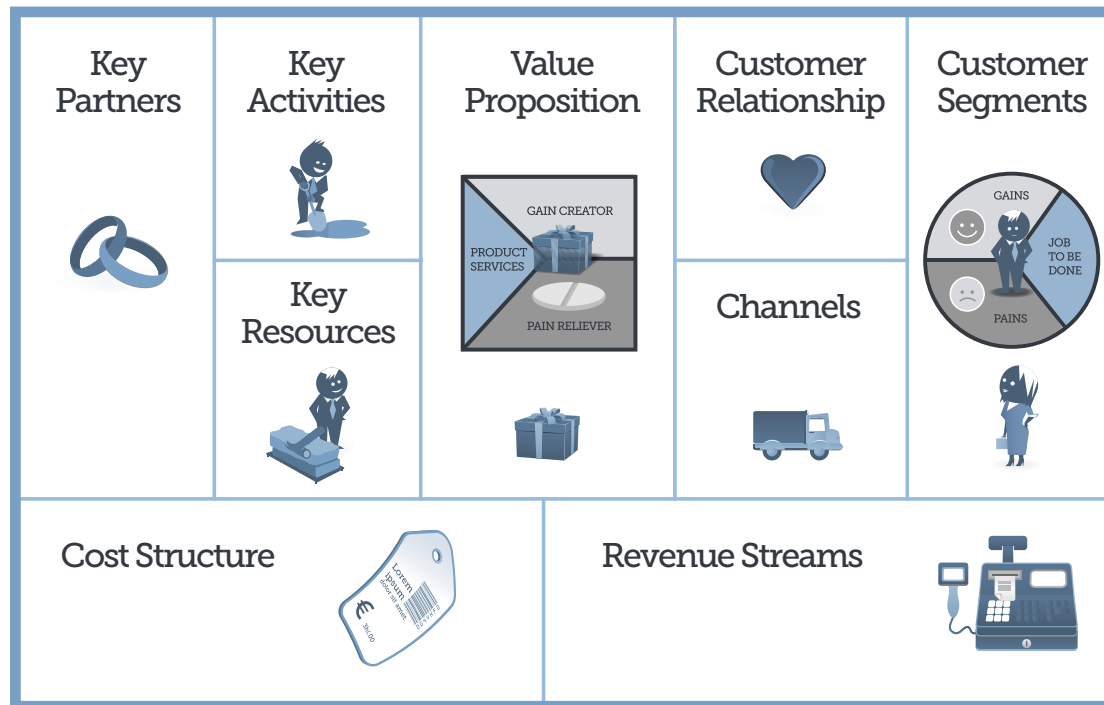
Making your products and services important for your customers and adding more and more value to more and more users is key to keeping a growing relationship. We call this “customer success” and many companies now have an army of people assigned to ensure just that.

⁹ Subscription based delivery formats where customers can start with a few users and few modules and then expand gradually as required.

THE REVENUE GENERATION ORGANIZATION

Running the revenue generation process in sync with the buyer's journey requires the cooperation of what we traditionally call business development, marketing and sales. Over the last few years a couple of new roles have been added to the revenue generation organization, so let me make a few definitions before we move on.

BUSINESS DEVELOPMENT



Business development is the discipline of *finding a match between our value proposition and a well-defined segment in the market*. Business development can make changes to both the value proposition and the definitions of the segments. You cannot scale anything in the revenue generation office before the business development people have done their jobs. When they have identified and verified a match then it is time to scale the revenue generation operation.

The following functions cannot change the value proposition or the segment definitions. If something fundamental doesn't work or if you for other reasons need to change your value proposition or your target market segment definition, then business development must be reactivated¹⁰.

¹⁰ In smaller companies this may initially be the same people, but they must understand that these jobs are fundamentally different. Companies that remain small apparently haven't found the match yet.

MARKETING

B2B marketing basically has two main functions:

- ➔ Generate inbound leads
- ➔ Provide contextual tools that improve the productivity of sales development, sales and customer success

SALES DEVELOPMENT

Sales development is the discipline of activating and developing (including qualifying) leads.

Inbound sales development

Inbound sales development takes care of all the leads generated by the marketing people.

Outbound sales development

Outbound sales development reaches out to potential customers with the objective of starting and accelerating the first five stages of the buying process.

SALES

Sales is the discipline of facilitating the last mile of the buying process (win and make) and converting potential customers to real customers.



ACCOUNT MANAGEMENT OR CUSTOMER SUCCESS (FARMING)

Account management or customer success is the discipline of working with your current customers to maximize the value they can achieve through their relationship with you and thus maximizing the customer lifetime value. Their job is to keep and grow customers.

THE REVENUE GENERATION PROCESS

If customers are traveling a buyers' journey then what do you, as a vendor, have to do to follow or even accelerate the journey? How do you design a process that engages with the customer where she is at that point in time and help her move forward?



I will call this process *“the revenue generation process”* and assign the steps illustrated above that corresponds with the buyers' journey.

IT'S THE PROCESS FIRST AND THE PEOPLE NEXT

I cannot emphasize the word “process” often enough. If your ambition is to scale your revenue generation so that you grow faster than your market and faster than your competitors, then you must take a “process” approach to the endeavor. Finding people that can “figure it out” or leaving it to “resellers” to figure out will not scale. Period.

You must find a process that can be operated by normal people. You must create an environment where normal people are empowered and feel motivated to make extraordinary results.

If you are not happy with the outcome of your revenue generation efforts look at the processes first before looking at the people.

In the following pages I will briefly review each step in the revenue generation process, but I have included a list of list of literature at the end of the whitepaper where you can get more inspiration and practical advice for each of the steps.

FIND

There are basically two options here:

- ➔ Potential customers find you
- ➔ You find potential customers

In the information technology industry both of these options must work.

Potential customers find you (inbound lead generation)

If you are never found by any of your potential customers, then you have either failed to complete the business development process or there is something terribly wrong with your marketing machine.



Being found requires two conditions to be fulfilled:

1. You are present where your potential customers go
2. Your messages ignite their curiosity

Your potential customers search the web, visit their bookmarked websites, go to conferences, read newspapers and magazines, pass billboards when traveling, watch television and go to the movies, listen to the radio, talk to their friends and associates and use social media. You must choose those venues where you can ignite their curiosity at the lowest possible cost of engagement. This combination of venue and message can be really hard to get right, so you need to learn from others before you then experiment.

Let's say that you decide to be present at a conference/exhibition where you know that many of your potential customers will show up. Can you find out who could attend and then invite them to come and see you? Can you issue a press release highlighting your presence and the type of solutions you will present? Can you include a message at the end of all the emails you submit four weeks prior to the conference? Can you post messages (organic and sponsored) on social media pointing to the issues you are ready to discuss at the conference? Can you have a promotion on your home page motivating visitors to book a meeting? Can you design your booth so that it is very easy for the casual visitor to understand what you do and stop to hear more? Can you prepare material, provide facilities and train your people to engage your visitors? Can you get on the podium and deliver a keynote on important industry challenges and how to deal with them? Can you prepare how you will follow up on the leads that you generated?



Just showing up at the conference and winging it is with guarantee not giving you the best return on your investment and that goes for all investments in activities aimed at generating inbound leads.

Being at the right place (where your potential customers do come by) with the wrong messages (typically propaganda about your company and your products) is not going to work. Being at the wrong place (where your potential customers do not come by) with the rights messages (related to the jobs, pains and gains you address) will not work either. Nailing the combination of right venue and right messages is key.

It takes thinking, help from others and experimenting.

You find potential customers (outbound lead generation)

Although the “inbound movement” will claim that outbound lead generation is a thing of the past, most companies in the information technology industry still experience a need for reaching out and knocking on the doors of their potential customers.

When you have completed the business development process, then you know exactly what your ideal customers look like. You know which type of companies they work for and what type of job functions they have. You can buy a list with their names and telephone numbers, you can search the web and find their web sites and you can most likely do an advanced search on LinkedIn and find all of them with their full profiles.

The challenge is that the statistical probability that they are interested in your product and your company is extremely low. Engaging with propaganda will kill this fragile moment.

Outbound lead generation for B2B information technology based solutions should exploit the opportunities provided by social media; an approach that over the recent years has been coined as “Social Selling¹¹.”

NURTURE

Just because someone has found you or you have found someone (with a pulse) doesn't mean that they will become a customer tomorrow.

The analysis we did at the beginning of this whitepaper indicates that they are not interested in you at all, but rather looking for inspiration and hope to find some with you. Let's not kill this new, little, fragile relationship with the poison of propaganda.

Show a caring attitude and continue to provide genuine value before asking for meetings or dumping your promotional pitches in their inboxes or on their voice mails.



¹¹ Please check my whitepaper “Social Selling Without Situational and Contextual Content Is like Partying with Robots”

MATURE

Maturing means converting anonymous visitors or names on a list into active followers.

We now have a name, an e-mail and maybe a phone number and this is where most companies release their packs of sales wolves on these poor, innocent souls, but I recommend to hold the horses. Just because someone leaves their email in return for a download, answers their phone or even returns your call doesn't mean that they are ripe for your propaganda.

Understand the customer first and then keep providing genuine value in terms of contextual content that help your leads learn more about dealing with the pains that come with their jobs. Become the source they keep returning to for more insight.

See how people subscribe to your YouTube channel, download your e-books and whitepapers, sign up for your newsletters, follow you on Twitter, LinkedIn, Facebook etc. and invite you to connect on LinkedIn. Watch the traffic and when the activity picks up you may pass them to sales development.



ACTIVATE

There are two reasons why you should be very cautious with premature attempts of activation:

- 1. You scare people away**
- 2. You are wasting your own time and resources**

Throwing poisonous propaganda at your leads is a foolproof way of achieving both at the same time, but even a “how can I help you?” driven approach may be a waste of time and resources. How much you can invest in activating a mature lead obviously depends on the expected customer lifetime value. The higher the value they bring, the more you are prepared to invest, but qualify carefully and assign resources according to an objective score card approach.



DEVELOP

While the responsibility for the stages find, nurture, mature and activate normally resides with the marketing and the sales development people the handover to sales takes place when we have deemed that a lead is ready to be developed to become a genuine customer.

The development stage is highly customized and situational and thus requires substantial investments. Keep qualifying and be prepared to return the lead to marketing or sales development if too many red flags show up.

WIN

When potential customers reach the final mile of their purchase process, then we are working hard to avoid the two out of the three potential outcomes:

- 1. They decide to do nothing (favoring another investment and/or postponing the investment in our solution)**
- 2. They go with a competitor**

Navigating the final mile of the purchase process is always a balance of investing more resources or pulling out to avoid further expenses on something that has a low probability of closing.



MAKE

Do you recall the “land and expand” strategy?

Before the era of the consumption economy¹² buying information technology based solutions required that customers acquired prepaid perpetual licenses up front and pre-paid for the associated implementation. In those days it was normal practice for vendors to bid low to get the business and then manage the project scope, relentlessly squeezing additional dollars out of their customers.

While scope management is still an important discipline, the consumption and cloud based delivery formats allow the customers to start much smaller and only expand as they see fit. The threshold for when customers can stop a project and choose another route (and vendor) has dropped substantially over the last 15 years.

Delivering the value expected is just as critical as getting the deal signed.



KEEP

The profitability of winning new customers in the information technology industry depends on how long they stay with you and for the majority of vendors it may take a year or two to cover the cost of marketing and sales and yield a positive contribution to the other fixed costs.

Keeping customers on board is a serious challenge and requires that you continue to provide additional value.



¹² Consumption Economics: The New Rules of Tech by J. B. Wood, Todd Hewlin and Thomas Lah

GROW

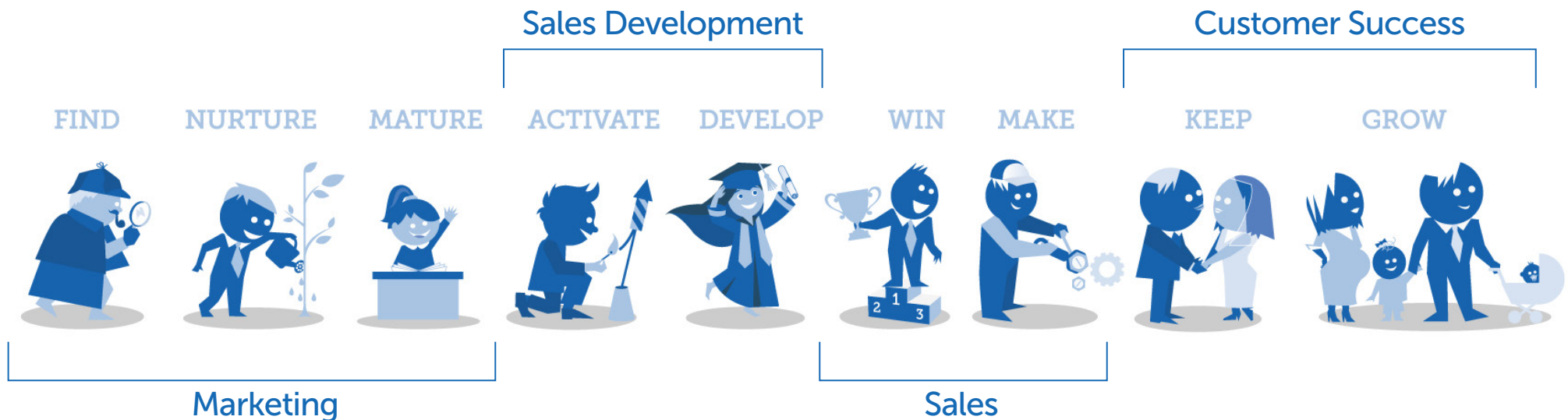
For most information technology companies only customers with a certain number of users will yield a profit, and as it is very expensive to sell to new customers it makes sense to work actively with current customers that are showing growth potential.

How to do this is obviously highly situational, but in general your ability to understand the customer's business and show how she can achieve more value from using more of what you provide is the key to growing the relationship.



THE DIVISION OF LABOR

The revenue generation process is very seldom something you can leave to a single individual and if you do then it will be extremely difficult to scale. Running the various stages of the revenue generation process requires very different sets of skills and tool sets.



Assigning different people to the four stages will yield the best productivity and will also help you find the approach that can scale by adding normal people rather than relying on unique superstars that are very difficult to find, hire and keep.

RECOMMENDED LITERATURE

I can only recommend books that I have actually read myself. Please let me know if you believe that a book is missing from the list. I will read it and add it if I find it valuable.

- **Neil Rackham:** SPIN Selling (May 1988)
- **Michael Bosworth:** Solution Selling: Creating Buyers in Difficult Selling Markets (September 1994)
- **Mahan Khalsa** and **Randy Illig** Let's Get Real or Let's Not Play: Transforming the Buyer/Seller Relationship. Expanded edition (October 30, 2008)
- **Keith M. Eades:** The New Solution Selling: The Revolutionary Sales Process That is Changing the Way People Sell (December 2003)
- **Stephen J. Bistritz** and **Nicholas A.C. Read:** Selling to the C-Suite: What Every Executive Wants You to Know About Successfully Selling to the Top (September 2009)
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