

Sales and Marketing

AGENDA

- **Pre-sales Checklist**
- **Pricing**
- **Unique Selling Point**
- **The Bumblebee Syndrome**
- **An Essay on Selling**
- **The Complete Salesman m/w**
- **On export**



Pre-sales Check-list

- **Adequate domain knowledge?**
 - Do you know how to do business in your market?
- **Market preconditions**
 - Technology (FTO, embargo, etc)
 - Laws & Regulation (CE approvals, mandatory standards etc.)
 - Customs rules & duties
- **Company preconditions**
 - Ready to produce?
 - Ready to communicate?
 - Ready to serve?
 - Can you afford this?

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- **Adequate domain knowledge?**
 - Do you know how to do business in your market?
Yes. An experienced senior CEO hired + 2 on the board
- **Market preconditions**
 - Early partnering with professional consulting engineers within design and construction of machinery for the food-processing industry
- **Company preconditions**
 - Ready to produce ?
Yes via partnering with equipment manufacturer
 - Ready to communicate ?
Yes via CEO and site, smartphone, mail. Availability 24/7
 - Ready to serve ?
Yes via partnering with consulting engineering company
 - Can you afford this?
Yes through a capital expansion with new private investors

And then the financial crisis struck and customers stopped investing

Pricing:

Two questions to answer:

1. Your quantified value proposition
2. Pricing standards in the market

The Newbee's pitfalls:

**relating price to production costs.
competing on price**

The basic ethics:

A good deal is mutually beneficial to seller and buyer. **This defines the price**

Value Creation

- **Quantified value creation**
 - Net Present Value (NPV) of cashflow.
 - Include switching costs, scrap value etc. in calculation

CASE

- **Perceived value creation**
 - New opportunities
 - Product innovation, new products, better products
 - Radical gearing: really amazing improvements
 - Curiosity, self-image
 - Increased competitive position
 - Prestige, branding, ethics
 - Fear and anxiety

Why Buy Your Product

Because your value proposition is extraordinary!

What are you selling:

1. **A valuable solution to a problem**
2. **The additional:**
 - Quality
 - Warranty, accessibility
 - Pre- and afters sales services
 - Newsletters, discounts on updates and new products.

So why buy?

Because QVP >> your customer's min. ROI demands
Because 1+2 >> than your competitors' =>

You have created your USP = Unique Selling Proposition

The Bumblebee Syndrome

1. You are new in the market. Nobody knows you
2. You have limited resources and no staying power
3. You are unexperienced. You do things differently
4. Your customers are loyal to your competitors
5. There is so much noise out there

So what makes you think, you can fly?

Knowing that you offer a competitive and valuable solution to your customers' problems will make you fly in spite of all odds -

and the early adopter strategy will provide your runway

Other usefull hints

1. Find a niche where your USP is **BIG**
2. Know more about your customer than your customer does
3. Match your customer in competencies and knowledge. If the decision maker is a M.Sc.E then so is your salesman.
4. Focus on sales and customers (while consolidating the base)

On Selling

1. It is extremely costly
2. The cheapest sale is the re-sale
3. Precondition for re-sale is customer loyalty
4. Precondition for customer loyalty is a positive experience throughout the sales process and beyond = $\Sigma(\text{etics} \times \text{attention} \times \text{value creation})$
5. Sales technique: create an expectation – then make an offer (*Essentials of seduction*)
6. Make your customer accept assumptions
7. No good salesman can do this if the value creation is questionable.

The Complete salesman

1. A salesman/woman is NOT a lower lifeform
2. Extrovert, proactive, self-propelled
3. Honest
4. Professionally competent
5. Obsessed with the customer's problems and in solving them while creating values – for the customer, for your company and for her/himself.



SUMMARY on sales

1. Selling is fun
2. Selling is difficult
3. Selling is expensive
4. Selling is a precondition for succes
5. Selling is priority A1
6. Selling requires empathy
7. Selling requires diplomacy
8. Get your priorities right: failing to sell is one of the most frequent reasons for flops & bankruptcy

On Export

1. Distribution channels
Representation or subsidiary?
2. Agent or dealer
Agent: no stocks, no customer services. Low profit margin
Dealer: full substitute of your company. High profit
Exclusive, limited exclusive or non-exclusive rights
3. Legal stuff in exports
Incoterms
The Commercial Agent Act
5. Seek advice
6. Incubators could be an option. Look here