



Solutions Marketing: A top 7 checklist before investing

“People don’t want to buy a quarter-inch drill. They want a quarter-inch hole.”

Introduction

Ten years ago, I led a group developing global telecoms solutions for a large telecoms equipment vendor. The ‘Solutions Group’ was the first in the company, yet they had been developing customer specific solutions for many years, each one crafted by experts and solving a complex customer problem. The goal of the Solutions Group was to identify these solutions, develop them and package them so they could be sold by the worldwide salesforce. In the end, it was an uphill battle, with constraints on investment curtailing the result.

So why is it so difficult to develop and market solutions?

This article summarises the top seven issues that need to be addressed when developing solutions, with the aim of minimising the potential wasted investment and maximising the chances of success. The advice stems from over 10 years in this field and was contributed to greatly by a CIM TMIG roundtable session, “*Solutions Marketing*”.

What is a solution?

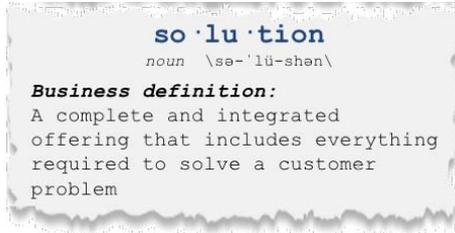
Solution is one of the most overused words in the technology marketing field and consequently the meaning has been diluted. It is not about providing any kit or services; it is about solving a customer’s business problem. For example:

- A. A business has a records storage issue.** The solution might be to add filing cabinets or scan and shred, or change the process to eradicate the paper.
- B. An enterprise has a problem with slow email.** The solution might be to increase the network capacity, add email servers, or reduce the amount of email by providing collaboration tools.
- C. A development group has a problem with debugging software.** The solution might be better debugging tools, or outsourcing, or providing design tools that remove the errors at source.

These are just newer versions of the marketing maxim “*People don’t want to buy a quarter-inch drill. They want a quarter-inch hole*”¹

¹ Widely attributed to Theodore Levitt.

Here is the definition that I will use in this paper:



I find it helpful to take two perspectives on solutions:

1. **The set of alternative ways of solving the problem**
2. **The completeness of the solution**

It is quite easy to either jump to conclusions about the solution, based on your own products or competencies, or to misjudge the complete solution. In example 'C' above, the solution "providing design tools that remove the errors at source" also requires a change management programme as design tools require a different approach to software development.

Why develop solutions?

There is a general assumption here that solutions are a good thing. They can be - the potential benefits are listed below.

From both the customers' and suppliers' perspective, solutions can look attractive. Indeed, as with many business opportunities, the picture can look very rosy before the real work starts. But many companies are successful in marketing solutions. Contrast that with the fate of a builders' merchant that sells gravel, but doesn't offer delivery.

From the customers' perspective, the concept offers something more tangible than improved functional performance. The supplier is addressing the real needs, which are often not just in their core product but a mix of products and services, with third-party products. So there's nothing shallow about solutions marketing – it should aim to deliver real value, not 'smoke and mirrors'

☛ Customer Perspective

- Wants solutions to problems not products & services
- Needs suppliers to understand needs so they can apply most cost effective solutions
- *Delivers best economic solution not lowest priced component*
- Provides access to expertise from other markets/customers
- Encourages innovation that can deliver competitive advantage

☛ Supplier Perspective

- Increases value (and price)
- Differentiates
- Exploits expertise more effectively
- Makes selling easier since not just price based
- Avoids duplication of sales effort across product/service lines
- Increases share of customer's spend
- Makes switching more difficult
- Improves relationships

The top 7 checklist

Below is my recommended checklist for developing and marketing solutions.

1 Be customer driven

We have already established that solutions are designed to solve customer problems; they are not primarily ways of selling more product or service. So it's vital to take a customer perspective and be driven by the customer's problems. If your solution is devised in a vacuum, you may omit important requirements or attributes of the solution that the customer needs or expects.

And being close to the customer enables you to learn about the internal competition that may jeopardise the success of your project; if the solution is important to the customer there is probably an internal resource already trying to solve the problem.

2 Start incrementally

It is all too easy to be swept up with the big idea and plan a large-scale transformation to a solutions based approach. However, in reality it is best to start incrementally, building on experience with your customers. That gives you time to assess the technical and commercial issues

involved in the solution and develop your competencies accordingly. By the very nature of a solution, it also enables you to get close to your initial customer(s) and learn exactly what's required. This will enable you to protect your reputation and avoid disappointing future customers.

3 Ensure the team is multi-functional

The *product* sales process is often quite mature and volumes significant, so revenue, costs and margins are a reasonable way of evaluating a sale and its profitability. However, solutions usually entail a larger scale project with some unique elements, so they need significant financial and commercial input to ensure profitability and manage risk. Leaving the involvement of functions outside of product development and marketing until something goes wrong is counterproductive.

Managed correctly, involvement of other functions with the customer will help add to your credibility and build confidence.

Finally, these are long-term programmes, so senior sponsorship will be needed to ensure the solutions become part of the portfolio – even if they start in a skunk works.

4 Align to corporate strategy

This is a difficult issue, as typically solutions are developed far away from the centre to fill a customer need in spite of the comprehensively 'planned' product and service portfolio. However, care needs to be taken not to champion the wrong solution and develop something that irritates the board and will be squashed regardless of potential sales. Red flags to look out for include undermining the route to market strategy, competing against the product groups, neglecting liabilities and risk, and partnering with a major competitor.

5 Be realistic about the competition

If the competitors are smaller organisations than yours, they should have the advantage of specialisation and agility. If they are bigger they have the advantages of scale, which should result in lower costs, as well as coverage and portfolio. However, the key advantage of a solutions approach is that you can avoid competing head to head. Use your understanding of the customer's business, your people and competencies to change the basis of competition. So do not try to mimic what your competitors or partners can do or try to be a Systems Integrator (SI). Use your competencies and develop specific competitive advantages, just as you would for a product. For example, use third-party 'best

of breed' products where you know your competitors have a weakness.

In addition, at some stage remember that you might have to eat humble pie and use your competitors' products rather than fudge a solution.

6 Enable the salesforce

Once you have a solution which you know delivers a distinctive proposition to a specific market segment you need to enable the salesforce to sell it; investment in the technical and commercial solution is wasted if you don't invest in sales enablement. Solutions will typically be sold via multiple touch points within the customer's organisation, so your wider team must be enabled to 'sell' the solution whilst the account manager manages the team.

Solutions need a more business-like holistic view and understanding of customers' business issues. Technical salespeople need to understand the business problem and business case for the solutions. This requires comprehensive solution sales playbooks, not just datasheets.

7 Motivate the sales force

For well-motivated salespeople solutions offer the chance to develop deeper relationships within their customers' organisations, sell at a higher level and, of course, sell a large deal. But their motivation will be undermined if they are not remunerated for the effort and the bigger sale.

Solutions sales are often more difficult and take longer than product sales. The remuneration plan must also ensure that the salesperson is not encouraged to increase the risk by underselling items that ensure the project success, such as professional services or third-party support.

So, salespeople must be remunerated on the whole sale and encouraged to allow enough resources for success by, for example, basing part of the commission on project profitability and success.

Summary

This short article has highlighted seven issues that need to be considered before developing solutions. It takes a sales and marketing perspective. I have ignored the more obvious requirements such as having suitable processes, project management, procurement, documentation and a business case; if you don't do these any project is likely to fail. I've concentrated on the tactical and strategic issues that can be overlooked when the enthusiasm of the product, marketing and sales teams takes over.

Solutions can be key to expanding sales and beating the competition, but a product company tries to be an SI at its peril. Successful companies know when to extend and when to partner.

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