

Why diagnostic conversations are the optimal source of differentiation

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Having a good conversation—in business or anywhere else for that matter—is not as simple as it might appear. In fact it's a major challenge, especially in the world of complex sales and multicultural business relationships. Authentic and compelling customer conversations are the key to achieving what I like to call privileged access and privileged insight.

Privileged access is what we need to tap into the best sources of information within our customers' organizations. Privileged insight is what we need to clearly understand our customers, their responsibilities and their metrics, as well as to recognize how we can impact their objectives. This access and

insight is the only way we can create and deliver compelling value for our customers, and it is why customers will understand and embrace that value.

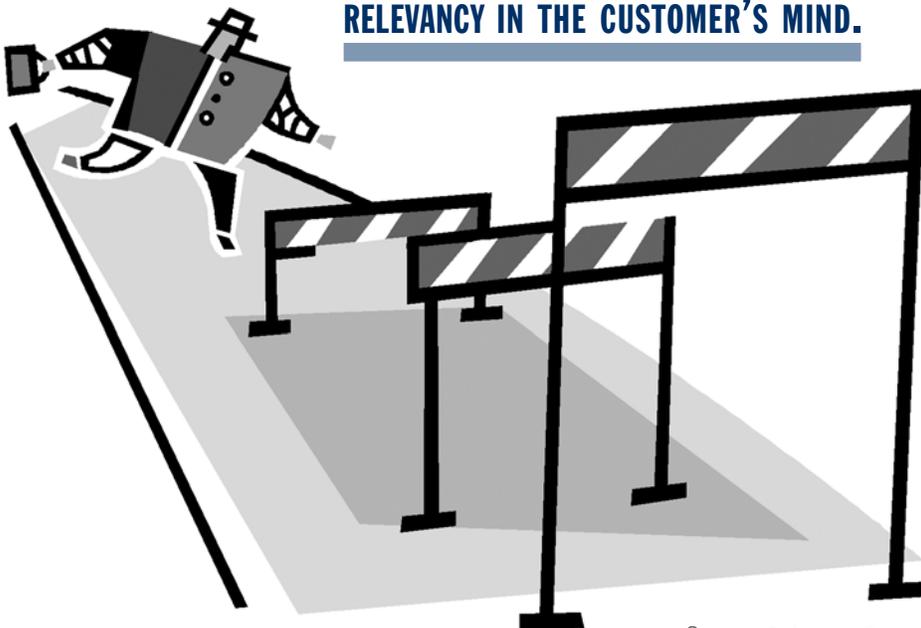
As I recently spoke with a group of executives it struck me that today's business people in general and strategic account management professionals specifically are not solution-constrained. We have the ability to build and offer many solutions capable of delivering substantial value to our customers. The issue creating far more inefficiencies is that we are more diagnose-constrained. There is a great tendency to leap before we understand, and we therefore propose solutions that lack relevancy in the customer's mind. A core competency of the complex sale is the SAM's ability to perform as an expert diagnostician.

Our research has shown that customers are more likely to decide to take action when they reach clarity regarding the risks and consequences of a business situation, rather than by only understanding the mechanics of the solution. In short, there are two reasons customers will not take action on a proposal:

- 1.) They don't believe they have the problem in question, or they don't believe that the problem is large enough to take action on.
- 2.) They don't believe that the solution will work—i.e., they don't believe they will receive the value promised.

Reason No. 1 is by far more frequently given and reinforces the premise that we are diagnose-constrained, not solution-constrained. Let's discuss several key thoughts to remember when diagnosing complex problems and attempting to create incentive

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for customers to change.

The customer makes the decision to buy / change (and often from whom to buy / change) during the diagnosis.

This diagnostic expertise enables us to help customers recognize, analyze and understand the causes and consequences of their problems. The process of diagnosis is one of "hyper-qualification." In essence this work is a continuation of the customer qualification process in greater detail and depth. During hyper-qualification the full extent of a customer's problem is explored, measured, evaluated and communicated. The focus is more on physical symptoms – the customer's reality – than the solution, which is more speculative. The goal is to raise a customer's awareness of the problems it is experiencing. Equally important, this allows us to shift the emphasis of our conversations with customers from our solutions to their situations. This shift differentiates us from our competitors, creates significant learning for customers and builds exceptional levels of trust and credibility.

One of our large multinational clients, a \$6 billion a year global industrial gases firm, faced a situation in which a prospective customer requested bids for a capital-intensive project to produce very large volumes of gases. This was part of a major environmental upgrade project adjacent to the customer's petroleum refining facility. Unfortunately, when our client became aware of what it had determined to be a strategic opportunity within the customer's refining network, it learned that the bidding process had been closed and that only the refiner's existing two gas suppliers were invited to bid on the project. Our client requested an audience with several key members of the project selection team to begin building a relationship that would allow participation in future opportunities. The customer was unaware of key risks associated with the project, but



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our client realized that one of the existing suppliers had little capability to deliver the technology as specified by the bid's requirements and that the other supplier might have significant scheduling problems in meeting the customer's timetable.

By initiating a high-level diagnosis, our client's SAM – without requesting that the bid be reopened or mentioning the competitors' proposed solutions – was able to assist the customer in recognizing diagnostic questions that had not been included in its initial analysis. The customer then invited him to help quantify the potential consequences and financial impact should the risks play out. These conversations resulted in the bid being reopened, and our client took the lead position with the new bid package. The requirements were expanded to account for the additional risks, and the SAM had developed exceptional credibility through his incremental diagnosis.

Do not allow the customer to self-diagnose.

Many of the best business-to-business selling methods that evolved in the '70s and '80s were founded on the premise of needs-based selling. As

such they have a dangerous underlying assumption that, although harmless for many sales, places your efficiency and effectiveness in serious jeopardy as the sale reaches the complexity of strategic accounts. The assumption is that the customer has the ability to self-diagnose problems and self-prescribe the required solutions. The needs-analysis approach calls for the customer to self-report its view of the problems and ideas for the solutions. However, customers are not largely experienced in diagnosing complex problems or designing complex solutions. Customers' input is critical, but as the complexity increases, the input's reliability decreases.

The previous customer case history illustrates this point well because the petroleum refiner's decision process was sub-optimal given both the process safety and schedule risks to which it exposed itself. The SAM's primary objective was to ensure that his prospect had a high-quality decision

process even if it would not provide an immediate win for the SAM. He focused on a long-term relationship instead of a short-term result. However, not only did the refiner reopen its process, but, as you will see, the trust built during these conversations led to privileged access and future opportunities.

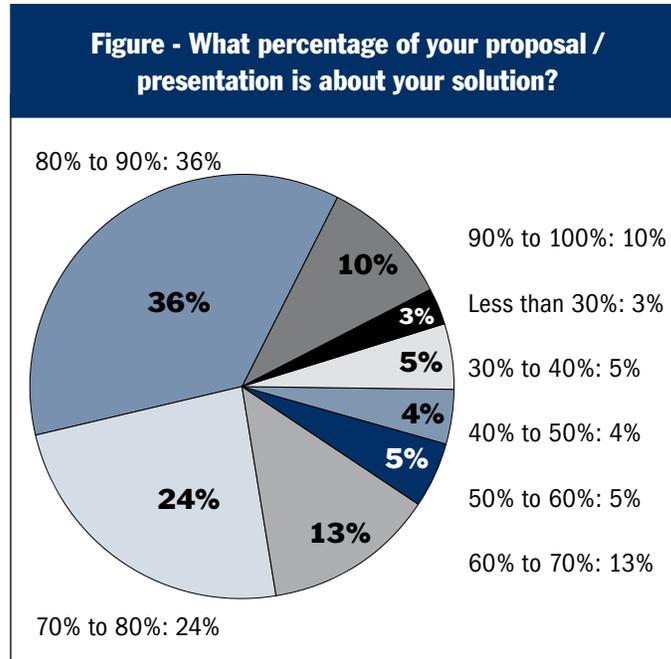
Customers will want and begin to self-diagnose. This is to be expected and respected but not accepted. To put it bluntly, self-diagnosis is one of the most significant contributors to the lack of clarity in the sales process. Here are four reasons why:

1. It is only natural when recognizing an issue or concern to try to figure out how to address it. When salespeople conduct a traditional needs analysis they, too, often accept the customer's self-diagnosis along with the self-prescription. When that happens the seller will commonly prescribe the wrong solution, which in turn and at best leads to missed expectations or at worst leads to solution failure, with all the attendant negative consequences.
2. Self-diagnosis represents a missed opportunity for SAMs to demonstrate their knowledge and expertise to the customer by taking the diagnosis to depths the customer would never have considered. This is a tremendous missed chance for SAMs to differentiate themselves and their solutions from the competition. Self-diagnosis forces sellers to depend on solution-based presentations, which all sound alike to customers.
3. Self-diagnosis also represents a missed opportunity for customers to get an outside view from professionals who have likely seen and dealt with

similar problems and situations at other firms.

4. Finally, because self-diagnosis is usually less than comprehensive, the total cost of the problem is not established, and the SAM's ability to construct a compelling business case for the solution is seriously restricted.

You'll gain more credibility from the questions you ask than the stories you tell.



The best SAMs are integrators; they orchestrate all the pieces needed to solve customers' problems in novel and intriguing ways. To integrate, you must know your customers and their issues and bring them to a deeper understanding of their situation. You also have to know the value capabilities your company offers and bring your customers to a deep understanding of how those capabilities apply to their value requirements. You will integrate all of that information in a collaborative effort with your customer to ensure a coherent and compelling exchange of value.

How do you accomplish this task? It can be achieved through a structured

series of diagnostic conversations in which you communicate with your customers at a mutually higher level of understanding. We should become so good, in fact, that the style and substance of our conversations create all of the credibility and relevance we need to win our customers' confidence and business.

A diagnostic process focused on the customer's challenges, in contrast to the conventional process with less than robust qualification, asks the customer to report its own self-diagnosis and define its needs so a tailored proposal can be crafted to match those needs. More often than not, proposals written to match request-for-proposal specifications focus heavily on the solution. The figure represents the responses from a 300-member audience who reported what percentage of their proposals' content focused on the solution versus the customer.

The role model for SAMs that we like to suggest for these diagnostic conversations is that of a doctor. The doctor uses a diagnostic protocol that directs the order of questions and measurements—actually following a preordained set of decision trees. The questions relate to observations of physical indicators or symptoms that tie the doctor's diagnosis to the patient's reality. When we as SAMs are in the diagnostic mode, we deal directly with our customers' reality. That is, we work with elements customers have experienced in the past, currently experience or believe they will be exposed to in the future. Our customers in fact may not be aware that these elements or symptoms represent problems that could cost customers significant opportunities.

The diagnostic conversation has three primary objectives:

- 1.) Uncover the reality of the customer's problem. (Do the symptoms exist?)
- 2.) Quantify the impact of the problem and absence of the solution. (How bad is it?)
- 3.) Create the incentive to change. (Is it bad enough to take action?)

This is analogous to the job of the psychiatrist. An experienced psychiatrist may be able to diagnose a patient's mental illness during the first 10 minutes of the initial meeting. After all, the doctor has perhaps treated many other patients who suffered from the same disease. Yet it will likely take a more in-depth conversation before the patient believes he has a problem and that the doctor also understands that problem. The psychiatrist knows that until patients come to those realizations, the doctor will have no credibility in patients' eyes, and the path to a cure will remain blocked.

Conclusion

Regarding the SAM and his petroleum refiner customer in the earlier example, their relationship grew and revealed another noteworthy experience. The senior vice president of operations at the refiner's corporate office was so impressed with our client's diagnostic questioning process, he subsequently invited our client to audit the refiner's industrial gases usage at its other major facilities and suggest improvements. Whereas it previously had been extremely difficult to gain an audience with an individual refinery manager, now the doors were thrown open (privileged access). The beginning meetings did not involve traditional presentations but rather diagnostic conversations with in-depth questioning. In nine months another major project of equal scale was awarded to our client. In summary, within two years this new relationship brought business in excess



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of \$10 million annually.

We have been conditioned through conventional selling approaches to believe that our credibility derives from our company's ability to design, build and deliver beneficial solutions. There is obvious truth in that. However, no shortage of alternative solution sources exist for our customers. When we tell stories about our company and solutions we all sound very much alike, and the net effect of our "credibility stories" is a reinforcement of the commoditization trend our customers are carrying out.

The true source of differentiation today lies in our ability to diagnose our customer's issues, expand our customer's comprehension of those issues and clarify the financial impact of the absence of our solution. We need to develop our diagnostic conversational skills that enable us to gain the privileged access and insight

that will truly set us apart from our competition and position our solution as the compelling choice. 

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Additional reading

For more information on this subject in SAMAs library, the editors recommend: Robert A. Potter, "The emotional differentiation of a strategic partner," *Focus: Account Manager*, Vol. 3, No. 2, Fall 2006, www.strategicaccounts.org; and Pat Bailey and Paul Hesselschwerdt, "How aligned is your organization on the needs and methods for creating value?" *Velocity*®, Vol. 8, No. 2, Spring 2006, www.strategicaccounts.org.