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MORE SELLING, LESS OVERHEAD // *The Customer Acquisition Methodology*

The Government is relying more and more on multiple-award, indefinite quantity contracts (IDIQ). These come in a number of variations, but all have one thing in common. They are merely a hunting license for contractors to find and sell work. For decades, "selling" was a bad term in the Government market. Now, contractors must recognize that selling is a part of their business. Selling is different from classical Business Development. Selling products and services under an IDIQ contract involves finding what the customer needs and creating a business case. It is often involves a short time horizon. While a need for long term Business Development still exists for targeted agencies, contractors must increase day-to-day selling. Smart contractors are using everyone that interacts with customers to sell. Companies must do this in a controlled manner to get the maximum benefit of all the face time that you have with customers. Team selling in the federal marketplace results in more sales with less overhead.

This is the first in a series of articles that defines the Customer Acquisition Methodology that companies can use to improve sales to the Government, and manage overhead at the same time. Companies can use this approach for IDIQ and RFP based contracts. This article provides an overview of the approach. Subsequent articles will discuss account planning, the Account Management framework, how to guide your staff in support of sales activities, how to be viewed by your customer as a strategic partner and steps to implement such a methodology.

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Overview of the Customer Acquisition Methodology

The objectives of the Customer Acquisition methodology are to increase account management and sales effectiveness, win new large account opportunities through enhanced positioning, efficiently win IDIQ buying vehicle procurements, grow and protect existing accounts, and accomplish all this with minimal impact on overhead.

There are several basic premises behind the Customer Acquisition Methodology.

1. Pure sales or business development staffs are a high overhead burden.
2. Clients can rarely afford to spend quality time with sales or business development personnel.
3. Clients can and do spend quality time with those persons that deliver solutions to their problems.
4. Government agencies are large, complex customer entities with multiple people affecting buying decisions.
5. Delivery personnel such as Program Managers generally have the best opportunity to determine customer needs and present ideas for customer acquisition.

These premises lead us to the conclusion that companies can improve upon traditional methods of business development. A better way to achieve this is to implement a methodology that orchestrates the activities of all customer-facing personnel, and optimize the opportunity to use personnel with the most intimate customer contact to develop new business within in existing accounts while supporting strategies that will penetrate new accounts.

This is more than a process flow or template and requires personnel who interact with customers to be skilled in gathering information and delivering the right messages. To do this right requires a clear management vision regarding which accounts to target for new penetration or growth. All members of the company must have a common framework for all customer interactions that drive the information exchanged with buying influencers and which buying influencers to meet.

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Important Definitions

To simplify terms in the remainder of this and future articles in this series, losted below are several commonly used definitions.

Account Management/Sales Methodology—A repeatable methodology that provides a corporate framework for new business acquisition. It guides the company in fulfillment of Account Strategies to grow existing accounts or to acquire new accounts, and in overseeing Opportunity Strategy development and execution.

Account—A logical business entity with common characteristics that lends itself to a specific strategy. It is not based solely on organizational charts; rather it is based on how a contractor can best interact with an agency

Account Strategy – A formal plan to penetrate or grow targeted Accounts. It creates framework for all business pursuit activity within the company, guiding the activities of others within company. An Account Strategy involves understanding how to address a customer's business challenges from the customer's perspective.

Sales Opportunity – A specific sales opportunity within an Account. This is a definable, traceable business opportunity allowing you to know the size, buying influences and award schedule. The Government uses IDIQ contract vehicles for these acquisitions.

Sales Opportunity Strategy – A plan to guide personnel in gathering information and positioning the right message in pursuit of a specific Sales Opportunity. It is more tactical than an Account Strategy and might exist as part of an existing Account, or a new Account depending on business parameters. Not every Sales Opportunity will warrant an Opportunity Strategy.

Customer Call – A meeting with decision maker(s) who should be contacted in an organized, systematic manner. Each call is an important use of the customer's time as well as yours. Every call should tie to either an Account Strategy or an Opportunity Strategy.

Customer Call Plan—A simple, repeatable tool for organizing the information you are seeking and information you want to give during any Customer Call. It ties to Account or Opportunity Strategy. You need a Call Plan regardless of the level of the call.

Buying Influence – Any customer that has an affect on the decision to purchase your product or service. Government contracts usually have multiple buying influences, more than most people consider

Customer Lead—An individual who, in the course of doing their job routinely has close contact with customer decision makers, and that actively pursues new Opportunities. This is a hybrid of program or delivery management and sales. This is the key role in a team-selling environment.

Some companies informally define such a role by giving a program manager new business goals. However to use this role to your best advantage requires formally defining the job for what it is; namely a sales and sales support role. This role requires properly motivated and trained personnel. Management must support and actively manage this role.

Planning

We have mentioned three different types of planning activities: Account Strategy, Sales Opportunity Strategy and Customer Call Plan. Don't let the word plan scare you. These plans are practical guides that show you how to use all of your customer-facing resources to position, retain and grow existing clients and acquire new ones. You can view them as a hierarchy, as shown in

Figure 1.

The first is the Account Strategy, which focuses on a segment (Account) of a Government agency that you are either protecting and growing or putting a corporate effort into penetrating. The Account Strategy Plan will force you to break very large Government agencies into manageable pieces based on how the customer buys and how you want to sell. You use this plan to determine what investments in time, money and personnel you will make on the Account and to develop a specific plan of execution with actions, owners and target dates. You then use the plan throughout the year to focus your team's efforts and to manage progress. Usually this is a long-term process covering a 1 to 3 year time span. The benefit of this plan forces you to evaluate your activities with an account, agree on a plan, create stakeholders in the plan and review and correct your plan as you implement it. One more part of the plan is to formally show how you plan to add value to their operation, and get their validation or guidance.

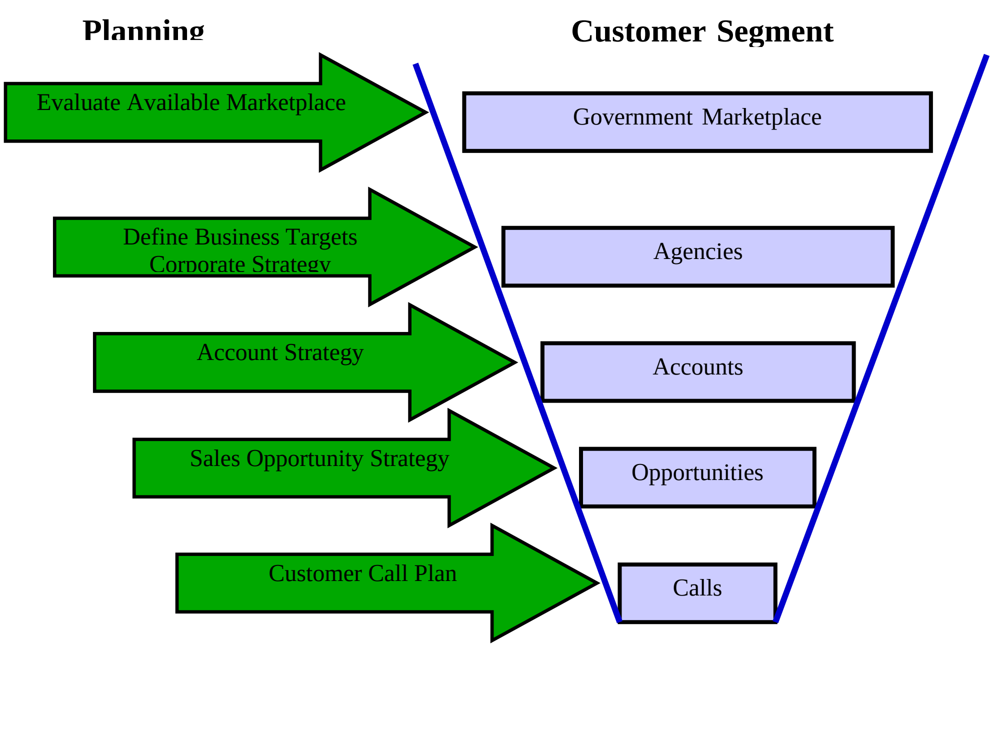

Figure 1 -- Planning Hierarchy

Next is the Sales Opportunity Strategy, which is short, simple and tactical. You only use it on Sales Opportunities that fit your management criteria on such metrics as size or strategic importance. Additionally, a short version of a Sales Opportunity Strategy will help you organize your approach to smaller opportunities. When you consider a Sales Opportunity worthy of a focused corporate effort, your use of this plan defines the marching orders for anyone that might be able to help win this Sales Opportunity. An Account Manager, for example, can manage this strategy and can guide everyone who interfaces with the target customer thus defining who to call on, what information is needed and what information to position with the client. This provides a framework for all customer interaction.

At the lowest level, we have a Customer Call Plan. Every time an employee engages a customer to discuss any new business he or she should be aware of the activity with the Account and information to give and receive. A Call Plan also includes what types of questions to ask and in what sequence. A well-prepared Call Plan will tie back to the Account Strategy and Sales Opportunity Strategy.

This article represents and overview and we will discuss these plans in more depth in the future.

Benefits of the Customer Acquisition Methodology

The Customer Acquisition Methodology helps you break your largest accounts into manageable segments. This in turn allows you to allocate resources more effectively. By aligning your value proposition to the customer’s true needs you can increase account retention and long-term stability.

In addition, you will grow key client relationships, increase close ratios, shorten sales cycles, improve forecasting through better visibility and unify your sales organization with a universal sales process that is simplifies communication among management, your sales organization, and the customer.

The Call Planning portion of The Customer Acquisition Methodology helps you teach your staff how to use time in front of customers effectively by providing your team with a template to gather the right information that will give customers the right message.

Future Article

This article summarized the Customer Acquisition Methodology. The next article will explain in detail the Account Management/Sales Methodology and provide insight into how to use it to improve account protection and growth, and new account acquisition by using all the resources you have at your disposal.

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About the Author

Jerry Sparger has over 30 years of experience using technology to solve business problems for Government and commercial clients. He began his career in software development and program management, and then moved to sales management and general management. He has over 12 years of executive management experience and 7 years of hands on management consulting in sales, customer relationship management, supply chain execution and knowledge management.

In 1997, Jerry started Global Business Solutions (GBS) consulting groups dedicated to helping clients solve business problems through strategy, process improvement and proper application of business technology. GBS has focused on those business aspects that most affect customers, such as sales, marketing, account management, order entry, fulfillment and customer service. GBS has provided business strategy, process design and implementation, technology selection, process and technology alignment and pilot rollout management.

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