



Relationship Selling: Building Long Term Customer Relationships

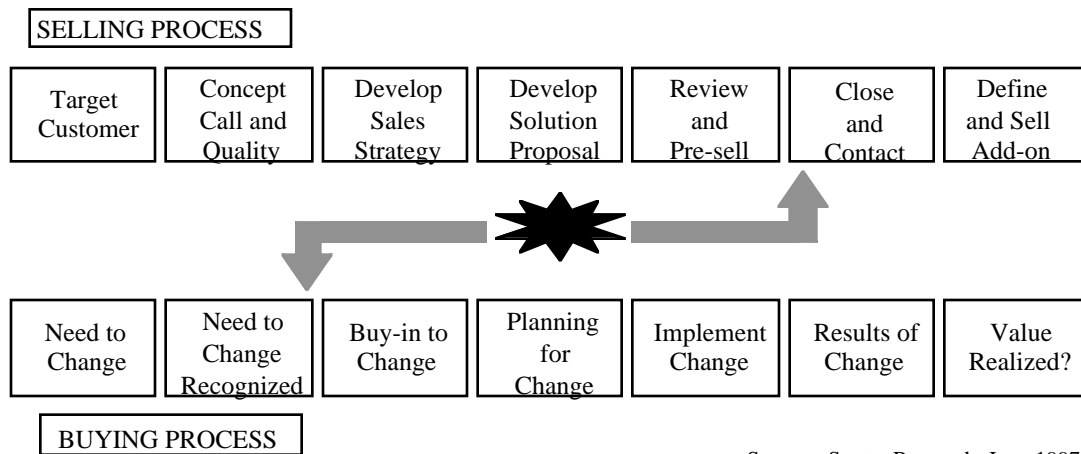
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Increasing Sales by Aligning Buyer & Seller Expectations

The lack of understanding between Buyers and Sellers of technology is one of the greatest barriers to Buyers realizing the value of the Information Technology Buyers and Sellers not realizing their market potential. The Information Technology vendors that understand the buying process and align their selling processes accordingly realize significantly greater success than those that try to modify the buyer's behavior to match their sales process or simply ignore the possibility that these processes may not be aligned. The better you understand your customer's business requirements, priorities and buying processes, the more successful you will be in building customer relationships that will enable you to achieve your sales quotas today and in the future.

Buyers and Suppliers Must Change Their Processes to Focus on Value

The Buy/Sell Process is broken!



Source: Sentry Research, June 1997

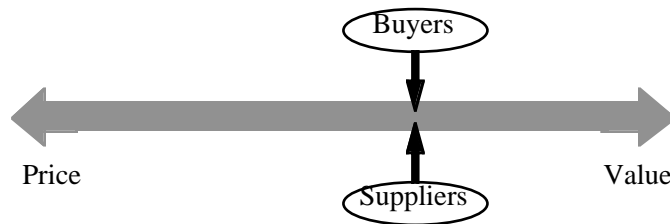
We are all very familiar with the selling process. However, understanding the sales process does not guarantee that an account representative will successfully motivate their prospective customer to change. The customer must first come to a realization that there is a need to change and the organization must buy into the specific change. Recognizing how important the change process is to the customer's buying process is the first step in aligning the selling and buying processes.

Customer education must be viewed as a prerequisite to presenting a solution. In addition, the better an account representative can present their solution in the business lexicon that the customer uses in their day to day operations, the more quickly they will understand why implementing a given solution will result in the highest return on their investment. Economics is the underlying basis of every buyer seller relationship. However, people buy from people, not organizations. The interpersonal rapport and relationship are as important as the value proposition.

Signing the contract is not the end of the selling or buying process. The buying process is not complete until the customer implements the planned change and realizes the expected return on value. As a result, on-going account management, service and support are essential to complete the customer's buying process. The customer must have the importance of the relationship reinforced continually through on-going communications and interaction.

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The Opportunity



Alignment boosts satisfaction and customer loyalty.

A 5% annual decrease in client turnover boosts software supplier net income by 25%-30%.

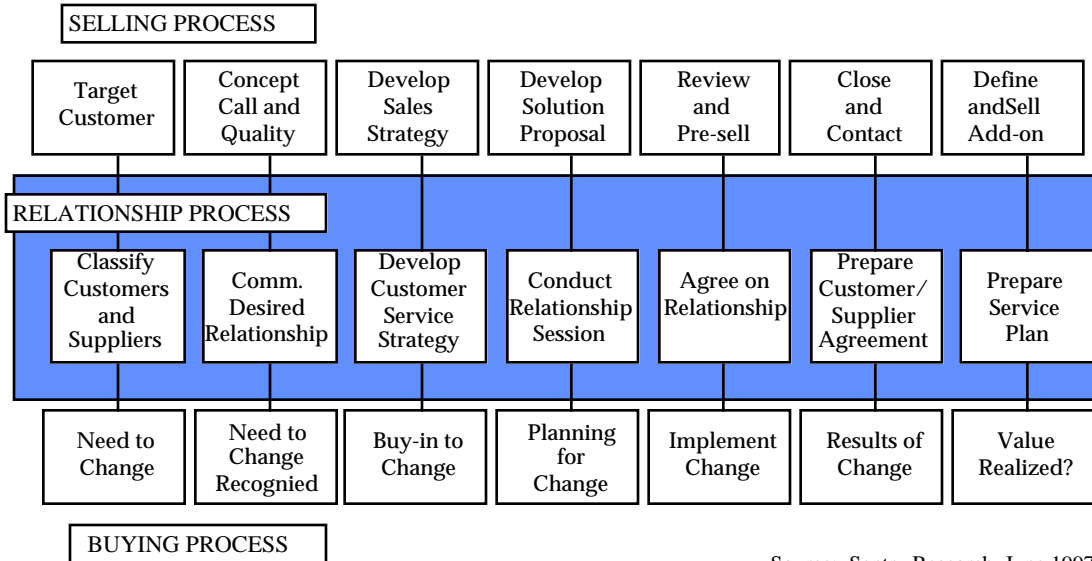
Source: Sentry Research, June 1997

Securing a new customer costs a company at least seven times more than expanding sales opportunities with an existing customer. But, how to establish the customer relationships that result in loyal, satisfied customers is a mystery to most.

Recognizing the importance of building and maintaining customer relationships is key to realizing this increased revenue opportunity. The focus of the relationship shifts from that of a one time sales opportunity to an on-going relationship that generates a continuum of sales opportunities. Relationships are built around mutual trust and shared expectations. This trust is reinforced by continually meeting expectations and striving to understand the other party's perspective, needs and continually building common goals and objectives.

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A New **Relationship Process** is Needed to Bridge the Expectations Gap

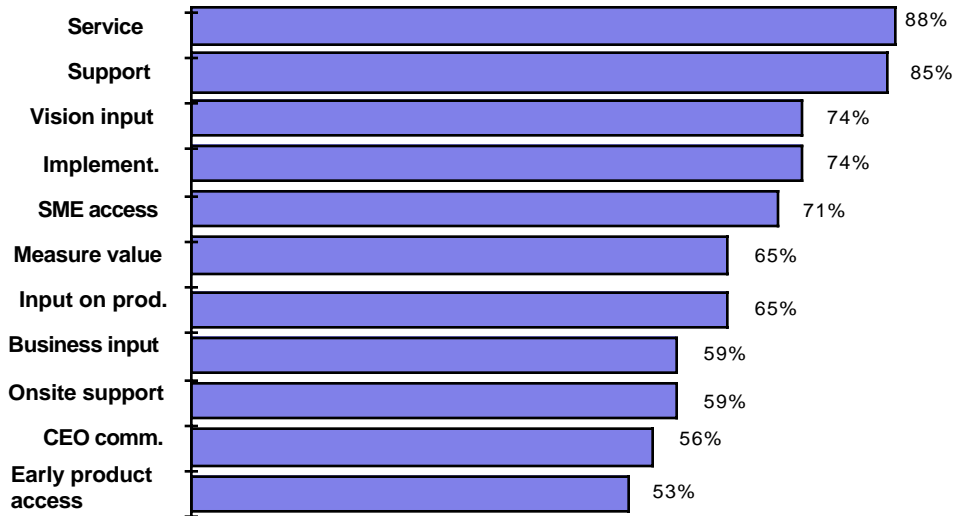


Source: Sentry Research, June 1997

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The expectations and purchase decision criteria are not static, rather they evolve as the relationship matures. It is important to understand when your customers perceive that you are a strategic supplier versus a preferred supplier versus a basic or commodity supplier. The relationship expectations vary significantly with each type of relationship. If a vendor is seeking a basic transactional relationship and the customer is seeking a strategic supplier, the expectations are going to be grossly misaligned and neither party will be satisfied.

What Expectations Are Heightened In a Strategic Relationship?



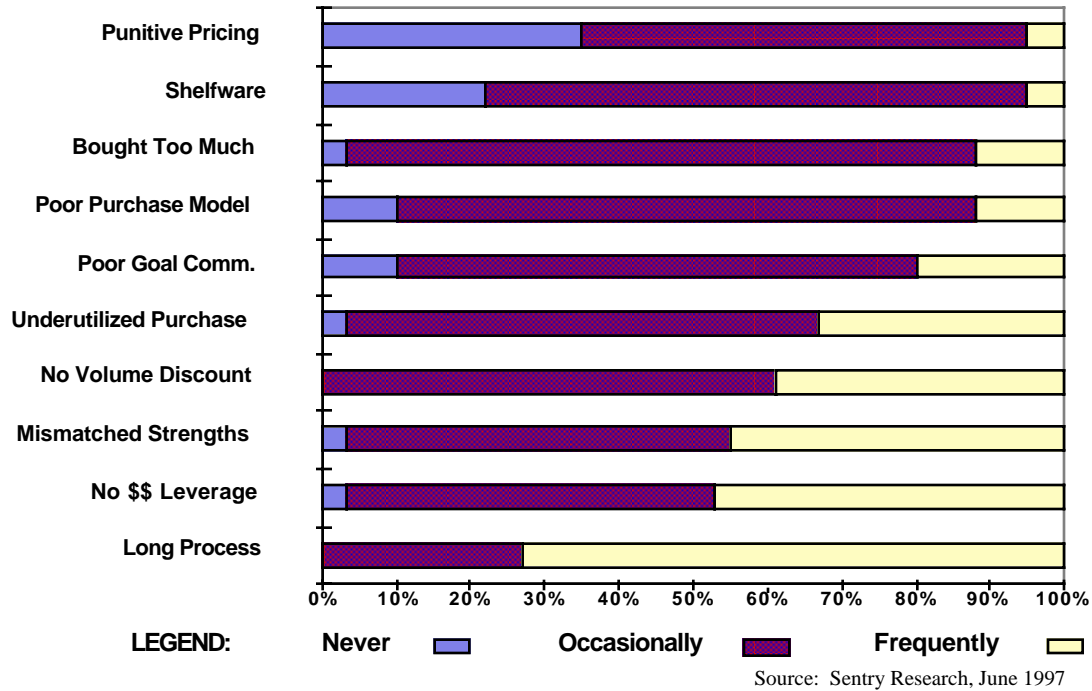
Source: Sentry Research, June 1997

What the customers want hasn't changed in sixty years and it won't change in the next sixty years...customers want service, for it is service that allows them to exploit the benefits of technology innovation.
Raymond J. Lane, President & COO Oracle Corporation

Too often price and solution oversell are the cause of buyer dissatisfaction. On the other hand, buyers do not always have a good understanding of what their purchase selection and evaluation criteria should be nor do they fully understand the buying process itself.

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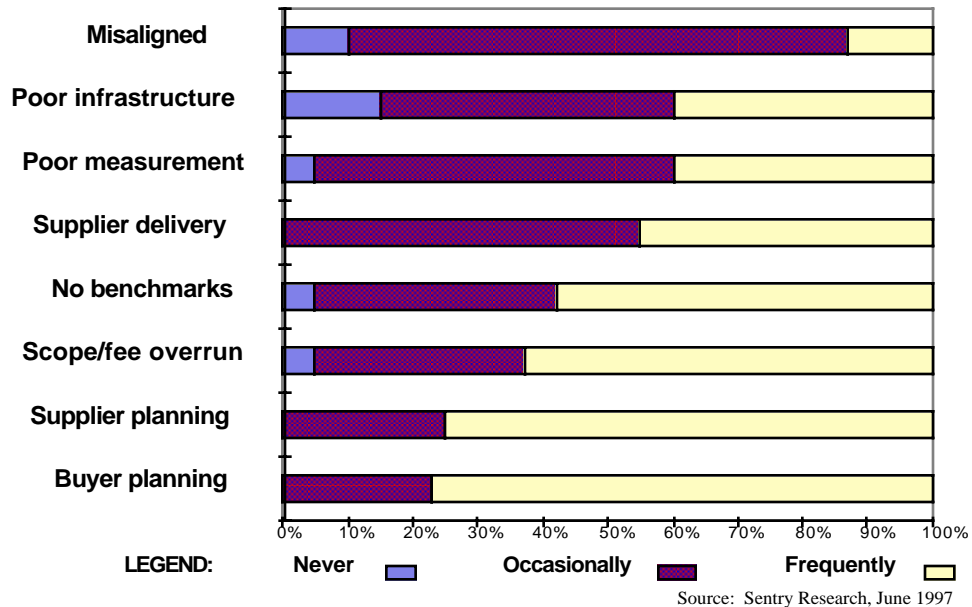
How often do the following occur with your strategic suppliers?



While the vendor contributes in many ways to buyer dissatisfaction, many of the root causes are within the buyer's Organization itself. However, vendors can minimize dissatisfaction as a whole if they assist the buyer in defining their evaluation and purchase criteria, provide objective information on their product/service capabilities and augment their solutions with the capabilities of other vendors as needed to provide robust solutions that meet the buyers overall requirements.

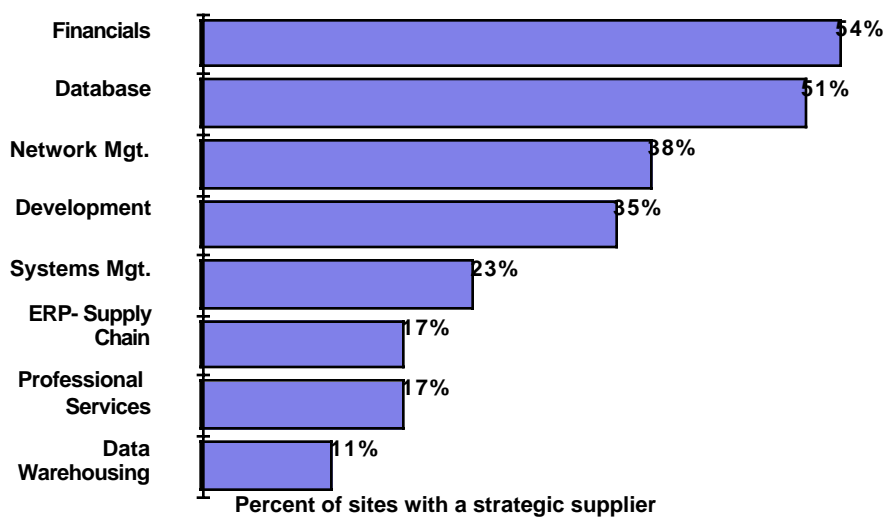
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How often do the following diminish the value achieved from IT?



However, only 51% of the leading organizations believe that they have a strategic database supplier relationship. This does not mean that the remaining 49% do not have database suppliers. On the other hand, most organizations have not selected strategic data warehouse suppliers or ERP/Supply Chain Management solution providers. This represents a significant opportunity for establishing strategic supplier relationships as well as strategic partner relationships.

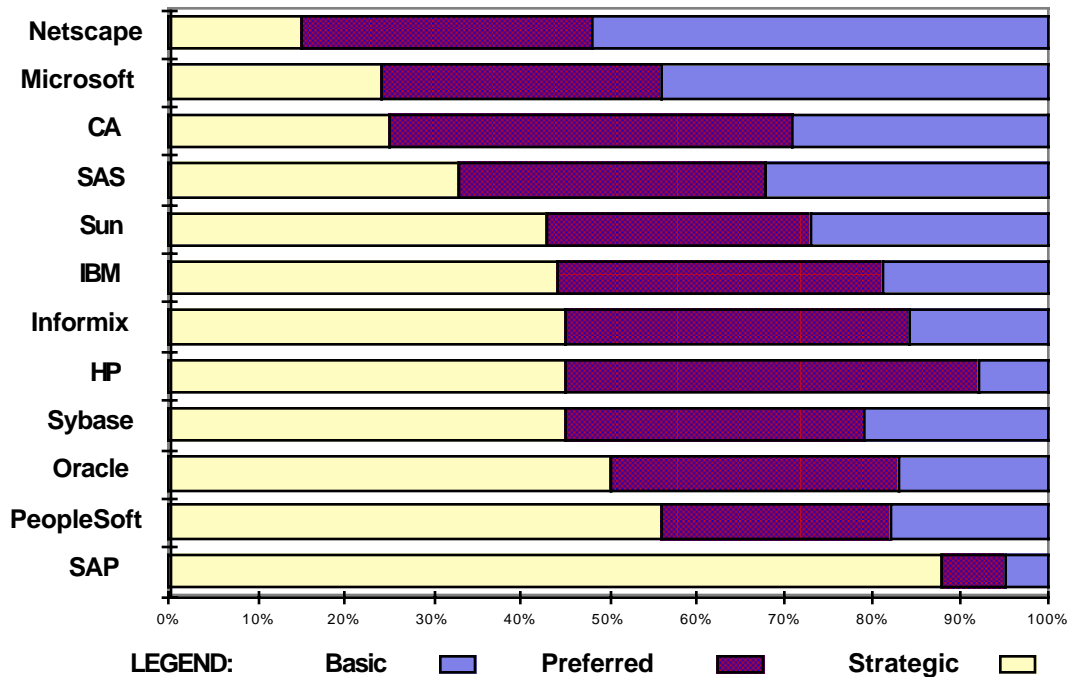
Have You Selected a Corporate Standard Strategic Supplier In The Following Areas?



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The chart below indicates the customers' perception of the type of relationship they have with leading technology suppliers. Microsoft is in the unenviable position of desiring a strategic relationship with its customers, when the customers perceive the relationship to be of a transactional and commodity nature. Most software suppliers find themselves as typically strategic or non-strategic solution providers. SAP is an example of a vendor that requires a strategic commitment from their customers due to the breadth of impact that their solution has on an Organization.

What Type of Relationship Do You Have with Your Suppliers?



Source: Sentry Research, June 1997

Software vendors must understand which customers have the greatest need for their solutions, target these customers and build a strong business partnership with these organizations. The next step is to partner with complementary solution providers to accelerate the development of robust solutions that meet the target customers needs. This combined with the right market education programs will motivate the main stream customers to evaluate and adopt the right solutions.