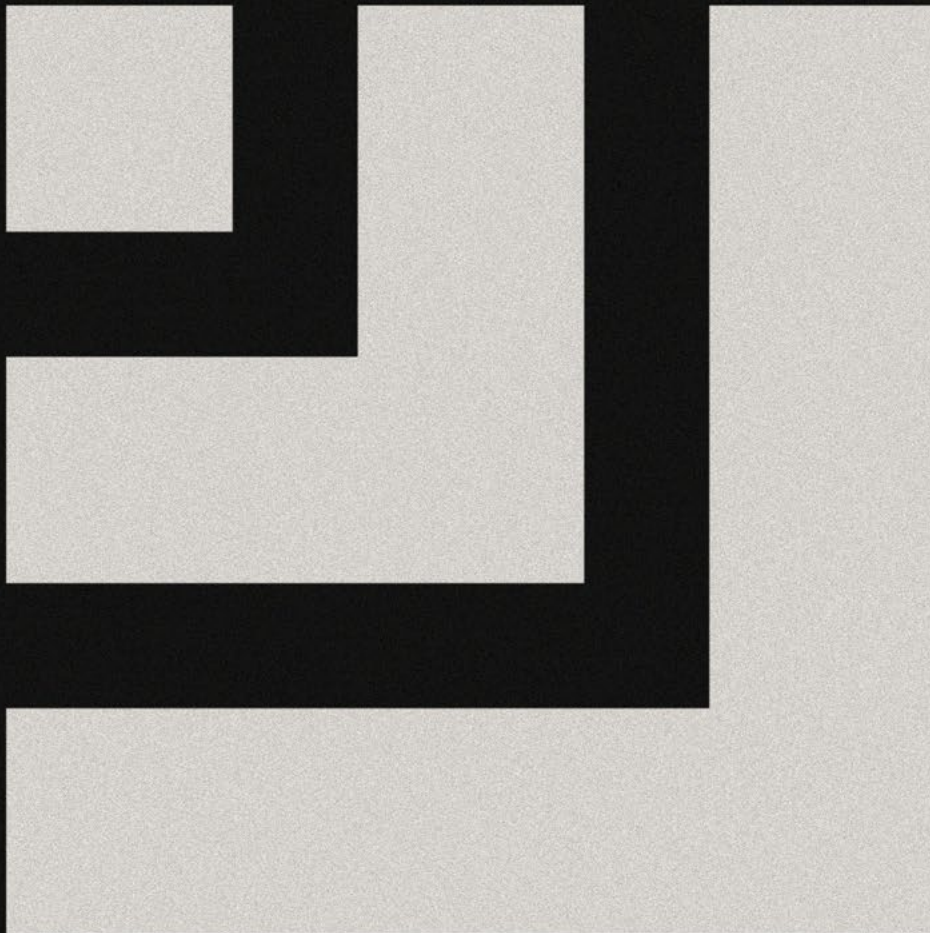
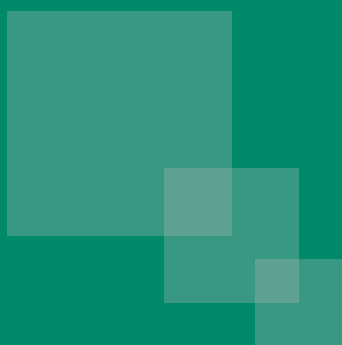




The telecoms tech trap

Learn why do bad things happen to good new telecoms products





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Contents

Introduction	5
So, exactly what is going wrong? Lessons from other sectors.	6
Some possible explanations	7
Hypothesis 1: customer resistance to change	7
Hypothesis 2: sales conservatism	8
An alternative explanation	11
Anecdotal evidence	14
Good news and bad news	18
We have seen the enemy and it is us	19
A better mousetrap	20
A timeless approach to sales	22
References	23

It's an all too familiar story. A significant new product is about to be introduced. It's technologically innovative, it meets a clear market need and, best of all, it leapfrogs the competition.

During the final development stages, top management becomes increasingly convinced that this could be the make-or-break product that comes along once in a generation. The whole company is geared for the launch. Feedback from beta test sites is phenomenal; the buzz on social media and initial reviews on the specialist websites are little short of ecstatic. The product is introduced to the salesforce. There's a highly motivational product boot camp. During the next few weeks, everyone holds their breath waiting for reaction from customers. Salespeople report great initial enthusiasm from the marketplace and, with a sigh of relief, management begins to wonder whether the early sales projections that seemed so ambitious before the launch should now be revised upwards.

Then a curious thing happens. Customer enthusiasm evaporates. The expected sales don't materialise. Excuses give way to panic and the dark rumours begin. Maybe it isn't such a fine product after all; marketing hasn't positioned it properly or the salesforce is incompetent. There are plenty of candidates to take the blame, but the fact is that nobody has a clue why a product with such great promise seems to be struggling for its life.

If this sounds familiar, that's because it is.

This is a phenomenon common across all sectors, but there's something about the telecoms sector in recent years that has thrown the whole picture into sharp relief.

Telecoms is now such a vast and constantly changing world whose technologies have created, shaped and supplied many of the tools for a completely new digital world that touches everyone's business and personal lives. At one end we have the network infrastructure titans, constantly innovating, responding to new expectations for speed, bandwidth coverage and reliability, and battling well-funded competition from around the world.

In the middle we have the network operators (or virtual operators) playing in a world of regulation, exponential demands for data capacity and a market in which their offerings are increasingly viewed as a commoditised utility rather than (as was once the case) one of the seven wonders of the world. And then we have the innovators at the user end – developing what were once complex and expensive services into one-touch mobile apps; reaching into everybody's lives with the Internet of Things, revolutionising everything from urban traffic control to keyhole surgery.

But where there is innovation, there are also bear traps for salespeople. Research commissioned in 2019 by Huthwaite among senior decision-makers in the sector (incorporating network operators, infrastructure vendors and innovators in market-facing applications) has revealed the scale of the issue.

In a typical financial year, a staggering 88% of telecoms companies experience the failure of a highly anticipated new product.

So, exactly what is going wrong? Lessons from other sectors.

Understandably, the product itself often becomes the first target for retribution if it doesn't sell. The fact is that some of the best products of our time have gone through exactly this rocky start.

Back in the 1980s, we looked closely at three examples (the "Original 3" as we call them) of fine innovative technology products – which were in fact from outside the telecom sector – whose initial sales were so slow that corporate executives were convinced they had a major disaster on their hands. Later in this paper, we also talk about some more recent examples from the contemporary telecoms industry, but the non-telecoms Original 3 teach us some widely applicable lessons as the data on page 12 illustrates.

- Xerox 9200: This was the first, and probably the most revolutionary, plain paper, high volume copier duplicator, way back when. In addition to producing copies twice as fast as its nearest competitor, it offered a dazzling array of bells and whistles such as limitless sorting. Extensive focus group studies had indicated a strong market need for such a product. Early indications from the initial launch showed high customer interest and the launch team had every reason to feel they had a winner on their hands. We visited the initial launch in Dallas where euphoria was everywhere. Salespeople were bubbling with enthusiasm and groups of customers attending product demonstrations were full of praise. Trade press reviews calling the 9200 "the biggest breakthrough since Xerography itself" were pinned on every wall. Expectations were high, confidence was even higher. Three months later, it was a different story. The expected orders weren't coming. Salespeople we talked to were subdued and seemed equally divided between blaming marketing for positioning the product to compete with offset printers and blaming the product for complexity and unnecessarily expensive features.

- Honeywell TDC 2000: The DC 2000 was a major advance in distributed process control automation. It allowed unprecedented flexibility in the design and running of industrial processes, just at a time when new methods and market demands were forcing industrial plants to become much more agile and attuned to concepts like just-in-time and Six Sigma. Its technology was good and its timing seemed perfect. Again, initial enthusiasm was high from customers and companies alike. And again, sales were agonisingly slow to materialise.
- Kodak blood analyser: When Kodak used its colour chemistry expertise to enter the medical market with a new technology for blood analysis, it appeared to have come up with a winner. But the all too familiar story repeated itself. The high initial enthusiasm from all parties rapidly gave way to disappointing early sales and general despondency.

These are not isolated examples, although they are a little unusual in that, fortunately, each had a happy ending and made a miraculous recovery from near death in the marketplace, just at the point where their creators were ready to give them a decent burial.

Others have been less lucky. Disappointing initial sales is an epidemic, and sometimes fatal, childhood disease in the life of many new products and services. There are a lot of deserving innovative products that don't survive into adolescence.

It's a phenomenon that hasn't failed to capture the attention of marketing experts and tech pros alike. Tim Lane, a Lead Tutor with the Oxford College of Marketing, was quoted as saying: "I read an interesting statistic recently that suggested that most new products and services launched onto the market fail to deliver the expected results and there seems to be a lot of debate as to the reasons why. The failure rate seems to vary depending on whom you speak to. Harvard Professor Clayton Christensen was attributed with saying that the failure rate is very high ie 80% – 90% (which he disputes) whereas others think it is closer to 40%. But no matter who you believe one thing is true – launching a new product (or service) is a high-risk strategy."

Huthwaite's 2019 research only serves to illustrate the scale of this problem, with the average telecoms company seeing 5.58 products on average failing each year and not selling as well as hoped. This results in a vast waste of resource, not to mention money, that in some cases can prove fatal for the company.

Some possible explanations

Do these examples evidence the research findings? No doubt there's a heady mix of bad timing, poor market research, flawed product design and – our main focus here – lack of sales skill. Simply put, concepts that in theory should work for telecoms businesses, often fail and the reasons why these failures happen are not clear cut.

Exactly why should promising new products from highly respected companies fail despite assumptive indications of market need, the success of adjacent vendors, strong marketing support and real enthusiasm and energy from salespeople?

It's a question that has puzzled generations of product managers whose meteoric rise to corporate fame has been temporarily blocked by slow sales of their latest offerings. There's no shortage of opinions to account for slow sales but very little hard data to explain the cause. Two of the most commonly held hypotheses are:

Hypothesis 1: Customer resistance to change

Most customers, so the argument goes, are intrinsically conservative and resist innovation. Apart from the few early adopters, whose enthusiasm for new products knows no bounds, the broad mass of customers see innovation as risky and finds new unproven products less attractive than tried and tested alternatives. Consequently, any innovative product, particularly if it has a high technological component, will meet resistance and will sell slowly until it is perceived as safe by potential customers.

Our 2019 research supports this. When asked why telecoms sales professionals struggle with introducing new products to market, the most common response (42%) was around 'customers being resistant to change.'

However, just how plausible is this explanation in the older Original 3 examples we've quoted? Frankly, it just doesn't ring true.

Huthwaite International was associated with each of these product introductions and our research team investigated elements of all of the Original 3 launches. We talked with more than 200 potential customers and watched their discussions with salespeople. Few of the initial prospects for these products behaved like cautious customers timid in the face of innovation. On the contrary, the majority were welcoming of the innovative aspects of the products. Even more telling, their behaviour was the antithesis of classic resistant customers. A resistant buyer usually begins with a high level of scepticism and becomes progressively more accepting with repeated exposure to the product.

That's not what was happening here. During initial exposure to the products, the majority of these customers expressed enthusiasm and acceptance. As the sales discussions progressed, however, this enthusiasm began to fade. It was the apparent initial acceptance of innovation that gave the product creators such hope for success and, when customer enthusiasm evaporated, made the sales results all the more disappointing. It became clear to us that we needed to look elsewhere for an explanation of what was wrong. Fast forward to the digital telecoms world of 2019, and we know that a small cadre of enthusiastic early adopters make disproportionate noise on social media, but don't necessarily herald a gold rush.

Hypothesis 2: Sales conservatism

A second, equally plausible argument that we often hear suggests that it's the salespeople themselves who are resistant to change and are therefore unwilling to sell innovative products that lie outside their comfort zone.

As with Hypotheses 1, our 2019 research found that nearly a third (29%) of sales professionals blamed lack of success selling new products as coming down to their sales force being resistant to change, and unable to effectively sell new products outside of their comfort zone.

However, had that been the case with The Original 3, we would have predicted that:

1. a significant proportion of salespeople would be unenthusiastic about these new products
2. those who had greater enthusiasm for the products would have better sales results than those whose enthusiasm was lowest.

In fact, neither of these predictions proved correct. Strangely enough, there was a slight negative correlation between salespeople's enthusiasm and sales results. That's a surprising enough finding to deserve repeating.

We found that the salespeople with the best results showed less enthusiasm for the new products than those whose results were mediocre. Our first thought was that we had loaded our data backwards. Given the commonly held view that belief in the product is essential for effective sales –

especially for a new product that doesn't have a track record to create its own belief from customers – we were taken aback. While at first we had no way to explain this strange finding, one thing was for sure: it didn't seem that the poor sales could be blamed on salespeople's resistance to new products.

“Over the years we have found an anomaly that contradicts the belief that unbridled enthusiasm for a product or service can lead to an increase in sales. The simple matter is, that enthusiasm should be used with caution. Whilst an appropriate level of enthusiasm is an asset for sales professionals, our experience and data shows that overloading a prospect with inappropriate levels of enthusiasm acts as an irritant. Salespeople that are over enthusiastic are often so preoccupied by the dazzling high specification of their services, they fail to identify their customers' needs or indeed demonstrate how their new product or offering provides a valuable solution.” **says Tony Hughes, CEO of Huthwaite International.**

And this, surely, is the heart of the matter.

“Pierce the veil of hype to find true value in the delivery of technology. Enthusiasm about blockchain doesn’t make it usable in our organizations. The confusion over the word “cyber” belies the true challenges with information assurance policy, governance and implementation. Our industry tends to wear out technologies by discussing them more than using them. Tech executives should avoid that trap and focus on how to deliver true value to their organizations using whatever technologies can be implemented.”

Dave Cassidy, TCG, Inc.¹



“

As technophiles, it's easy for us to get caught up in the “cool” factor of new technologies. But it's important to keep in mind that most customers don't share our enthusiasm: They want solutions, not technologies. We learned this lesson the hard way when we sold two products separately, expecting customers to put them together for a complete solution.

Eventually we merged the two technologies, creating a single solution for our customers and the product took off. You can avoid that if you always keep in mind that customers look to you for holes (or solutions), not drills

President and founder of Advanced Systems Concepts, Inc²

”

An alternative explanation

From watching salespeople with their customers, we became convinced that there was another explanation for slow sales. We had developed a set of observation tools for measuring the behaviour of salespeople during calls. Using these behaviour analysis tools, we found that salespeople behaved in a fundamentally different, and less effective, way when selling new products.

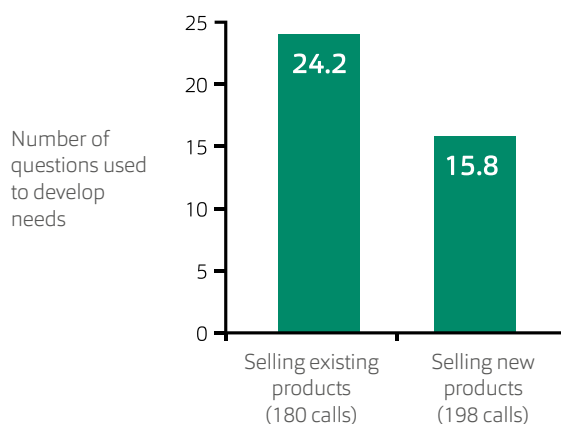
First, let's give an example of how behaviour analysis observation worked in practice. Trained researchers watched actual calls and recorded how often the buyer or seller used certain behaviours. These observations were correlated with the outcome of the call to build a profile of how successful calls differed from those that failed. Researchers found that a strong positive correlation existed between the number of questions asked in sales calls and whether the calls succeeded.

Product features, on the other hand, were negatively correlated with success – during failed calls, salespeople described more than twice as many features as they did during calls that succeeded. A full account of the methodology, and the findings from studies of 116 behaviours in 35,000 sales calls, can be found in the book SPIN® Selling.³

Compositing the data from these three product launches, we counted the number of questions asked by salespeople during those calls where they were selling the new products compared with the number of questions they asked customers during calls when selling existing products. Questions are highly correlated with sales success, so calls with more questions would be statistically more likely to succeed.

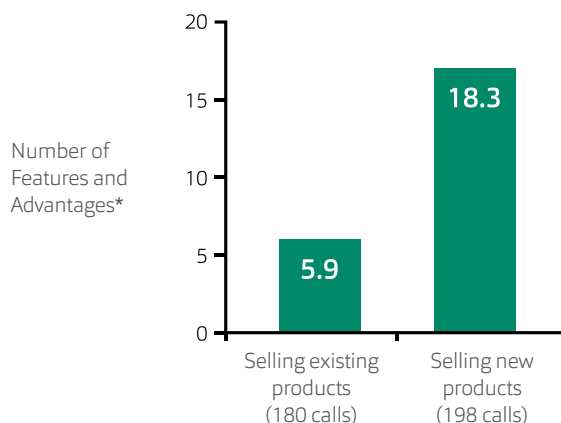
We had expected to find that the base rate of asking questions during the sale of the new products would be higher just because of the nature of the sale. Each of these products was complex and required a higher than usual number of questions to understand the sophisticated customer problems that each product was designed to solve. We were surprised to find that the number of questions asked when selling the new products was almost 40% lower than the number asked with existing products

Figure 1: How questions decrease when selling new products



The average call length when selling the new products was slightly longer than for existing products, so if salespeople were not spending their time asking questions, what were they doing to occupy the call time? We found that they were spending the time talking about product capabilities

Figure 2: ...and product details increase



***Features** – are a factual statement of the attributes of a product/service.

Advantages – are a generic statement of how these attributes might be useful.

Neither of these categories directly addresses specific customer needs. For these, you would need a Benefit Statement (see pg. 21)

These results, which have since been replicated in studies of several other product launches, point to a fundamental problem in selling innovative products.

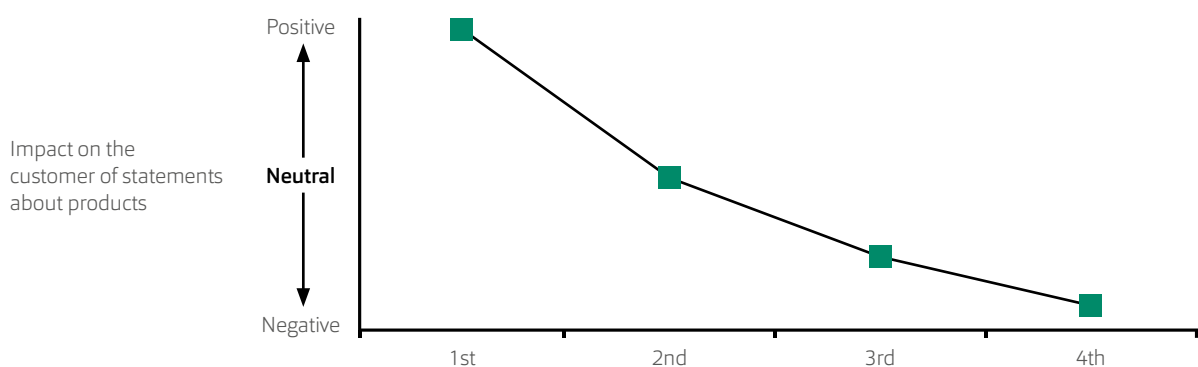
The more innovative the product, (and the richer it is in shiny technological marvels), the more likely salespeople will sell it through features rather than through questions. In other words, a powerful new product is likely to make salespeople talk about feeds and speeds, bits and bytes - instead of the customer's needs. The bootcamps at which these products are invariably launched internally could almost be designed to drive people straight into this trap. How many of these data-intensive awaydays drench the poor victims in technical detail; and how many ever pause to consider "How do we find out what problems the customer might have that all these new features could actually solve?"

There's overwhelming evidence that sales calls having a high number of product features and a low number of questions are likely to be unsuccessful. What's more, the negative impact of giving product capabilities becomes greater as the selling cycle progresses. So, product capabilities can have a positive initial impact on the customer early in the sales cycle, but this rapidly falls off as the cycle continues (see Figure 3).

During the first meeting with the customer, there is a positive correlation between the number of times salespeople describe generic product advantages and whether or not the customer agrees to a future meeting. The relationship is no longer positive by the second call with the customer. By the third call, the relationship has become negative, so that the more salespeople "pitch the product," the less likely the customer will be to take actions that move the sale forward. The relationship between product advantages and successful call outcome continues to be negative in the fourth and subsequent calls.

These original three product launches started with high customer enthusiasm that rapidly evaporated. This would be consistent with the increasingly negative impact of a feature-centred approach where in salespeople continue to "pitch the product."

Figure 3: How pitching the product becomes less effective over time



At least in the case of the Original 3 products, this provides a plausible initial explanation for the slow growth in sales. Our research supports this. While 30% of those questioned correctly acknowledge their sales fail because their product spec does not meet the buyer's requirements, and 26% recognise sales fail because their sales force is failing to address a buyer's concerns, these are by no means top of the list, coming below the customers' and sales force's resistance to change. Telecoms professionals are focusing their attention in the wrong places when looking for solutions.

This is happening even now, with 5G being rushed to launch. Regius Professor Rahim Tafazolli, director and founder at the Institute of Communication Systems and 5G Innovation Centre at the University of Surrey⁴, has warned that the industry is being too hasty in proclaiming the revolution of 5G. "We are rushing 5G. The promise is not there yet, to be honest," Tafazolli told a Westminster Forum. He added, "Technologies like Massive MIMO (M-MIMO) have disappointing performance. And you don't need 5G for M-MIMO anyway." Tafazolli identifies the issues previously highlighted by Huthwaite's own research and data. The market is busy launching and proclaiming that 5G is revolutionary, rather than looking at what it's actually going to resolve for consumers.

While the rush to deploy 5G is about fixing today's network issues, telecoms businesses are still focusing on promoting glossy features that might or might not resonate in the marketplace. We know through Huthwaite's research this doesn't resonate with customers, as quoted by Tafazolli, "It is to relieve the capacity problem. In the big cities, 4G is already at capacity". In fact, a truth, known by telecoms insiders but conveniently overlooked by marketers, is that each new leap forward in mobile carrier technology – GSM, GPRS, 3G, 4G – has really been as much about expansion of capacity to meet demand for existing services as it has been about creating the brave new worlds of lightning fast and unimaginably voluminous data streams. The excitement has to come later: when users have needs that the platforms can satisfy.

If the message to potential 5G operators (and indeed consumers) could be : "you're going to run out of capacity and this thing called 5G will avert the imminent network exhaustion you're so worried about" it might make sellers' work easier.

It doesn't help, perhaps, that the persistently apparent prehistory of many service providers around the world is that of a former national carrier, where the pace of innovation was glacial and selling to an engineering capability rather than a market need the norm.

Anecdotal evidence

There's another way to test the hypothesis that sales growth of new products is impeded by a product-centred approach. If it's true that salespeople who are product-focused are more likely to fail, then we would predict that successful salespeople would care less about their products and more about their customers. In turn this would cause them to be less excited over the new products. As we saw earlier, we found that salespeople with the best results showed less enthusiasm for the new products than those whose results were poor. This would be consistent with the hypothesis that product-focused enthusiasm damages early sales. Like many others who have experienced the launch of innovative products, we have a wealth of anecdotal evidence to support this view.

The most successful Xerox salesperson in the 9200 launch described the product as "only a big copier", while his less effective colleagues were using terms like "breakthrough" and "quantum leap".

Clearly he wasn't going to let the product come between himself and the needs of his customers. One of Honeywell's most effective salespeople told us, "The TDC 2000 is a great product, but all that technology doesn't mean a thing unless it helps my customers run their processes better." Again, the salesperson didn't allow the new product to interfere with a customer focus. Similarly, at an American Express launch we attended in Acapulco, there was a tremendous excitement amongst the salesforce about a hot new product that was being introduced. Everyone was talking about the product except for a couple of the most experienced and successful salespeople. One of them told us, "It's just another product. When the fuss dies down I'll figure out which customers need it". Yet another example of how highly successful people never let new products distract them from the needs of customers.

Unfortunately, most organisations have few salespeople with such fortitude. The majority of people selling are all too easily seduced by innovative products and they willingly fall into the "pitch the product" trap that almost killed the three fine products we studied in the first place.

Then let's look at an example from the heart of the telecoms infrastructure sector (not one that was part of the Original 3 research, but a company which one of the authors knows from first-hand involvement). Metrica/NPR was a groundbreaking software application in the 1990s that pretty well invented and defined the discipline of quality of service analysis in the then new and burgeoning mobile telecoms market. Hardly a single network operator in those days did not have Metrica/NPR at the heart of the operations support systems (OSS) in its network operations centre. It crunched data received in binary digits from base station control systems and turned it into indispensable information that network engineers could act upon immediately to repair, maintain and upgrade hardware and software deep inside the carrier's infrastructure and so save money, improve the end user experience and reduce customer churn.

So successful was Metrica that what had started as a small idea by a few brainy friends in a tiny office in south-west London was sold to Minneapolis telecoms giant ADC for \$36m in 1996. All was well until 2000, when ADC Metrica launched a follow up product. The company fell into several classic new product traps. It aimed to report not only on the performance of the network – in terms of dropped calls, capacity exhaustion and usage trends – as before, but also to actively manage those parameters and to integrate with adjacent areas such as billing and customer relationship management. In doing so, it carried many new and ingenious technical capabilities. Clever, yes; but only if it was sold properly.



It is in retail markets where the traditional telco is more fragile, and undoubtedly this is where the next battle for the market will be fought. If a successful traditional telco is to become a successful digital telco, it must make changes to its retail operations... and quickly. Their first challenge must be to shift the prevailing business mindset from one focused on engineering to one focused on the customer. There remains a legacy culture in many former state-owned monopolies in which the customer is a secondary consideration to engineering."

Alex Holt, Global Chair for Media & Telecommunications and the Head of Technology, Media & Telecommunications (TMT) for KPMG in the UK⁵



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Most modern entrepreneurs look to generate money fast, which leads to attracting the wrong kind of investors and employees and the company usually perishes prematurely. The idea is that the company must make sense and preferably change (improve) the lives of the people it touches. If this happens, the money will follow

Marcus Dantus, Founder and CEO at Startup Mexico⁶

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The sales teams around the world, with an installed base of network operators that was the envy of their competitors, made a beeline for their best and friendliest customers, inside the network engineering departments. But the audience the sales teams now spoke to were not the people who owned the problem that the new product could solve, and they had no time for the new fancy features. The owners of these different problems were scary new people, somewhere else in the organisation, with a wider brief, a more business-focussed set of challenges and far less interested in the feeds and speeds of the new product. Possibly, indeed, the operators who most needed the new solution were not even among the existing customer base. But they were the very people whom the salespeople failed to engage with, or to discuss the needs in the buyers' terms. The product struggled to get a foothold.

Later, the company went back to first principles, and asked themselves what would make the product persuasive, and asked their prospects what problems they had that could be solved by the new features. But although sales turned around shortly afterwards, perhaps the writing was on the wall. ADC sold Metrica to Watchmark in 2004 for less cash than it paid, after a period of losses, after which it passed through a series of corporate hands and eventually into IBM – since which time little has been heard of it.

In a piece Ian Altman wrote for Forbes in 2015 he reported that he'd asked more than 3,000 CEOs and executives to identify the top questions they need to answer in order to approve or deny a request to spend money on something. And he said that he universally gets the same answer at the top of the list: "What problem does it solve or why would I need it?"

And as Altman says of the ill-fated Google Glass launch, it "failed to help consumers understand why they needed such a device." He quotes the late Steve Jobs' famous (and in this context, contrarian) remark: "People don't know what they want until you show it to them." And while he concedes that although Apple perhaps proved that point with the iPod in 2001, it was, he says, a different case: "...the iPod solved an important challenge. Consumers could not easily carry their entire music library with them, dynamically switching between thousands of songs (I remember my travel case for carrying cassette tapes with me). Though consumers didn't know they wanted an iPod, it was clear to the customer the problem Apple was solving for them". Not so with Google Glass, and hence B2B sellers of the product to online and offline retail channels, and retailers themselves, had little to fall back on but features, which consumers could easily see did not hold value for them.

Altman concluded: "Only after understanding what problem you solve and why customers might need your offering, your audience will then want to know 'What is the likely outcome or result' of making the purchase?"

Dirk Rohweder of digital transformation experts Teavaro puts his finger on the problem in relation to some of Deutsche Telekom's missteps in the e-payments space: "New digital offers are launched without any connection to the existing customer base and never got off the ground. Pageplace failed despite a huge number of producers on board. It ...failed to create a meaningful platform to connect producers and consumers of content. Mywallet, by concentrating solely on the emergent NFC [near field communication] payment market, failed to provide benefits to a larger customer base. It never got beyond a few thousand users and at the end Deutsche Telekom cut its losses and decided not to compete in the payment area anymore."

But it's not just products that fall foul of the overhyped, feature selling epidemic. . Analysts at International Data Corporation⁷ found that "shipments of augmented reality (AR) and virtual reality headsets were down 30.5% year over year, totalling 1.2 million units in the first quarter of 2018". With high prices and limited number of VR titles proving major barriers to its wide spread uptake.

Good news and bad news

There is a crumb of comfort in all this. Even product-obsessed salespeople become less enthusiastic when sales don't materialise and, ultimately, they will regain interest in customers. Indeed, many product managers have described how their launch went through a four-step process that sounds something like this:

1. We launched a great new product; press, customers and salespeople were all enthusiastic
2. We expected great initial sales but they didn't happen
3. We became disillusioned and began to lose faith in the product
4. Inexplicably, just when we'd started to give up, sales began to improve.

We've heard this so many times that it has become for us a generic description of the launch steps for any innovative product. When sales don't happen, the salesforce loses their enthusiasm; all the new mod cons lose their lustre, the product becomes just another product and attention swings back to customers. Salespeople stop talking and start asking.

For the first time, they develop customer needs for the product and sales consequently begin to climb. Management can't understand why the product should start to succeed at a point where the salesforce is losing enthusiasm. Our evidence suggests that success comes because the salesforce is losing enthusiasm. In post mortem sessions, people talk about the long learning curve for selling new products as though this painfully slow start is inevitable. As David Montanaro of NEC told us, "The secret is to have deep enough pockets to ride out the learning curve until your salesforce finally gets up to speed. It usually takes longer than you think."

For smaller digital companies, who may be betting their future on a single innovative product or service, the luxury of waiting for the salesforce to learn isn't a realistic option. Even more worrying is the fact that many companies – in a desire to give their failing products a kick-start – throw good money after bad, investing in better marketing (45%), adapting their pricing (43%) or offering valued-added services (36%) in an attempt to stimulate sales for a slow-selling product. For the smaller company in particular, this approach can not only be expensive, but in some cases, fatal.

Even for larger and richer companies, especially those in fast moving and competitive telecoms markets, precious competitive lead-time can be frittered away while the salesforce comes to terms with how to sell product. There has to be a better way.

The good news is that neither the product focus, nor the long learning curve that results from it is inevitable. It's relatively easy to bring about a dramatic acceleration in salesforce learning and to achieve much faster early sales results. The remedy lies in a better understanding of the cause. Why should salesforces, heavily trained to sell through questions, suddenly abandon their training and inundate customers with product details? **The reason is simple: salespeople communicate product capabilities and details to customers because that's exactly how the product has been communicated to them.**

Figure 4 : The chain of communication – the wrong way

The below graph illustrates the typical process used by most organisations for communicating a new product to their salesforce and, through them, to their customers.



We have seen the enemy and it is us

Most product launch events, with their associated collateral materials, focus exclusively on product capabilities. They explain how this product is different and better; they lovingly dwell on each new bell and whistle. The launch is designed to sound exciting. Some very smart people put long hours into preparing a great product pitch.

So, it's small wonder that the salesforce is impressed and behaves in exactly the same way when they go out to talk with customers. How the product was communicated to them serves as their model when they communicate with their customers. The trouble is that customers have only a transitory interest in product capabilities. Unless the product solves a problem, or unless it meets a need, then there's no basis for a sale. It takes skilful selling based on questioning, to uncover problems, develop needs and link those needs to the new product.

As we've seen from the way questions decrease and features increase when selling new products, salespeople often fail to develop adequate needs and the sales cycle flounders. Product managers have only themselves to blame. The enemy, unfortunately, is us.

We once helped a major telecommunications company to develop better questioning skills in their salespeople.

The fundamental message we gave salespeople – not at all unlike the message taught to most successful business-to-business salesforces – was to sell through questions. "Don't focus on product capabilities", we urged them. "Research shows that if you do, you'll lose sales." The following month, the company launched an innovative new product at its national sales meeting. Capability after capability was described and the launch manager gave just the kind of product pitch that we had been training her salespeople to avoid. We weren't surprised when initial sales were slower than expected.

Tim Lane, a Lead Tutor with the Oxford College of Marketing⁸, corroborates this theory: "Companies often make extravagant claims about their products and consumers lose interest, which is a particular problem in this technological age when one person can spread bad news to thousands."

A better mousetrap

There's a simple acid test of the proposition that the way products are launched is to blame for slow initial sales. If this is true, then by altering the way products are introduced to the salesforce, we should be able to positively influence early sales.

We had an opportunity to put this to a practical test. When the early results from Kodak's pilot region blood analyser launch looked unpromising, we were invited to experiment with a different way of introducing the product. We took a group of 12 randomly chosen salespeople from the US Mid-Atlantic region who had not been exposed to the new product. We designed for them an alternative product launch that was very different from the capabilities-based launch that was used with the rest of the organisation. Essentially, our launch consisted of the following steps:

- We told salespeople how the product solved different problems for various types of customers such as doctors, clinicians, medical technicians and administrators. However, we did not describe the product's features, warning that these product capabilities could easily get in the way of effective selling. To dramatise our point, we covered the demonstration analyser with a tarpaulin so that the salespeople couldn't see it
- We took each customer type and looked in detail at the work problems they were facing and how the new product could help solve or reduce each of these problems

- We asked salespeople to identify which of their existing or potential customers had these problems that the product was designed to solve
- Salespeople then listed the questions they could ask to discover whether these problems existed and how severely the problems were affecting that customer
- Each salesperson then chose a customer whose problems were particularly severe and practiced roleplaying a call on that customer. They were coached to sell using questions that developed problems and needs, avoiding discussion of the product's capabilities
- Finally, each salesperson planned three customer calls for selling the new product. Each call plan was based on the questions that the salesperson intended to ask.

We hoped that by introducing the blood analyser in this way, salespeople would be more effective in the early stages of the new product sales cycle.

We tracked their progress for a year, comparing their performance with a control group chosen from the salesforce who had gone through the standard feature heavy product introduction.

We found that the dollar sales volume generated by our new style launch group was 54% higher than the control group. This was convincing enough evidence for us to create a template for introducing new products to a salesforce (see [Figure 5 on following page](#)).

Since this time, thousands of companies have used this template to help them introduce innovative products to their salesforces.

Figure 5: Template for introducing a new product to the salesforce – The right way



A timeless approach to sales

That approach incorporates the main principles of SPIN® Selling, and by taking a solutions-orientated, systematic approach to selling can not only avoid new products misfiring, but can bring tangible revenue benefits too.

Our 2019 research explored exactly what kind of impact having such a systematic approach to selling has – if any – when it comes to a particular telecoms company's bottom line, and the results were impressive. Those telecoms companies with a systematic approach across every department are more likely to have grown their sales in the last financial year. In fact, they report an average growth of 30.5%, compared with 22%, of those without a systematic approach to selling.

This is especially important against the content of a highly innovative telecoms market, with multiple new product launches happening each year. But despite this, 37% of companies still don't have a systematic approach to sales across every department.

Everyone in the vendor organisation sells, whether they carry a quota or not. If the product development or engineering or marketing teams haven't thought about customer needs before they bring an innovation before the public, they are sending the salespeople to a frontline where they are doomed to defeat.

Salespeople need to frame their approach to customers (old and new alike) in terms of benefits: what problems have you got that might seriously hurt your business that my product can fix; or what ambitions have you got to supercharge your business that my product can help?

The vendor company needs to prepare its salesforce to introduce the product or service in those terms, without turning them into walking, talking data sheets; and it must help them plan the lines of questioning and co-discovery that will best showcase the innovation when, eventually, the appropriate opening comes to reveal what it can do.

The company that successfully choreographs all of these interconnecting steps before, during and after the launch phase is the one where only good things will happen to good new products.



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