

Collaborating for a Win-Win



Conventional business practices tell us that we should sell the customer what they want or, at the very least, sell them what we have—quickly. However, this practice misses the point that both the seller and buyer may not fully understand what each party needs or wants from the interaction. Even more striking is the fact that, in the rush for a quick solution to what is often a complex problem, the resulting value is greatly minimized for both. Little has been done to understand the full range of options that may exist.

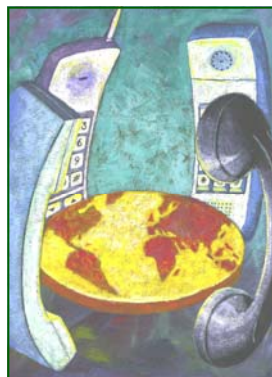
The critical question that CPS asks is, “Can something be done to effectively align the interests of both the buyer and seller to promote the highest bottom-line value for each party?”

Collaboration-centric?

CPS works with many clients who espouse “Solution-Centric” and “Customer-Centric” philosophies. Clients who think this way do address some of their customers’ problems and needs. But would their customers agree that their solutions are really the best and most cost-effective they can offer?

In our view, our clients are at their best when they have delivered a solution to a customer that has been *jointly* designed, test-driven, justified, and implemented. The genesis of these collaborations is often annual account planning, during which clients develop an in-depth understanding of their customer’s business. In turn, their customer creatively enhances the client’s offerings in ways they may have not imagined. These collaborative relationships give both parties a competitive advantage, whether it’s through deploying new technologies, maintaining high efficiency supply chains, or gaining access to new and innovative technical resources.

CPS has observed the following common attributes among companies that collaborate successfully with their customers.



1. They think of themselves as collaborative problem solvers. They make perception become reality. They *initiate* collaboration.
2. Their communications to the market are filtered through a problem/solution prism. They are focused on the benefit to their customer’s customer.
3. They proactively promote joint collaboration and investment towards common goals. They focus on relationship and outcomes from the beginning.
4. They selectively invest in the highest-value opportunities for collaboration.
5. They engage their operational and other subject matter experts on customer-facing teams, not just in the lab or the factory.



The following examples illustrate how collaboration can create measurable value for all parties.

>> A Fortune 50 oilfield services company spent millions of dollars in time and money tracking its equipment and high-value inventory. Eighty percent of the time, bits and tools were moving—from manufacturing to the warehouse, between the warehouse and the field, or from the owner's location to an offsite repair/refurbishing facility. The company was using state-of-the-art inventory software, and had a direct relationship with one of the nation's most respected software providers. But there was a critical need for improvement in utilization of these high-value bits and components.

The service company decided to meet with its software provider to talk about new solutions. They wanted an environment that reached beyond the limits of a typical sales meeting, so they engaged CPS to guide their discussions. The service company leader was understandably reluctant to share all of the external and internal problems that his team faced. But during the meeting, he realized that in order for any solution to benefit his company, the software firm needed the real "boots-on-the-ground" information to work the problem together.

The participants left the meeting with an executable strategy and immediate action plans. They agreed to bring in a recognized technology hardware expert to develop sophisticated radio frequency identification (RFID) technology. Now, a sensor tag on each drill bit relays information about its location and destination to onsite RFID readers, constantly emitting real-time information that maximizes supply-chain efficiency and tool utilization.

By collaborating, the companies enhanced business results—for both the buyer and seller. If the software company can help the service company find one bit in real time just once a month when they need it—a cheap bit is \$40,000, the most expensive can run up to \$250,000—it's nothing but bottom-line profit for them.

>> CPS worked with a security software company on their enterprise customer strategies. While they had a great security product, they struggled to develop meaningful relationships with senior customer executives. Looking across their partner landscape, they identified Ernst and Young's then Security Practice as a potential partner to close that gap. Ultimately, they "zippered" relationships at several major Wall Street institutions as well as the auto industry.



Suppliers can collaborate, too.

Collaboration doesn't need to be limited to customers. Suppliers can initiate it. But moving from being a vendor to becoming a trusted supplier takes a different focus. Where a vendor is focused on a competitive price, the trusted supplier is focused on solving customer problems. Instead of a vendor's single, central contact, the trusted supplier has zippered relationships across all levels. And instead of a vendor allocating minimum resources, the trusted supplier is all about operational excellence—how they can add and measure value for their customers. Here's an example.

A major integrated energy company sought relationships with suppliers that would impact its key business drivers. An oilfield service company worked with the energy company to identify significant projects—new and existing—that could be enhanced by leveraging the service company's technology. Joint project teams were created. They applied process and project rigor to the projects that increased efficiencies and optimized asset and resource utilization. This buyer/supplier collaboration produced bottom-line benefits for both companies.



OK, so you're a sales executive who is interested in more collaboration between your company and your customers and suppliers. How do you assess your opportunity for collaboration? Ask yourself the following questions:

- Is your product or offering or solution customizable?
- Do others in your company play an important role in delivering offerings to your customer?
- Have you lost sales opportunities recently in key customers?
- Does much of your organization's daily work environment involve reacting to events?

If the answer to these questions is yes, there is a significant opportunity for collaboration. But where do you start within your own selling organization?

Explore for new territory. Open the opportunity aperture.

Use voice of the customer interviews to explore new areas for collaboration or validate hypotheses. Open regular, candid lines of communication between your company and your customer's end user. Solicit your customers' unmet needs. How can you expand the scope of your solutions to meet them?

Develop an in-depth understanding of your customers' business.

Identify solutions for those problems not yet causing pain. Position your business-development and technical teams as best-practice experts within a specialty that serves your customer. Understand and communicate how your company's solution augments and complements your customers' knowledge and capabilities. Measure and communicate how your institutional or industry knowledge and technology enhances your customer's business. Consider how can you enhance the entire customer experience.

Don't dismiss unusual customer requests.

These can often be indicators of new opportunities. At CPS, we call this "doing something small incredibly well." How can you leverage complementary or add-on products and services to capitalize on seemingly off-point requests?

Engage your customer in your product/service design process.

The creative give-and-take generates new ideas and validates existing solution roadmaps. Take actions to streamline and customize your solution to reduce the customer's investment in supervision and management. Think about how can you satisfy a market segment and gain a competitive advantage?

Through collaboration, companies, their customers, and their suppliers learn far more about each other—and themselves. Information flows freely, companies have a clearer picture of what customers need, and the resulting products are more successful in the marketplace. These are good reasons to begin discussing new ways of working with your customers.



ABOUT CPS. Critical Path Strategies helps clients improve the effectiveness of their sales organization. Our portfolio of services addresses the strategic, organizational, and relationship issues that impact selling performance. Our powerful processes enable clients to transform their sales culture, enhance their competitive position, and accomplish strategic business initiatives. Our clients—emerging companies and members of the Fortune 500 alike—typically measure 100 to 500 times their CPS investment in revenue growth.

