

High Impact Projects

A Newsletter About Solutions and Creating Exceptional Value

Struggling Firm Sells 12 New Accounts in 16 Months, Generates Over \$10 Million in Revenue

**Key is Focus on One Strong Product Sold to a
Tightly Defined Niche**

Direct Contact Approach Works

**Successfully Builds Distribution Channel Through Big Four
Consultants**

Successfully Targets IT Buyer (Where Many Have Failed)

Picking the Gem Among All The Acquisitions

By Tom Ingram, PMP

Imagine that you own a software company that has acquired half a dozen technologies over the past few years. You have looked for bargains among the carcasses of post-technology bubble firms – and you have purchased the ones that you thought had some merit.

Unfortunately, even though the products you own are solid, you cannot seem to generate critical mass in the sales area. How would you approach the problem?

This company, which I'll call X-Wire (not the company's real name) hired a consultant named Chris Ryan to help them build their sales capability. Following are excerpts from my interview with Ryan about the key items that made X-Wire's sales efforts successful.

Picking the Gem: "I spent quite a bit of time studying the various products that X-Wire

had acquired. I was looking for products that were solid and could solve important problems for customers. I settled in on a product that solved a key problem for the users of one of the Big Three accounting software systems. The product that caught my eye solved a significant problem that the users of this software had in the managing of changes to the system," Ryan explained.

How the Sales Effort Operated: Ryan describes how the sales operation functioned. "We set up a marketing operation that included two strong telemarketing people, a massive email and phone campaign and a strong on-line demo. We offered a pilot implementation of the software to prospects for expenses only. This allowed us to have quite a bit of on-site time with the prospect to build rapport and understand their needs."

“Every pilot we did, except for one, closed. We also operated on the philosophy that happy customers were our best sales force. We ‘over-serviced’ the customers and in return they actively cooperated in helping us sell new accounts.”

Ryan also described a new sales tactic that I had not heard before. “We focused on selling to the top ‘nay-sayer’ first. We located a prospect list and worked to identify the person most likely to oppose the sale of our software. We chose to target this ‘nay-sayer’ first to see if he or she could be brought over to our side. In many cases we were successful, and the sale moved forward to closure.” The unspoken advantage in this sales technique is that you rapidly identify barriers that you cannot overcome and move on to new prospects.

High Paybacks for Customers: One of the reasons that Ryan chose to focus on this particular product and niche was because he had some evidence that the software produced very high paybacks for target customers. I recall Ryan showing me data proving that X-Wire’s software product would save the target customers between 13% and 20% of their labor budget for managing changes to their large software system. This would repay the investment in X-Wire’s software very rapidly and provide for smoother operations and less disruption at the same time. One of the reasons Ryan’s efforts were so successful was that X-Wire was simply providing its customers with very high value for dollars spent.

Narrowly Focused on a Single Target Customer: Ryan honed in his focus dramatically. He focused on prospects that were running one type of target system only. He further focused on those that would acknowledge that they had a problem in the area of system changes. By further focusing on companies where he could convert the ‘nay-sayer’ into a supporter, Ryan’s efforts, and the efforts of his full sales team, were successfully

directed at a very small niche. This is a significant contributor to their rapid success.

Focusing on Customers that are Big Enough: The \$100,000 initial price tag for X-Wire’s product further helped Ryan to narrow down his target niche. Ryan chose to focus on customers that could afford the \$100,000 price tag, which also meant that enough revenue was generated per sale that X-Wire could afford to service the customers directly.

Target Buyer: In this case, Ryan was successful with a strategy of selling to the CIO, CFO, Director of IT or a Director in the IT department in charge of the major accounting system software. This is one of the few recent instances that I am aware of where a company has been successful in selling to the Information Technology Department (IT). I have seen literally hundreds of software firms attempting to sell within the IT department, and failing spectacularly. I always urge my clients to find a way to shape their offering so that it appeals to the priorities of a line executive, rather than a staff department such as IT or Finance.

Ryan was successful in this case, I believe, because he had an extremely narrow focus and was working on a problem that was big enough that he could get the attention of the IT personnel. We must remember that, particularly in the post-technology boom era, IT departments have relatively little power. As a practical matter, in most companies the IT department priorities are directed by the line executives in the business units. Ryan happened to find a niche where the problem was big enough and of sufficient interest to the company that he was able to close sales working through the IT department. While it may be possible to replicate this success, caution is warranted. In my view the risk is much smaller by focusing on selling to line executives.

How X-Wire Built a Channel with Consulting Firms: Part of Ryan's success in selling to the IT departments was due to the strong relationships that he built with Big Four consulting firms. Because the product really did solve a significant problem, one of the big consulting firms wrote a white paper endorsing it. This became Ryan's best sales tool. He also found that the big consulting firms were struggling in their IT practices and looking for any help they could find in closing new business. Ryan positioned X-Wire's product offering so that if the consulting firm endorsed Ryan's product, they would earn significant consulting fees by conducting the implementation.

Some Other Things that Helped the Sales Effort: Ryan describes some of the other attributes that went into this success. "I got to pick the area I wanted to focus on. I got to pick my people and received no interference from the management above me. The product was strong and there was a strong need for the

product. We had plenty of capital and we were allowed to define the software features and priorities based on customer requests. This resulted in one instance where we received \$70,000 in revenue for custom features. Not only did we receive the revenue, but it resulted in an improved product and ultimately we were able to raise the price of the product."

Results and Summary: X-Wire was able to close 12 new accounts in 16 months, generating over \$10 Million in revenue for a firm that had struggled to attain any type of critical mass in sales. These results are nothing short of spectacular – but what I find particularly interesting is that Ryan's process can be repeated. Tom Ingram & Associates has documented and participated in numerous other examples where the same fundamentals have resulted in outstanding success. Feel free to email me at the address below if you would care to see additional success stories.

Need further information?

Call us if you have questions or would like more information. This case is written as a teaching tool and is not intended to fully describe exact details or dialog.

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