

BUSINESS STRATEGIES

Sales and the Selling Process

- “Achieving consistent sales results is the most difficult thing. Developing world-beating technology has always been easier for us.”
- “Marketing is something you imagine at home, alone, in the dark. Sales is something real, that you do with other people.”
- “Successful selling -- and building a customer-oriented, sales-driven culture -- is the single most important differentiator between highly successful start-up firms and those that go sideways.”
- “It all starts when somebody buys something from you... and gives you money.”
- “Good selling is like charm: without it, nothing else matters.”

The Needs-Based Sales Process

- **“All I need to do is make the presentation and give the demo. The product is awesome; it’ll blow them away. As soon as I get in the door and explain the technology, they’ll buy.”**
- A definition of “Sales”:
 - Understanding Client Needs -- and Matching Products to Those Needs.
 - It entails:
 - “Needs Processing”
 - Identifying/Quantifying Current Pain
 - Developing Latent Pain
- Clients rarely buy from you unless and until they feel they have a relationship with you and your company.
- Clients will feel they have a relationship with you only when they believe that you understand their needs, their situation, their vision, their constraints, their corporate goals, and their career goals.

Key Messages

- Need Serious Technology – sustainable advantage
 - Solve an important, valuable problem...
 - For clients who have money...
 - Who want to pay well...
 - With a short sales cycle...
 - And will buy more, soon...

YOUR VALUE PROPOSITION MUST BE COMPELLING, QUANTIFIABLE, PROVABLE, REFERENCEABLE, AND EASILY EXPLAINABLE...

Client Needs Processing

- Relate to business drivers and pain
 - What are your objectives this year?
 - How will you be measured this year?
 - When you look back on this year, how will you know if you have been successful?
 - What keeps you awake at night?
- These questions are best asked by a peer who understands their business.
- “I want to buy from someone like me”
- Bonding often means meals together
 - Table manners
 - Wine list
- Credible Commitment
 - All nighters and other heroics
 - Urge them to call you at home (# on your business card)
 - The pig and the chicken

Marketing for High Tech Startups

“When you can measure what you are speaking about and express it in numbers, you know something about it; When you can not measure it... your knowledge is meager and unsatisfactory.”

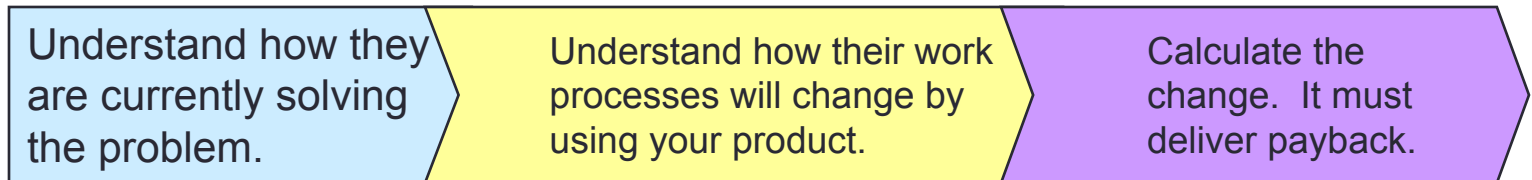
-Lord Kelvin

- 4 Quantify the benefits: to understand customers’ economic benefit, you need to get in their heads (“needs processing”) and model the effect on their business of using your product.

Step 1:

Step 2:

Step 3:



- Bear in mind that the forces of evil which fight against innovation are rampant, devious, and well-organized.
- To justify the risk of change, and of being a small company, you must be at least 2X faster, 2X better, and 2X cheaper than the known alternatives.

Preparing Your Elevator Pitch

4 There are many easy and awful ways to establish prices. The best approach integrates information from a number of different sources and maximizes your capture of the value you deliver to your client value.

The Ugly: Cost+
The Bad: Relative to Competition
The Good: Customer Economic Benefit

The Best: An Integrated Approach



Pricing Structure: Royalty vs. Flat Rate, Volume Discounts...
Channels support alternative prices.

Delivering Your Elevator Pitch

1. Convinces the “target person” to schedule a longer meeting with you, and be receptive to doing business with you and your company.
2. Empowers and enables the “target person” also to convince other appropriate people to become interested in your company.
3. Demonstrates sincerity.
4. Communicates a sense of value, empathy, and urgency. Quantifies the value proposition clearly.
5. Combines thorough Sales and Market Research.
6. Requires no more than 1-2 minutes (55 seconds).

Real World Example of ROI-Based Selling

- **Ethylene Plant in Southern France**
- **Benefits from Advanced Control and Optimization**
- Increased capacity
 - 3 - 5% increase in maximum plant throughput
- Reduced energy consumption
 - 5 - 10% reduction in column/refrigeration usage
 - 1 - 2% increase in furnace efficiency
- Yield benefits
 - 2 - 3% increase in recovery in columns
 - 1 - 2% increase in selectivity towards more valuable products from improved furnace control
- **“Our company is prepared to guarantee these benefits.”**

Actual Example of Typical Achieved Benefits

- (Capacity = 200 KT/yr) \$ per Year
 - Furnace controls/optimization \$1,500,000
 - Improved yield control
 - Increased run length
 - Improved firing control
 - Quench Tower 100,000
 - Improved recovery
 - Demethanizer 200,000
 - Improved ethylene recovery
 - Improved energy usage
 - Deethanizer 400,000
 - Optimize energy/recovery
 - Ethylene fractionator 550,000
 - Improved ethylene recovery
 - Acetylene converter 150,000
 - Reduced ethylene hydrogenation
 - Reduced off-specification product
 - Refrigeration 100,000
 - Reduced kickback flow
- Total Annual Profit Improvement: \$3,000,000**

Some Thoughts About Entering the US Market

- 4 Buyers and customers are usually risk adverse; it helps to prove your value proposition in other key markets first.
- 4 Therefore, granting “Exclusivity” is not advised.
 - Avoid Monogamy
 - Avoid Promiscuity
- 4 Everyone talks to everyone.
 - Show passion for perfection
 - Fix mistakes fast
- 4 Reference selling is
 - the name of the game
 - inevitable

Go to Market (GTM): Strategy

Export Essentials

- Company Ready
- Product Ready
 - Localization
- Market Identification

Action Plans

- Analysis Preparation
- Company Preparation
- Product Preparation
- In Market Plan
- Export Roadmap

Key elements of the Market Strategy

- Money
- Culture
- Legal Structure
 - IP
 - Taxation
 - Customs / Duty

Importance of Market Research

- Critical to determine:
 - Market Opportunity/Market Pain
 - Plan to Market
 - Sales, Marketing, and Operations Plan
 - Financing Requirements/Justification

Necessary Analysis

- The Market
 - Relevant Market Size
 - Market Trends
 - Intensity of Problem
- The Competitors
 - How big, how strong, how tough
- The Customers
 - Who, how many, what, and how much

The Market

- What would your sales be if you were to capture 100% of your specific market niche?
- Incredibly important for credibility with investors
- Market Trends
 - Where is your market heading and why?
- Intensity of Problem
 - Aspirin or vitamin needed?
 - Can intensity of pain overcome natural market inertia?

The Competitors

- How big, how strong, how tough?
 - Big Mistake: Not including successful companies in the competitive analysis
- Barriers to Entry
 - “The Internet Problem”
- Pricing/profitability pressures

The Customers

- Who Are They?
 - Demographics and Psychographics
- How Many
 - Make a list from your relevant market
- What do they want?
 - How are there needs not being met now?
- Where?
 - How and how often do they buy?
 - How price sensitive?

Primary Research

- Talk to customers, prospective customers and competitors
 - Call them, email them, go to trade shows and conferences
- Surveys
 - Online and offline
- Focus Groups
- Trade Organizations

Secondary Research

- Google!
- Marketresearch.com
- Yahoo Finance
- Company websites and press releases
- Hoover.com
- WSJ.com
- Government Publications/Websites
- Census Bureau
- Various paid databases
 - Capital IQ

Common Sense

- Difference between business strategy and communication strategy
- It is as important to properly communicate information and research as it is to collect it
 - No difference between value and perceived value in the marketplace

Outsourcing Market Research

- ROI on well-collected, well-presented market research is extraordinarily high
- Opportunity Cost of pursuing WRONG opportunity is enormous
- Outsourced market research resources are proliferating
- Look for firm that understands both how to collect AND how to analyze and communicate data
- University MBA programs

