

IN SELLING 'SOLUTIONS,' SUCCESS HINGES ON BRAND'S CREDIBILITY AND STRETCH WITH CUSTOMERS

By Greg Sieck

When your company contemplates the move to offering customer solutions, make sure your brand can be trusted to deliver more than just products.

The other day my insurance agent—who represents one of the most trusted insurance brands in the world—called me to offer me a “complete solution” for all my financial needs -- everything from brokerage services to financial planning to auto financing. Now, I think the company does a fine job with my car and house insurance, but I am not ready to let it manage my IRA. My insurer thought that by packaging a broad range of services as a “solution,” it could get a greater share of my wallet. In fact, it had over-extended the credibility of its brand to satisfactorily deliver beyond its core insurance offerings.

In business-to-business technology marketing, selling solutions is all the rage. And for good reason. Downward price pressure is the gravity of the business and working to develop long-term strategic relationships with customers is one way to flatten out the glide path. But it is not a simple undertaking.

IBM is the most often cited company to have transitioned from selling products to providing solutions. Along the way it reframed its brand (Solutions for a Small Planet), sold off businesses and bought PwC Consulting to add a significant consulting competency. Big Blue's focus has been absolute and resolute for almost ten years. The result is that now, corporate buyers believe that IBM can help their businesses succeed.

Can Oracle do the same thing? How about Microsoft, Intel, Dell or Sun? The answers vary. What specifically do customers need? What are they offering? How does it match up with customers' perceptions and feelings about their capabilities?

The bottom-line: It is not about software or chips or servers. It's about meeting customer needs.

A technology company must answer four questions in order to shape its solutions strategy. They all map to meeting customer needs -- your brand should be the wellspring that allows your customers to trust you with more of their mission-critical tasks.

1. *Is your brand credible?* When you take solutions to the marketplace, you are selling a combination of technologies and services designed to deliver a specific benefit. The delivery vehicle of the solution is your brand — how well its promises are upheld at the multiple touchpoints in which customers interact with your brand, from product capabilities to people. If your customers trust your people (e.g., engineers, salespeople, customer support, executive management, etc.) because they consistently deliver on the brand promise — then you are ready to go. If not, consider getting your brand in shape before you go to market with your solutions offering.
2. *How relevant is your brand beyond your core product offering?* Are you the “chip guys” or are there other dimensions of what you do that make your company worth having a relationship with? Do you have in-depth knowledge about an industry vertical? A different way of looking at TCO? Global market coverage? It is critical that you inventory the attributes of your brand (i.e. all of the perceptions and associations that customers' have of your brand) and look for ways to align your solutions strategy with your brand's relevance.
3. *How differentiated are your branded offerings (solutions) in the marketplace?* Attaching your brand name to a solutions offering is putting a stake in the ground on the future of your business. There must be some barriers to entry by your competition — be they price,

patents, people, or time. If you cannot create a strategy that drives development of differentiated offerings, consider the time and money you will spend to market these new offerings. Without differentiation, you will not generate ROI for the incremental efforts.

4. *Can your brand be leveraged for premium pricing or market share growth?* By definition, solutions are meant to drive faster growth. Your brand is the leverage that creates value. Align your organization and external communications behind a strong brand position prior to launching your solution offerings. This will provide the rationale for premium prices or greater market share.

Making the transition to a solutions provider is a significant step in the evolution of an organization and one that is taking place in most business-to-business segments from agribusiness to building supplies to information technology. Companies that are successful have learned to change not just their offerings but their entire go-to-market approach.

Siebel is a good example of a technology company that has made the transition. In the beginning, Siebel sold software to run CRM programs. If you had problems with the software, Siebel could help you out. If you had problems with your CRM strategy you had to go elsewhere. Over the past two years Siebel has made significant changes in its customer service model to move from a seller of “CRM software” to “trusted business partner.” This transition required a massive overhaul of the product offering, development of completely new competencies as well as a much more sophisticated organization.

Today, Siebel offers robust solutions sets for vertical markets that include not only software, but also CRM best practices, business processes and integration points to other systems within the enterprise. The company has built what they call a Customer Strategy Team that provides top-tier consulting services at no charge, to help their customers maximize the value they get out of a Siebel solution. On the technical side, Siebel offers quarterly “checkups” to insure that customers stay on track in their deployment of the solution.

In Siebel’s case, and in the case of any organization moving to offering true solutions, collaboration between once-siloed business units and integration of capabilities is required to develop, sell and service more complex offerings which integrate product lines from multiple BU’s. Specific ownership for the solution offering is essential.

Assuming solutions offerings are intended to drive top-line as well as bottom-line growth, robust metrics must be established to track marketing effectiveness, customer satisfaction and financial performance. Finally, to drive internal support for the new offerings, compensation must be aligned with the business objectives of the new offerings.

In short, for an organization to be successful in transforming into a solutions provider with long-term strategic customer relationships, significant changes in approach are required throughout the offer development, sales and customer service process. Brand credibility and relevance are the cornerstones for the change and serve as guideposts internally as well as reasons to believe for prospects and customers.

Consider my insurance company’s desire to become a financial services provider. Had it expended as much effort with its customers to better understand its credibility in the category and relevance to my financial needs, the company may have been more effective in providing me with a complete solution. At least now I’m watching for it.

About the Author: Greg Sieck is an Associate Partner of Prophet (www.prophet.com), a management consultancy that helps clients achieve competitive advantage by creating and implementing integrated business, brand and marketing strategies.