

Moving the Market: Tips to Create Sales Momentum

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Time to Find a New Wave of Sales and Profit Growth?



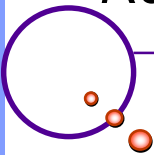
Is your company trying to create your own wave for growth?

Are you trying, or considering, a materially different market initiative, but worried about what you don't know about this market?

Fundamental to success in creating your own wave is the ability to balance your desire to create customer value with your ability to deliver that value in the market.

Organizational change is much harder and slower than anyone expects and can kill the greatest strategies. Thus, your strategies need to be aligned with your ability to change.

Read on to learn from QDI's experience creating and delivering value.



Businesses Grow for Two Reasons

1. They ride the wave of growth of their market or their channels

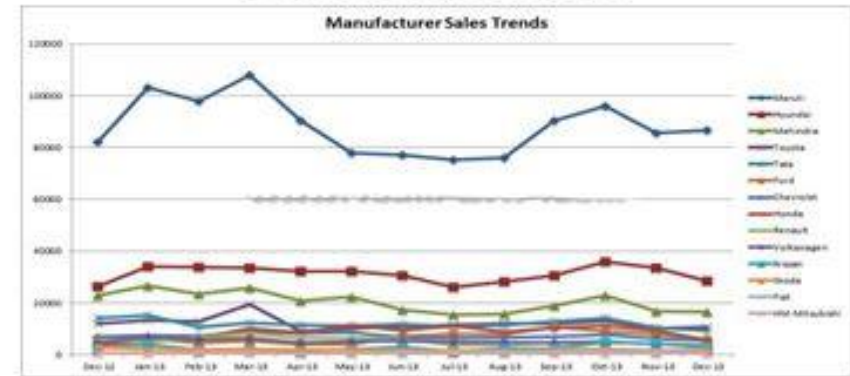
As long as companies continue to do what they have done well, they should reap this market growth. In this scenario, marketers are riding the wave of existing market forces to grow their business.

2. They create a wave to ride

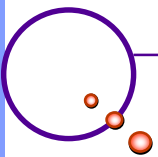
They create a value proposition with enough power to win a new segment of customers and ride the wave of demand they have created.

Markets Tend to Stay on their Trend Line (or Stable)

Because of the Inertia that Results from All the Forces on the Market



Marketers can create forces to overcome market inertia



Home Depot Growth – Example of Riding the Wave

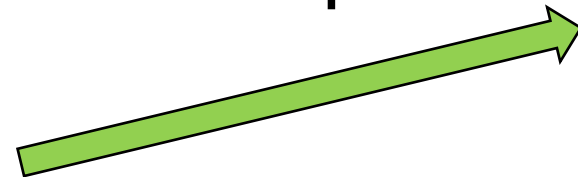
A classic example of riding the wave growth was evident in the in the late 1990's and first half of 2000 when Home Depot was emerging as a national player in the home improvement market. From 100 stores in 1989 to 2000 stores in 2005, Home Depot grew from nothing into a dominant retailer in the home improvement industry.

If you were a vendor to Home Depot and kept your position in their business, your sales would grow twenty-fold over the 15-year period. If you expanded your product mix within Home Depot, you would even grow faster.

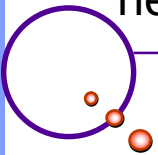
These marketers looked like geniuses, and they were, for building a strong partnership with Home Depot.

QDI had clients who rode this wave, but this also meant that their growth stalled in 2007 when Home Depot stopped growing – their market changed, and they needed a completely new approach to create a new wave to ride.

**Market Trend Line for Riding
The Home Depot Growth Wave**

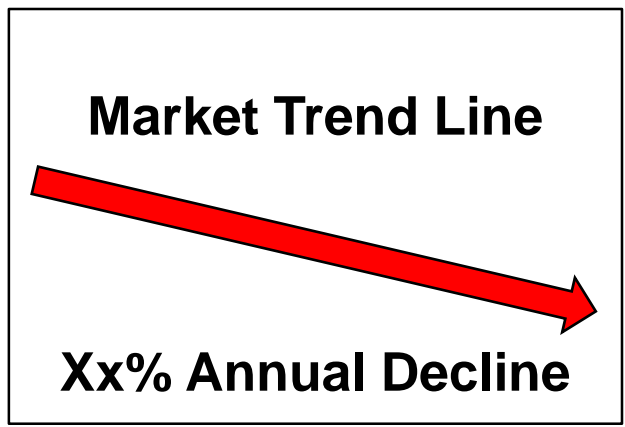


20% Annual Growth

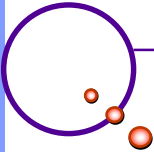


Riding the Wave When Market Conditions Change

Companies stall and even shrink when markets change, and they do not react to that change.



Market forces, such as a change in demographics, or customer taste, can change the trend line, resulting in accelerated growth or decline.



Awareness of Change - The Fundamental Requirement to Create a Wave

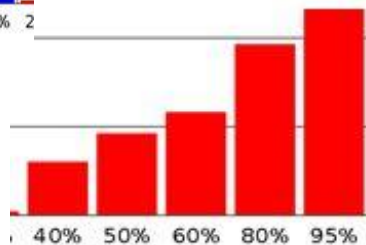


When companies focus solely on the day to day business, squeezing out all the extraneous cost to be efficient, they move further away from learning something new that will change the business.



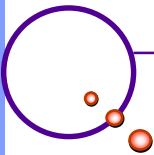
BUT...

**MISSING LEARNING
AND GROWTH
OPPORTUNITIES**



Business is a daily race for sales & profit

Be open to near-by
growth opportunities,
while not expending
much energy or
capital.



Creating the Understanding to Propel Change Requires Devoting Resources Away From the Day-to-Day Business



**FOCUS ON
NEAR TERM
GROWTH**

Near-term growth – something close to day-to-day has a chance of being found, but if you want real growth, you need the external learning.

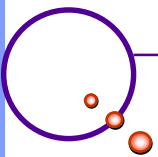
**External Learning Focus Required
to Overcome Inertia**

**If you want real growth, you need the
external learning**



Actively explore outside of your day-to-day opportunities to understand threats and changes that will impact your business and potentials for growth.

If you focus on maximizing efficiency – and don't spend resources outside of your core business, you will be blind to these opportunities.



Creating a Wave for Market Growth: Mistakes to Avoid

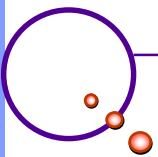
If companies are learning about the changes in their market, they are in a position to take advantage of these market forces. Typically, there are two areas that trip companies up when trying to “Create a Wave.”

- The change they make in the value proposition (i.e., lower price, longer warranty) isn’t powerful enough to change behavior in the new target segment.
- They fail to consider the communications, coverage, and delivery changes required when they selected the new value proposition. Then, once executing the strategy they find they can’t make the needed internal behavioral changes or making them would be too disruptive to their existing business.

Value propositions
not powerful
enough to
change
behavior...

And

They can not
create
organizational changes
needed.

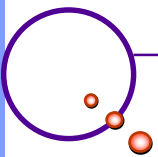


A New Approach to Changing Market Behavior

The rest of this presentation shows a new approach – no more guessing if the change in value proposition will have an impact – no more designing with a blank sheet of paper thinking we will figure out if we can build it later.

This approach enables you to consider what has impact, and what your organization can execute at the same time.

Moving the Market – Changing Market Behavior

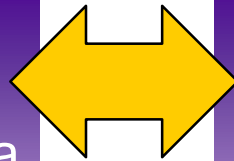


Challenges to Market Growth

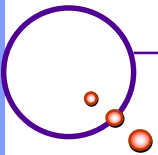
- **Creating a value proposition for target customers that is great enough to overcome their resistance to change.**
- **Communicating and Delivering that new value proposition to the target customers.**

Learn what you could do to change customer behavior and what you have to do to execute that change

Outside
To Change Behavior – Create a
Winning Value Proposition



Inside
To Change Behavior –
Implement Internal Changes to
Communicate and Deliver Your
Value Promise



Learning the Degree of Change Needed - From Customers and Inside Your Organization

Outside Learning

To Change Behavior –

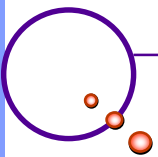
Create a Winning Value Proposition

Learn what you **CAN offer to CHANGE behavior** - the customer's, the channel's ... anyone impacting your success.

What is fundamentally different between the needs, buying behavior, and service requirements of the new customer segments?

What's the right mix? The product / service / pricing / distribution / communications --- elements of your offering:

- That **will compel the target group to change its behavior.**
- That **you can execute** within your organization and market infrastructure.



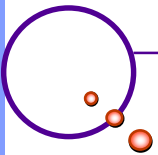
What Operational and Organizational Changes are Required?

Inside Learning

To Change Behavior – Implement Internal Changes to Communicate and Deliver Your Value Promise

You need to engage in a learning process to understand what operational and organizational changes are required to successfully execute this offering.

- How do your present organizational capabilities and channels align with these different customer requirements?
- What changes are required to meet these customer needs?
- Who has to do what / processes / policies / etc.?
- What rewards / metrics / etc. have to be changed to support the operational changes?

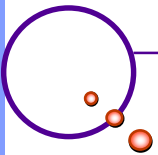


Creating a Wave of \$ales and Profit Growth



Thus, creating a wave of sales and profit growth is a **cyclical process** between **creating value propositions** that overcome inertia and **designing organizational change** that overcomes adoption barriers.

You can view this as a five-step learning process, which we'll describe on the next few slides.

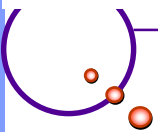


Creating a Wave of Growth is a Cyclical Process

This is a **cyclical process** between **creating value propositions** that overcome inertiaand

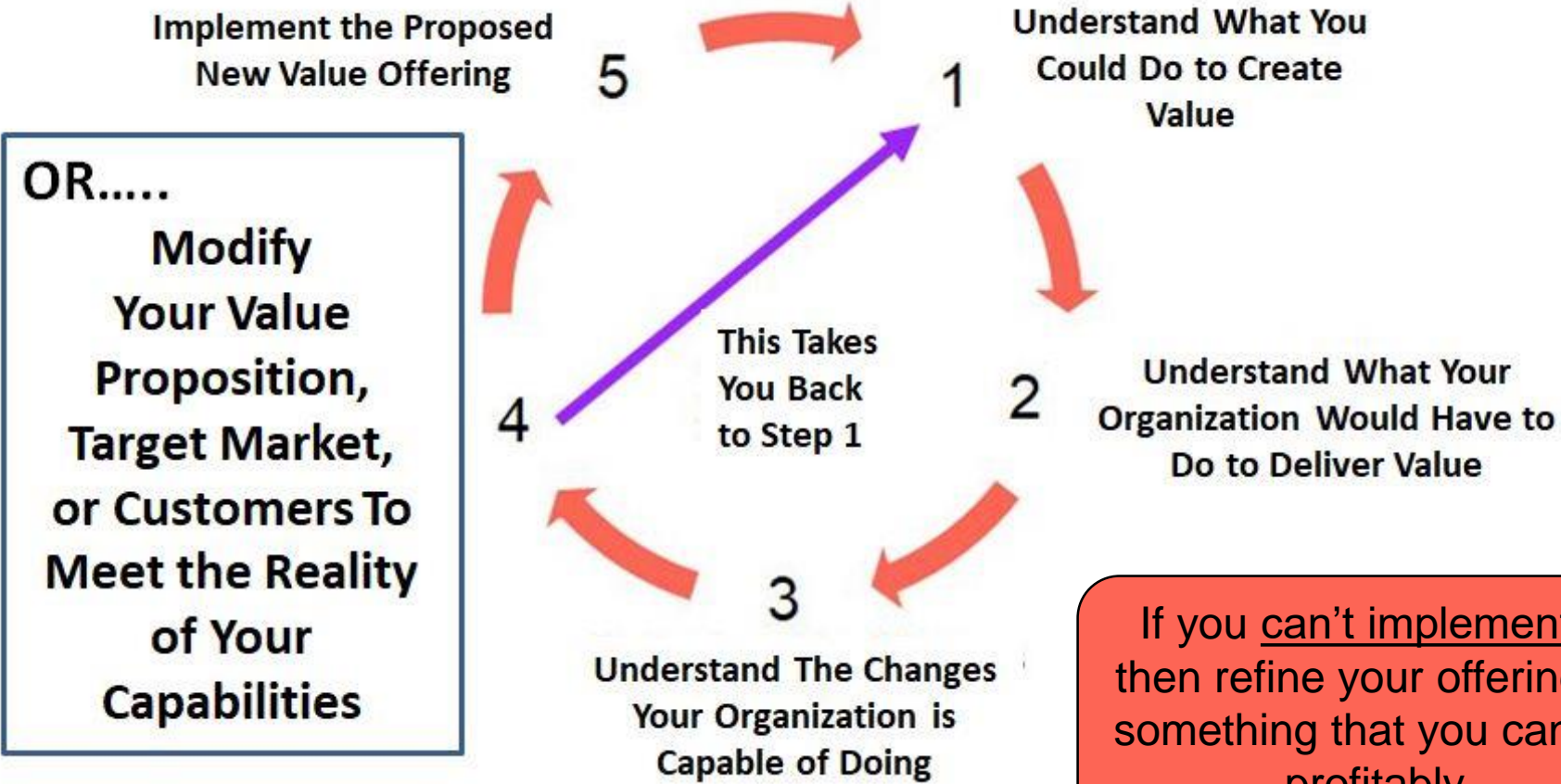


...**creating organizational change** that overcomes adoption barriers

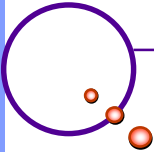


Rethink Everything if You Can't Execute

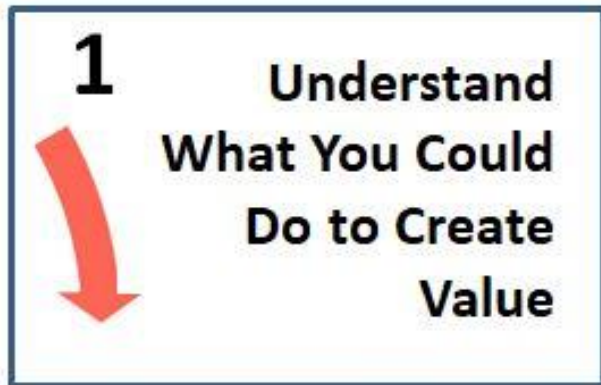
Creating a wave of growth is a cyclical process that has to balance your desire to create customer value with your ability to implement offerings that create that value



If you can't implement – then refine your offering to something that you can do profitably



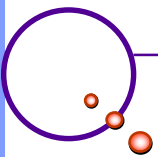
Understand What You Could Do to Create Value - Product /Services – Customers - Relationships



1 Understand
What You Could
Do to Create
Value

This requires talking to target buyers whose behavior you want to change. If your target is lost customers you have a customer base and people familiar with your product or service that you can talk to. You can find out why customers buy or bought in the past, what has changed, and what you need to do to win those customers back.

It's easy to say you already know this, or to ask your sales people to find this out, but our experience is that these perspectives are often anecdotal and don't tell the whole story. If the target involves buyers or firms you haven't sold before, it is even harder to do this internally. As an outsider, someone who doesn't have a commission on the line and someone who is not protecting a relationship, QDI consultants can have an open discussion with the customers or target prospects.

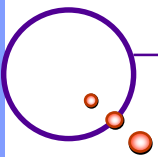
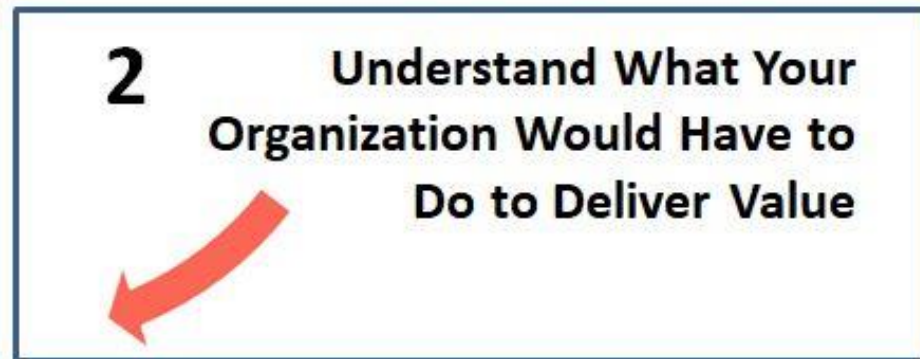


Understand What Your Organization Would Have to Do to Deliver Value

As the client's team begins to frame up possible high value solutions to target buyer problems, QDI starts the process of asking the question, "What do you have to do differently to market this solution?"

This builds on the knowledge of understanding how your marketing and sales organization operates today and how different the new product or service may be in terms of:

- Customer base
- Decision makers
- Product knowledge
- Sales process
- Sales effort required for success

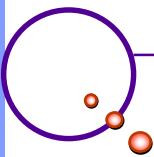
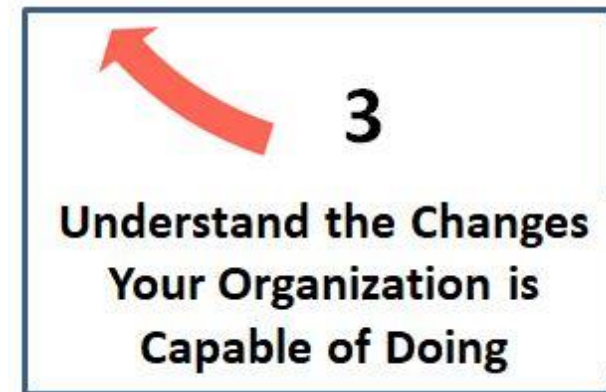


Understand the Changes Your Organization is Capable of Doing to Execute Your Strategy

The question is, “What does the sales and marketing organization have to do to execute this strategy, and how much change or risk will the organization have to undertake - customer base, channel competencies, channel connections, channel commitment, and channel economics - to make this change?” This often requires several discussions with these organizations to get their input on their ability to change and their suggestions as to how to make the changes.

If the solution pushes the existing sales and marketing channels too far from their comfort zone, the team needs to reassess their solution to see if:

- **They can modify it to fit the existing marketing capabilities.**
- **It is a big enough opportunity that the company would invest in overcoming these sales and marketing barriers.**



Traditional Organizational Implementation Challenges When Launching a New Product / Service

Channel coverage

- Do they have the customer base to sell this product/service?

Channel competency

- Do they have the skill sets (technical competency)?
- Do they have the product knowledge?

Channel connections

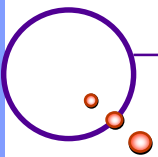
- Do they have connections with the people who decide on and use this product / service?

Channel commitment


- Are they willing to commit the resources necessary to make this product successful?

Channel economics

- Pricing, programs, and operations design to maximize return to both parties.



Identify the Change Process Required to Bring New Product / Service to Market




4 Identify the Change Processes Required to Build the Needed Capabilities

Defining the processes could relate to sales training, customer support programs and resources that will perform these, compensation changes, and even reorganizations of the sales force and channels.

Additional changes may have to be made in how you market - moving to a more “experience marketing approach” or to a more “hands-off marketing approach,” depending on your offering.

At this point you also may need to step back and modify your value proposition.

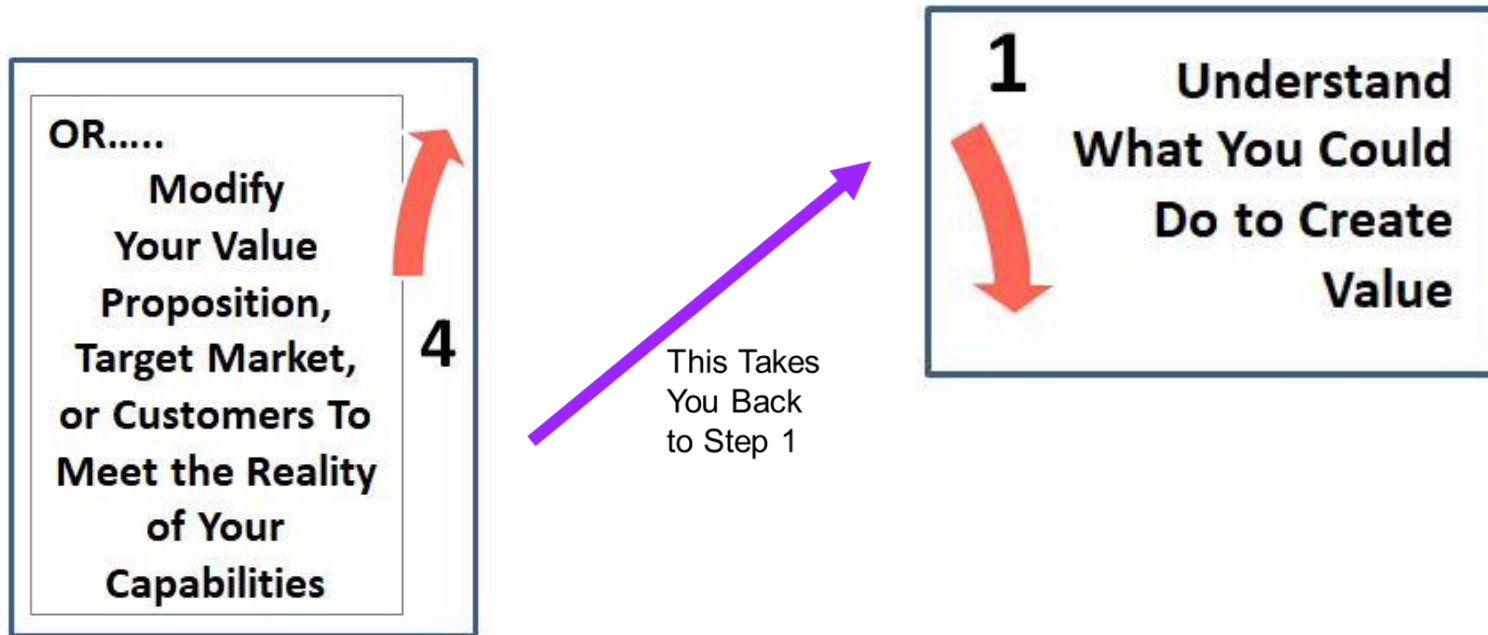


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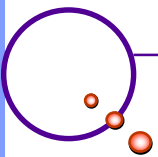
OR.....

Modify Your Value Proposition, Target Market, or Customers To Meet the Reality of Your Capabilities

The Tipping Point.... Continue with the Effort, or Change Course to Something More Achievable



If you have to modify the value proposition, work in reverse, answering the question, “If we cannot do this, what could we change in the value proposition that we can do?” Ask this question for each organizational barrier you can’t overcome to arrive at a modified value proposition that you can implement.



Implement the Proposed New Value Offering

**Implement the Proposed
New Value Offering**

5



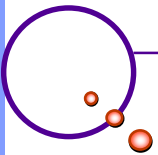
The rate of internal change (sales and marketing channels) will determine how you roll-out the new value proposition.

You may have to roll it out as you build capabilities - potentially regionally or by customer segment to be sure you can deliver what your promise.

Measure. Evaluate. Revise. Repeat the Cycle

As in all effective marketing programs you need to measure what you are doing and your results.

Modify if necessary. If something is not working, learn why and how to make it work.

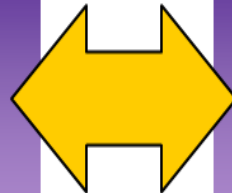


QDI Strategies Help you Grow Your Revenue Stream

We tell these stories because to be successful in overcoming the barriers to growth, companies have to do two things simultaneously:

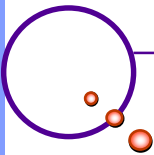
Learn what you could do to change customer behavior and what you have to do to execute that change

Step 1 to Change Behavior –
Create a Winning Value
Proposition



Step 2 to Change Behavior –
Implement Changes to
Communicate and Deliver Your
Value Promise

Neither of these changes are trivial, and often the internal one is the more difficult change.

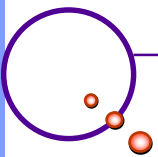


How QDI Helps Clients

It's normal for QDI conversations to go more than an hour with a lost customer or potential target customer in a new segment. Why? Because the customer is interested in the conversation. It's not a survey. It's a discussion that's helping the customer explain how they buy and use these products, why they are buying what they buy, where you are falling short and how you could do a better job of meeting their needs, or how the new product would fit in their business. Often the conversations raise customer problems that the customer doesn't have the answer to, which provides opportunities for our client to create valuable solutions to those problems.

QDI consultants have similar conversations with your sales channels to understand how they work with the lost or target customers, how they spend their time, what motivates them, and how they perceive customer needs and challenges.

This input is the “fuel” to generate new customer solutions. While QDI consultants can see opportunities to create value, only our clients can design products and services to do so. Thus, during this stage of the process, QDI is working with a client project team to share what they are learning and begin the process of creating high value customer offerings.



What QDI Strategies' Customers Say

"QDI's work quantified the opportunity in our "mega" segment and identified the criteria this group uses to evaluate us. We're in the process of putting in place the information and communications necessary to win these customers."

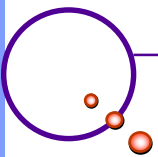
Jack McQuellon, Caterpillar

"In my experience, what distinguishes QDI is that they identify the deep underlying insights quickly. Their research techniques draw the relevant truths out of the marketplace and these enable us to develop valid strategies that will make a difference. Our company's true opportunities in the current marketplace become apparent . The interactive process gets buy-in from the participants within our company so at the end of the project, we have actionable strategies."

Michael Hadjinian, TPI Composites

"Terrific work- based on QDI's findings we are already putting marketing programs in place targeting buyers at the key decision points they identified."

Frank Dennis, Dennis Consulting



Visit the QDI Strategies web site and learn more about how we can help you add value and grow your business

How does QDI help?

QDI listens and understand what customers, channel partners, and other customer facing people are saying and grasp how it relates to your business challenge - whether that is kick-starting a stalled product line or effectively marketing a new product. QDI has an intellectual and intuitive skillset and a process for linking what they are learning to your business to find solutions for your problems and how to execute those in the market.

To learn more, take a look at QDI's White Papers with case histories about companies facing market challenges: <http://www.qdistrategies.com/about-qdi/value-management/>

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