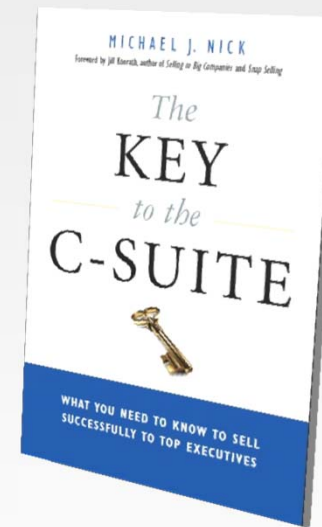
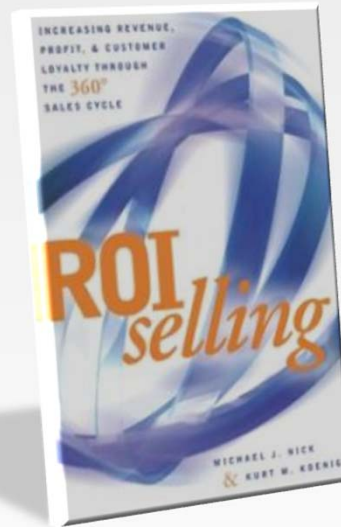


# Discovering your Prospects Pain



Presented by

Michael J. Nick



# Objectives

- Define your value proposition
- Communicating value to the C-Suite
- Develop discovery questions
- Creating and presenting a Business Case



# Key Point!

“Why do people buy?”

Is a **billion** times more important than

“How do I sell?”

Jeffrey Gitomer

# Step 1: Complete a Value Inventory

• Deliverable

Why Buy	Business Issue	Desired Outcome	Solution	Stake-holder	Category	Value Metric	Value Statements
I need to complete tax returns faster	because it takes too long to complete them	therefore I want to reduce the amount of time it takes to complete a tax return.	Prefill feature, tax check as you enter data, easy to use, user friendly, windows based	Managing partner, Partner in charge	Reduce Cost	Human Capital	Reduce the time to complete tax returns
I need to increase the accuracy of the tax returns	because it takes too long to correct them when they are wrong	therefore I want to reduce the amount of time spent correcting errors on tax returns	Auto tax check	Managing partner, Partner in charge	Reduce Cost	Human Capital	Reduce the amount of time spent correcting inaccurate tax returns
I need to improve client service	because I am losing clients	Therefore I want to reduce my attrition rate	Access on-line, review on line	Managing partner, Partner in charge	Increase Revenue	Reduce customer attrition (Recovering lost revenue)	Recover lost revenue by reducing your customer attrition



# Why a Value Inventory?

- Must know your value to articulate your value
- Understand emotion behind decision
- Drive a consistent value message
- Entire organization on same page
- Build confidence in value
- Value drives the C-Suite metrics

# Preparation

*Create a worksheet with these columns*

<i>Why Buy</i>	<i>Issue</i>	<i>Desired Outcome</i>	<i>Stakeholder</i>

# Why Buy

Enter Here!

<i>Why Buy</i>	<i>Issue</i>	<i>Stakeholder</i>	<i>Desired Outcome</i>

# Example: Why Buy

## • Steps to value

Why Buy
I need to complete tax returns faster
I need to increase the accuracy of the tax returns
I need to improve client service

- Foundation for value
- Based on emotion
- Understand your buyer / market from all views
- Understand trends

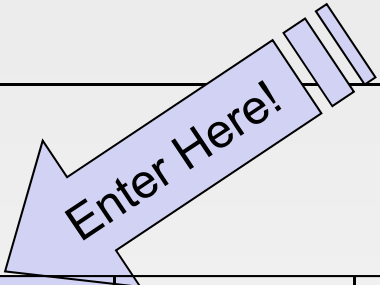


# Remember

- Why Buy

- Stay within your job description
- Use emotion
- Begin with “I”
- Keep to one idea per line
- Phrase your idea as a pain, issue or goal
- Keep it simple!

# Business Issue



<i>Why Buy</i>	<i>Issue</i>	<i>Stakeholder</i>	<i>Desired Outcome</i>

# Example: Business Issue

Why Buy	Business Issue
I need to complete tax returns faster	because it takes too long to complete them
I need to increase the accuracy of the tax returns	because it takes too long to correct them when they are wrong
I need to improve client service	because I am losing clients

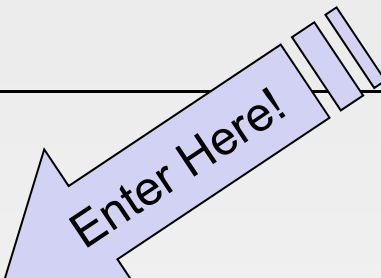
- Logic to the emotion
- Describe pain
  - Adjective and unit of measure
- Tangible vs. Intangible
- Answer “why buy” with: “because...”

# Remember

- Business Issue

- Monetize the pain
- State the pain from the “customers” point of view
- Begin your sentence with “because...”
- Discuss with the group
- Be sensitive to, tangible (measurable) VS. intangible (not measurable)

# Desired Outcome



<i>Why Buy</i>	<i>Issue</i>	<i>Desired Outcome</i>	<i>Stakeholder</i>



# Example: Desired Outcome

Why Buy	Business Issue	Desired Outcome
I need to complete tax returns faster	because it takes too long to complete them	therefore I want to reduce the amount of time it takes to complete a tax return.
I need to increase the accuracy of the tax returns	because it takes too long to correct them when they are wrong	therefore I want to reduce the amount of time spent correcting errors on tax returns
I need to improve client service	because I am losing clients	Therefore I want to reduce my attrition rate

- Stop time to measure status quo
- Prove value
- Measure for success

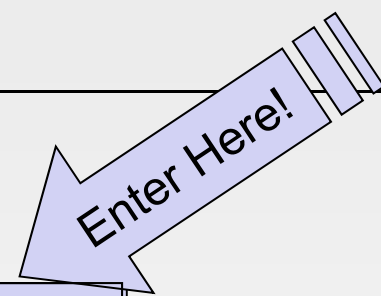


# Remember

## • Desired Outcome

- Desired Outcomes are really the solution required to win!
- Often Desired Outcomes are similar to Why Buy Statements
- Be sure to state your desire from your customers view
- Make sure desires are measurable and achievable – avoid blue sky wishes

# Stakeholder



<i>Why Buy</i>	<i>Issue</i>	<i>Desired Outcome</i>	<i>Stakeholder</i>

# Example: Stakeholder

Why Buy	Business Issue	Desired Outcome	Stake-holder
I need to complete tax returns faster	because it takes too long to complete them	therefore I want to reduce the amount of time it takes to complete a tax return.	Managing partner, Partner in charge
I need to increase the accuracy of the tax returns	because it takes too long to correct them when they are wrong	therefore I want to reduce the amount of time spent correcting errors on tax returns	Managing partner, Partner in charge
I need to improve client service	because I am losing clients	Therefore I want to reduce my attrition rate	Managing partner, Partner in charge



# Remember

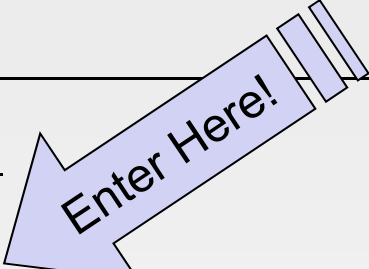
- Stakeholder

- Pain chain of stakeholders (influencers)
- Having trouble? Remember who you deal with on a regular basis
- Ask yourself, who does my solution affect in the organization that can influence the decision to buy...or not to buy?
- There is always a ripple affect to any decision made to buy a product or service to solve an issue, pain or goal

# Add a Additional Columns

<i>Why Buy</i>	<i>Business Issue</i>	<i>Stakeholder</i>	<i>Desired Outcome</i>	<i>Solution</i>	<i>Category</i>	<i>Metric</i>
I want to eliminate or minimize discounting	because margins are being reduced	VP Sales, CFO, CEO, VP Services	Increase my revenue			
We need to align sales and marketing	because we are wasting money on marketing programs sales is not buying into	VP Marketing, CEO, VP Sales	We want to increase our revenue per closed lead...reducing our cost per lead generated			
We need to improve our competitive position	because we are losing too many deals to the competition	VP Sales, VP Marketing, CEO	We need to improve our win ratio			

# Solution



<i>Solution</i>	<i>Category</i>	<i>Metric</i>



# Feature / Solution

- Can your organization resolve the issue, pain or goal?
- Enter how you will resolve the issue
- Enter a solution or specific feature

# Solution

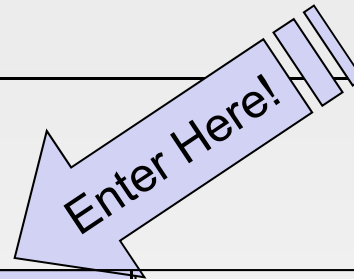
Why Buy	Business Issue	Desired Outcome	Stakeholder	Solution
I need to complete tax returns faster	because it takes too long to complete them	therefore I want to reduce the amount of time it takes to complete a tax return.	Managing partner, Partner in charge	Easy entry, Auto-prefill, Preloaded forms
I need to increase the accuracy of the tax returns	because it takes too long to correct them when they are wrong	therefore I want to reduce the amount of time spent correcting errors on tax returns	Managing partner, Partner in charge	Auto check, IRS Approved
I need to improve client service	because I am losing clients	Therefore I want to reduce my attrition rate	Managing partner, Partner in charge	Internet base, database, portal



# ROI Category

- Your Solution **MUST**...
  - Reduce a Cost
  - Avoid a Cost
  - Increase Revenue

# Category



<i>Solution</i>	<i>Category</i>	<i>Metric</i>

# Category

Why Buy	Business Issue	Desired Outcome	Stakeholder	Solution	Category
I need to complete tax returns faster	because it takes too long to complete them	therefore I want to reduce the amount of time it takes to complete a tax return.	Managing partner, Partner in charge	Easy entry, Auto-prefill, Preloaded forms	Reduce Cost
I need to increase the accuracy of the tax returns	because it takes too long to correct them when they are wrong	therefore I want to reduce the amount of time spent correcting errors on tax returns	Managing partner, Partner in charge	Auto check, IRS Approved	Reduce Cost
I need to improve client service	because I am losing clients	Therefore I want to reduce my attrition rate	Managing partner, Partner in charge	Internet base, database, portal	Increase Revenue

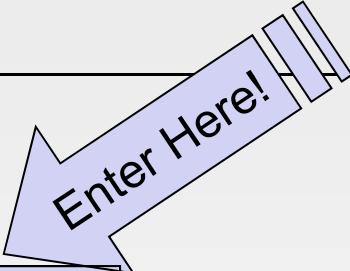


# Value Metric

(Unit of Measure)

- Must be tangible
- Must be measurable
- Must be quantitative
- Be as specific as possible

# Metric



<i>Solution</i>	<i>Category</i>	<i>Metric</i>

# Value Inventory

Why Buy	Business Issue	Desired Outcome	Stakeholder	Solution	Category	Value Metric
I need to complete tax returns faster	because it takes too long to complete them	therefore I want to reduce the amount of time it takes to complete a tax return.	Managing partner, Partner in charge	Easy entry, Auto-prefill, Preloaded forms	Reduce Cost	Human Capital
I need to increase the accuracy of the tax returns	because it takes too long to correct them when they are wrong	therefore I want to reduce the amount of time spent correcting errors on tax returns	Managing partner, Partner in charge	Auto check, IRS Approved	Reduce Cost	Human Capital
I need to improve client service	because I am losing clients	Therefore I want to reduce my attrition rate	Managing partner, Partner in charge	Internet base, database, portal	Increase Revenue	Reduce customer attrition (Recovering lost revenue)



## Step 2: C-Suite Metrics

- New language in C-Suite
- Specific economic Impact
- Global view of impact
- Metrics driven decision making
- Different buyer...different metric
- Not all metrics are financial

# Sample Metrics

- Net / Gross Profit
- Operating Cost
- Debt to Equity
- ROE
- ROA
- Turnover ratio
- Cash Flow
- Payroll as % sales
- Revenue per employee
- EBITDA
- Earnings
- Attrition ratio

Note: Not limited to these metrics and not all are financial

# Add C-Suite Effect Column



Desired Outcome	Stake-holder	Solution	Category	Value Metric	C-Suite Effect
therefore I want to reduce the amount of time it takes to complete a tax return.	Managing partner, Partner in charge	Easy entry, Auto prefill, Preloaded forms	Reduce Cost	Human Capital	Net profit, Gross profit, Cash Flow, ROE, Operating costs, Payroll as % of Sales,
therefore I want to reduce the amount of time spent correcting errors on tax returns	Managing partner, Partner in charge	Auto check, IRS Approved	Reduce Cost	Human Capital	Net profit, Gross profit, Cash Flow, ROE, Operating costs, Payroll as % of Sales,
Therefore I want to reduce my attrition rate	Managing partner, Partner in charge	Internet base, database, portal	Increase Revenue	Reduce customer attrition (Recovering lost revenue)	Net profit, Gross profit, Cash Flow, ROE, Operating costs, Payroll as % of Sales,



# Key Point!

“Questions are the most effective form of verbal behavior you can use to persuade.”

Neil Rackham,

From SPIN Selling



## Step 3: Creating the Discovery Questions

- Questions inform, educate and persuade your buyer
- Drive consistent data gathering
- Help define the current situation
- Drive value calculations
- Shift the paradigm to a more consultative approach



# Identify the Key Components

Why Buy	Business Issue	Desired Outcome	Stakeholder	Solution	Category	Value Metric
I need to complete tax returns faster	because it takes too long to complete them	therefore I want to reduce the amount of time it takes to complete a tax return	Managing Partner, Partner in charge	Easy entry, Auto prefill, Preloaded forms	Reduce Cost	Human Capital

Ask yourself: How do I get to Status Quo?

# Identify the key components

- Labor Cost
  - How much time spent per week?
  - How many people performing act?
  - How much do you pay them?



Cost of  
Status-quo

# For Example

- People x Time x \$ = Cost of Status-quo

## Breakdown components

4 People

3 hours per day (260 days per year)

\$20.00 / hour



# Do the Math

$3 \text{ (hrs.)} \times 260 \text{ (days)} = 780 \text{ (total hours)}$

$4 \text{ (people)} \times 780 = 3,120 \text{ hours annually}$

$3,120 * \$20 = \$62,400 \text{ (Cost of status quo)}$



# Create the Questions

- How many people do this activity?
- How much time (hours) per year do they spend on this activity?
- What is the FTE cost of these people?

**Key Point: Questions need to drive your prospect to your value!**

# Another Example...

Why Buy	Business Issue	Desired Outcome	Stakeholder	Solution	Category	Value Metric
We need to improve client service	because we are losing clients	Therefore I want to reduce my attrition rate	On-line preview, Customer Survey, Accuracy check	Managing partner, Partner in charge, Support	Increase Revenue	Reduce customer attrition (Recovering lost revenue)

How do I get to my cost of attrition?

# Identify the key components

- Attrition Cost
  - How many customers do I have?
  - What percent lost annually?
  - Total revenue from customer base?



Cost of  
Status-quo



# Get to Cost of Status-quo

- Attrition Cost
  - How many customers do I have?
  - What percent lost annually?
  - Total revenue from customer base?

1. Total revenue / No. of customers = Rev / customer
2. No. of customers \* Percent lost annually = Attrition rate
3. Attrition rate \* Rev / customer = Annual cost of attrition



# Attrition Components

- \$4,000,000 in customer rev / year
- 400 customers total
- Attrition rate is 5% annually



# For Example

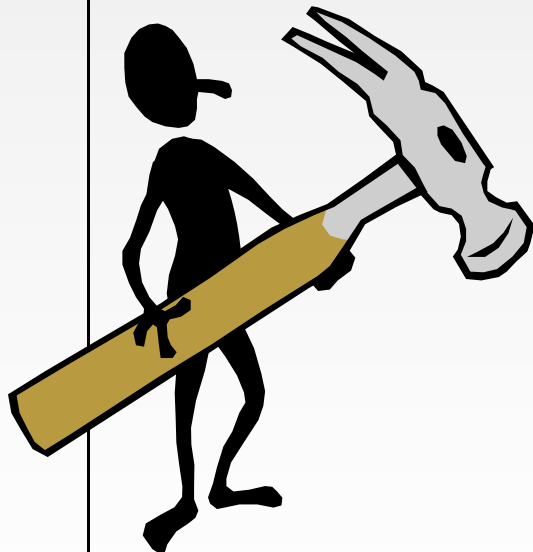
$\$4,000,000 / 400 = \$10,000$  (value per customer)

$400 * 5\%$  (attrition) = 20 lost customers per year

$20 * \$10,000 = \$200,000$  lost annually






# C-Suite Effect

A labor cost reduction leads to:



Your  
Solution!



-  Profit
-  Operating Cost
-  Cash Flow
-  ROE
-  Payroll as % sales



# C-Suite Effect

- Identify pain in terms of Economic Impact
  - i.e. “Does the time it takes to complete returns affect your profit and cash flow?”
- Discuss value in terms of Economic Impact
  - i.e. “By reducing the time it takes to complete returns, it will help avoid temp hires and improve your cash flow by \$X

# Sample Layout for Questions

## Administrative Labor Cost Reduction

Enter the number of administrators on your staff:

2

Enter the average annual FTE cost of administration:

35,000

Enter the number of hours spent over the 10 week tax season running due date reports:

120

Enter the number of hours spent during the 10 week tax season completing routing sheets:

140

Enter the number of hour spent over the 10 week tax season manually managing projects and moving tasks around in your practice management software:

160

Calculated annual cost for administrative personnel performing unnecessary tasks:

\$7,067



# Step 4: Business Case

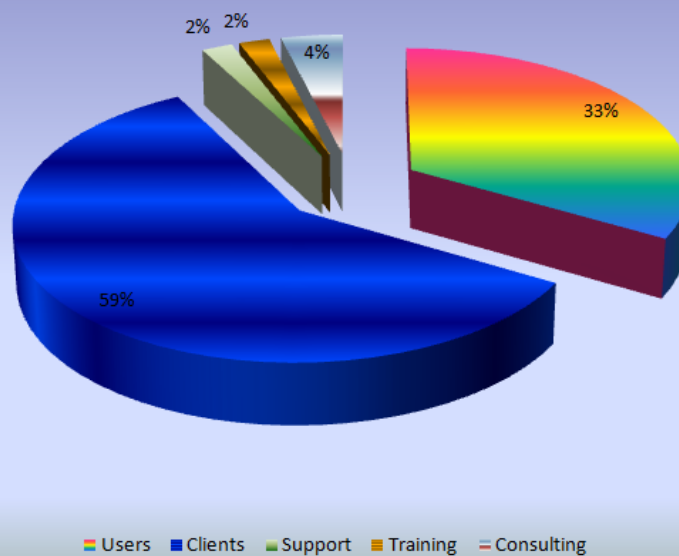
- Key Sections
  - Summary page
  - One year and three year summary
  - Cost of decision delay
  - Cash flow impact
  - C-Suite effect
  - Category cost reductions

# Summary Page

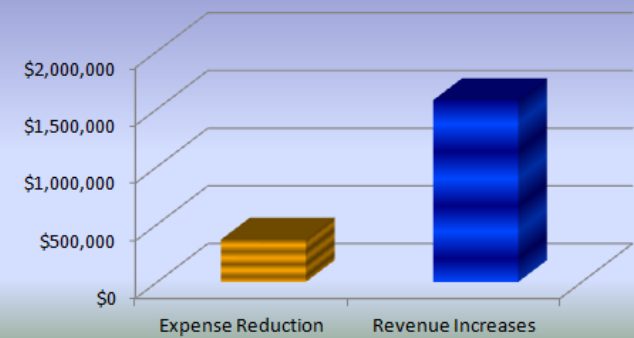
ABC Solutions

ABC Company Business Case

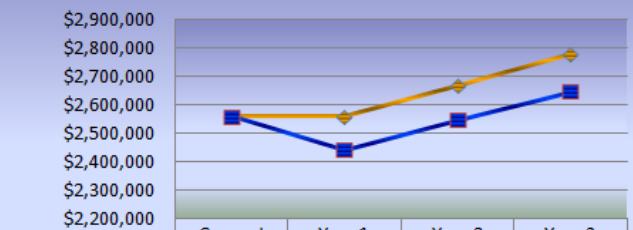
Investment Analysis



Savings



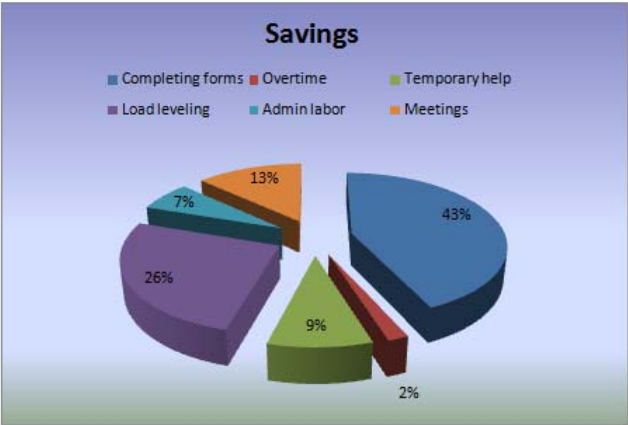
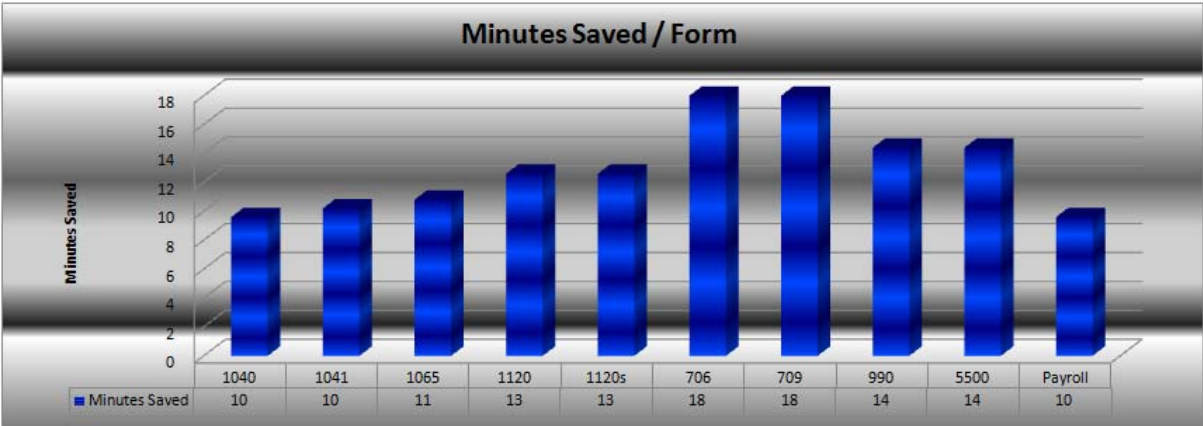
Current vs. Revised Cost



# Detail Summary

**ABC Solutions**

## ABC Labor Cost Savings



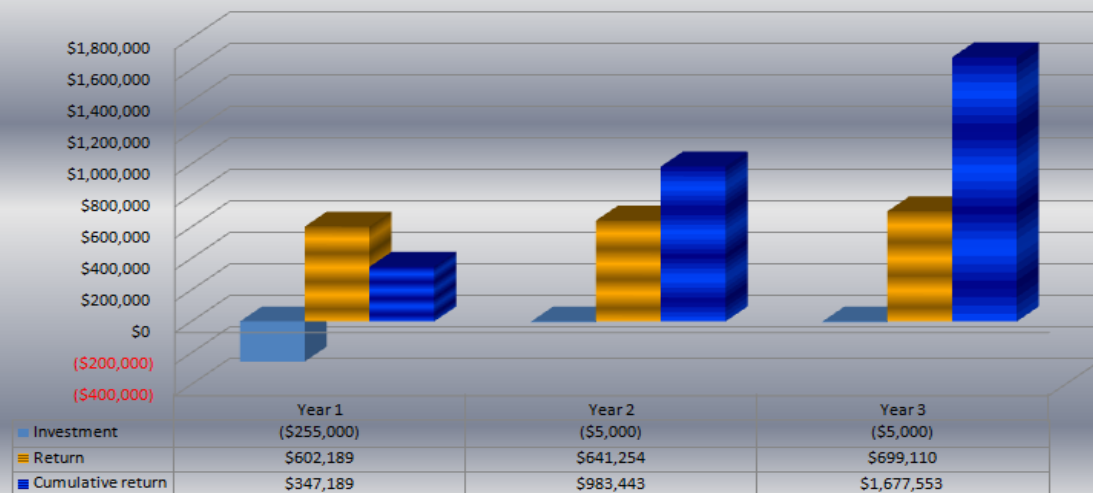
# Cash Flow Analysis

**ABC Solutions**

## ABC Cash Flow Analysis

	<u>Year One</u>	<u>Year Two</u>	<u>Year Three</u>	<u>Totals</u>
Investment:	(\$255,000)	(\$5,000)	(\$5,000)	(\$265,000)
Return:	\$602,189	\$641,254	\$699,110	\$1,942,553
Net Return:	\$347,189	\$636,254	\$694,110	\$1,677,553
Cumulative Return:	\$347,189	\$983,443	\$1,677,553	<u>\$1,677,553</u>

Cash Flow Analysis

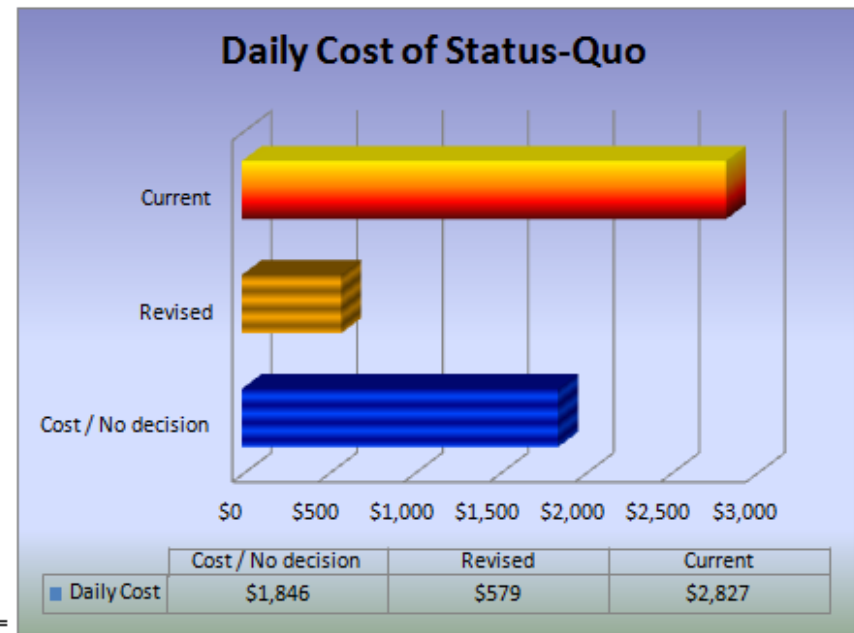


# Status-quo Analysis

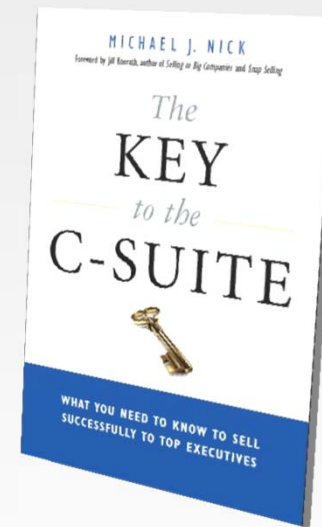
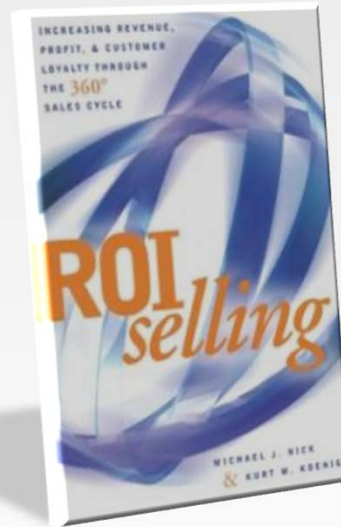
**ABC Solutions**

**XCM Status Quo Analysis**

Current Cost of Status Quo:		<b>\$1,866,038</b>
Daily Cost of Status Quo: (3 Year analysis)		<b>\$2,827</b>
Revised Cost of Status Quo:		<b>\$382,416</b>
Revised Daily Cost of Status Quo:		<b>\$579</b>
Daily - Risk of Status Quo:		<b>\$2,248</b>
Daily Investment: (3 Years)	<i>\$265,000</i>	<b>\$402</b>
Daily Risk / Cost of Status Quo:		<b>\$1,846</b>
Enter the Number of Days for Decision Delay:		<b>30</b>
Calculated Cost of Decision Delay:		<b>\$55,392</b>



Thank You!



For more information

[www.roi4sales.com](http://www.roi4sales.com)

262.338.1851