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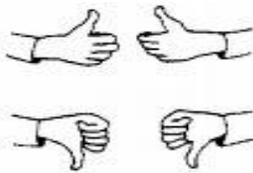
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*Our breakdown of how
SaaS firms rank market-
ing programs reveals
some "Web 2.0" losers as
well as winners.
See pages 2,4,5, 8.*

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Sales Self-Sabotage: The Cause and the Cure

by Jeff Thull, Prime Resource Group

No sales professional in their right mind would sabotage their own sales intentionally. Nevertheless, self-sabotage—the act of undermining one's own credibility and alienating the very customers and prospects we count on for our livelihoods—occurs with dismaying frequency.

The many ways in which salespeople sabotage their own efforts range from obvious mistakes, such as blaming customers when their own products and services do not deliver as promised, to very subtle insults hidden in the things that we say to customers. On the self-sabotage spectrum, it's easy to recognize the obvious "I should have known better" mistakes that damage relationships with customers. The far more common and harmful situations occur when our words and actions insidiously erode the customer's trust and personal credibility that we work so hard to establish.

In this article, I'll focus on how to solve two sources of self-sabotage that cause salespeople to shoot themselves in the foot: "dangling insults," and the "old brain."

The Dangling Insult

We would never insult a customer by suggesting he is incompetent or imply to an executive that she is negligent. The very idea is inconceivable, yet it's a common occurrence and salespeople unknowingly insult prospects and customers every day.

Here is a typical example. A salesperson introduces their solution by saying, "We save companies like yours from wasting hundreds of thousands of dollars in lost..." It sounds innocuous on the surface. Statements like this are standard sales-speak and are often true, but they also contain dangling insults. After all, if you tell a customer that she is wasting hundreds of thousands of dollars, aren't you also suggesting that she hasn't been doing her job very well?

Dangling insults are unintentional. Salespeople are unaware of the negative impact because they are built into their mindsets and the

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The Softletter SaaS Survey 2007: Marketing Analyses

“What type of new marketing opportunities has your SaaS system allowed you to take advantage of? (please rank for importance). (Numbers of particular interest are bolded.)

We can sell in markets where no applications are available for customers.

	Totals	%
Important	47	41.2%
Somewhat important	27	23.7%
Somewhat unimportant	15	13.2%
Unimportant	25	21.9%

We can sell to customers who cannot/would not purchase existing applications.

	Totals	%
Important	48	42.1%
Somewhat important	44	38.6%
Somewhat unimportant	15	13.6%
Unimportant	7	6.1%

We are able to sell to customers who cannot afford to purchase/support existing applications.

	Totals	%
Important	53	46.5%
Somewhat important	35	30.7%
Somewhat unimportant	22	19.3%
Unimportant	4	3.5%

We can sell to new classes of users or new departments within existing accounts.

	Totals	%
Important	44	38.6%
Somewhat important	37	32.5%
Somewhat unimportant	19	16.7%
Unimportant	14	12.3%

We can sell SaaS to customers replacing desktop or client/server applications.

	Totals	%
Important	41	36%
Somewhat important	32	38.6%
Somewhat unimportant	15	13.6%
Unimportant	7	6.1%

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conventional sales training they may have received. The salesperson thinks he is delivering a compelling message and connecting to the customer's pain. But to the customer, it can sound like the salesperson is interjecting or ending sentences with, "...you idiot, sir."

At times, you can tell when customers hear a dangling insult because they react physically. They lean back in their chairs, cross their arms, and scowl. They often react verbally, by saying something like: "We're not losing anywhere near that much money."

Most of the time the reaction isn't that obvious and most salespeople don't realize that they have insulted the customer. As a result, they misinterpret the customer's reactions and can't properly address them. In fact, salespeople's natural response patterns often make matters worse.

The Old Brain

The manner in which salespeople react to their customers' responses can open the path to open and honest communication, or become a primary instrument of self-sabotage. There are two parts of the brain that are particularly problematic in sales situations: the brain stem and the limbic system, which scientists define as the "old brain." The brain stem or "reptilian brain" controls our involuntary actions while the limbic system generates basic emotions, such as fear and aggression. The old brain is not big on interpretation and analysis. It reacts to situations with lightning speed in six ways: attack, submit, flee, reproduce, nurture, or be nurtured.

**"Salespeople often
insult their
customers without
having the
slightest clue
they're offending."**

—Jeff Thull
Prime Resource Group

So how does the old brain affect sales conversations? Continuing the example above, when a customer says, "We're not losing anywhere near that much money," a salesperson might counter with, "I'm sorry, but I think you misunderstood..." This implies it is the customer who just doesn't get it and often triggers an even more irritated retort. The salesperson is unconsciously engaged in self-protection at the expense of the customer, who will often protect his/her self-esteem and strike back in turn.

I've often seen salespeople unwittingly play the critical parent with customers. Very early in a customer meeting and in the intent of "creating interest," the salesperson will say something like, "You probably don't realize how much time and money the many IT related activities cost companies like yours each year." What do customers hear? Many of them hear a parent or superior insinuating that they don't know their own business.

Stopping Self-Sabotage

How can we stop sabotaging our efforts? The first step is awareness. We cannot solve a problem until we recognize it. The second step is to stop
(continued on page six)

What programs are most effective in generating new leads for your SaaS product?

E-mail	Totals	%
Effective	38	33.3%
Somewhat effective	48	42.1%
Somewhat ineffective	20	17.5%
Ineffective	8	7%
Direct Mail	Totals	%
Effective	13	11.4%
Somewhat effective	36	31.6%
Somewhat ineffective	35	30.7%
Ineffective	30	26.3%
Videos	Totals	%
Effective	13	11.4%
Somewhat effective	33	29%
Somewhat ineffective	32	30.7%
Ineffective	36	31.6%
Business Blogging	Totals	%
Effective	10	8.8%
Somewhat effective	33	29%
Somewhat ineffective	32	30.7%
Ineffective	31	27.2%
Web-based Forums and Communities	Totals	%
Effective	21	18.4%
Somewhat effective	38	33.3%
Somewhat ineffective	38	33.3%
Ineffective	17	14.9%
Customer Concern Surveys	Totals	%
Effective	11	9.7%
Somewhat effective	39	34.2%
Somewhat ineffective	40	35.1%
Ineffective	24	22%
Webinars	Totals	%
Effective	40	36%
Somewhat effective	40	36%
Somewhat ineffective	14	12.3%
Ineffective	14	12.3%

(continued on page five)

Web Collaterals (podcasts, case studies, etc)	Totals	%
Effective	42	36.8%
Somewhat effective	45	39.5%
Somewhat ineffective	14	12.9%
Ineffective	13	11.4%
Print Collaterals	Totals	%
Effective	15	13.2%
Somewhat effective	44	38.6%
Somewhat ineffective	35	36%
Ineffective	14	12.3%
Print Advertising	Totals	%
Effective	8	7%
Somewhat effective	31	27.2%
Somewhat ineffective	44	38.6%
Ineffective	31	27.2%
Tradeshows	Totals	%
Effective	36	31.6%
Somewhat effective	42	36.8%
Somewhat ineffective	25	21.9%
Ineffective	11	9.7%
Public Relations	Totals	%
Effective	30	26.3%
Somewhat effective	50	43.8%
Somewhat ineffective	14	12.3%
Ineffective	16	14%
Web-based Advertising (banner ads, interstitials, etc.)	Totals	%
Effective	23	36%
Somewhat effective	38	22.2%
Somewhat ineffective	31	27.2%
Ineffective	22	12.3%
Search Engine Placement	Totals	%
Effective	43	37.7%
Somewhat effective	43	37.7%
Somewhat ineffective	19	16.7%
Ineffective	9	7.9%

(continued on page eight)

behaving like a salesperson and begin a “diagnostic conversation” that keeps our customer’s best interest in mind (the “physician” metaphor I continually advocate to sales personnel). During a medical diagnostic conversation, the full extent of the patient’s problem is explored, measured, evaluated, and communicated. Likewise, if you examine your customer’s situation, the focus should be on the physical symptoms of the problems they are experiencing, which is their reality. The goal is to raise your customer’s awareness and understanding of the problems they are experiencing and what it is costing them to currently manage the services you would provide. Then they will more easily make a connection to the value of your solution.

A doctor uses established diagnostic processes that direct the order of questions and measurements. Their questions are about observations of physical indicators or symptoms that tie the diagnosis to their patient’s reality. It helps their patients get comfortable with the recommendation. The same communication style helps customers more clearly understand their problem and gives them a way to process critical information.

When we are in the diagnostic mode, we are dealing directly with our customer’s reality. That is, we are working with situations they have experienced in the past, are currently experiencing, or those they believe they will be exposed to in the future. In fact, our customers may not be aware that these elements or symptoms could represent significant problems that should be addressed. Through diagnosis we can help bring clarity to problems and a way to make quality business decisions.

The challenge for businesses today is to equip sales professionals to be more diagnostic in their conversations. There are three primary objectives to keep in mind during “diagnostic conversations:”

- 1) Uncover the reality of the customer’s situation (Do these symptoms exist?)
- 2) Quantify the impact of the problem (How bad is it?)
- 3) Create the “Incentive to Change” (Is it serious enough to take action?)

To increase your diagnostic capabilities through support materials, consider these three steps:

- 1) Include diagnostic tools in your marketing communications to help your customer develop clarity around the issues you address. Consider a “Seven Early Warning Signals” brochure to help customers recognize the absence of the value your solution can provide.
- 2) To create more qualified prospects through your website, guide your customer through an initial diagnosis that will help them recognize the inefficiencies of their current approach.
- 3) Make sure product training teaches your salespeople the symptoms of problems your solution is meant to solve and how to quantify the impact of those problems on your customer’s business.

Like a doctor, a quality diagnosis builds exceptional levels of trust and credibility and a patient who is ready to take action. In business it means greater differentiation and clarity, customers that respect and trust us, and more sales with profitable results. I’m not suggesting that all of this is easily accomplished. Success will come as a result of awareness, application, and practice. Of course, it will all be much easier if we stop sabotaging our own efforts.

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Partner Conflict, the Hidden Motivator to Sell

By Frank Berger, Corum

There were these two college kids who did some smaller IT projects in their spare time, eventually developed a piece of software in the process, a large company happened to need exactly that functionality..... and all of a sudden the two guys were running a little software business which has developed nicely. Sounds familiar? So does a potential part two of the story: The two guys, CEO and CTO now in their fast growing, profitable company are successful businessmen. Maybe they have big egos or maybe they have grown in different directions and just don't get along with each other anymore. They start fighting about the smallest decision...demoralized employees and a deteriorating business is the result.

To turn things around in such a situation, either all or some of the founders must make room for professional management from outside. That is the point when an M&A advisor enters the scene because this scenario often means the sale of the company or at least of parts of it. Looking back at Corum's history with more than 200 successful transactions, in about 15% of our projects the real reason for the sale turned out to be conflict which had developed between the partners.

The advisor's first role is to facilitate discussion in order to tailor an M&A project based on the situation of the company and shareholders' goals. Key driving factors include the percentage of shares to be placed, the readiness of the key operating shareholders—those who were not causing the trouble—to continue in their roles for limited time, etc.

According to our experience, in case of severe conflicts between the partners, the sale of the company has proven to be the best, and possibly only, way to move the company back on track.

Let me stress that partnerships don't necessarily develop that way. For example, even six years after they founded their company, one of our clients and the active shareholders meet each Sunday afternoon to talk about business and life in general while having a few beers together.

Frank Berger, regional director, Corum Group, 10500 NE Eighth St., Bellevue, Wash. 98004; 425/455-8281. E-mail: frankb@corumgroup.com.

Company/Description	Acquired by	Price/Terms	Revenues	Multiple
3Com (COMS) • Voice and data networking	Bain Capital Partners	\$2,200,000,000 Terms: Cash	\$1,127,000,000	1.95
Navteq Corporation (NVT) • Navigation technologies	Nokia (NOK)	\$8,100,000,000 Terms: Cash and debt	\$685,600,000	11.81
Business Objects (BOBJ) • Business intelligence	SAP (SAP)	\$6,800,000,000 Terms: Cash	\$1,380,000,000	4.93
Traiana • Post trade processing	ICAP	\$247,000,000 Terms: Cash and stock	\$15,000,000	16.47

CORUM
MERGERS & ACQUISITIONS

Search Engine Keyword Purchase (e.g. AdWords)	Totals	%
Effective	43	37.7%
Somewhat effective	38	33.3%
Somewhat ineffective	24	21.1%
Ineffective	11	9.7%

Clear winners in the marketing program sweepstakes were E-mail, web-based collaterals, tradeshow, PR (a bit of a surprise, considering all the scorn traditionally launched at PR), webinars, search engine placement, and search engine keyword placement. Clear losers included videos (a surprise), business blogging (a surprise to people who don't read Softletter), print advertising, and direct mail. It's also important to keep the wording of the question in mind: this survey asked about **new** leads. Web forums and communities, for example, might be more effective in the context of nurturing **existing** accounts. It's also important to remember that marketing campaigns can be tremendously affected by the industry segment in which you compete. Despite the decades-old scorn poured on admittedly expensive print advertising, we know of several firms for which print is vital to their sales efforts; these firms tend to rely on telesales forces and sell products in the \$2.5k to \$10k range, on average.

APPLE CO-FOUNDER STEVE WOZNIAK ON THE FIRM'S

IPHONE STRATEGY: "From a business point of view, Apple owns what they have done. They have a right to lock [the iPhone]. But I am really for the unlockers, the rebels trying to make it free. I'd really like it to be open to new applications. I'd like to install some nice games. Why in the world can I not install a ringtone that I've made? How would that hurt AT&T's network? Here is Steve Jobs sending letters to the record companies saying [they] should provide music that's unprotected, but here he is taking the opposite approach with the iPhone." (Quoted on <http://laptopmag.com/Features/The-Way-it-Woz-Steve-Wozniak-on-All-Things-Apple.htm?page=1>, 10/26/2007)

BLOGGER JAY GARMON ON GOOGLE'S INFLUENCE ON WEB

DESIGN: "The dirty secret of almost every Web page on the planet is that their own front door or mainpage is useless, because Google has become the universal mainpage for every Web site, which then deeplinks to the individual pieces of content that the user wants to consume. Thus, Web design has become almost entirely about getting your stuff effectively indexed by Google, so you show up on your new, involuntary home page—a Google search result. Google, in a very real sense, is holding Web design hostage." (Quoted on <http://blogs.techrepublic.com.com/geekend/?p=978&tag=nl.e101>, 10/29/2007)

MOTOROLA VICE PRESIDENT ON THE GROWTH OF

"BORGWEAR" (WEARABLE COMPUTERS): "In the 1990s you saw people deploying wearables in order to get a competitive advantage, but now you need them to be competitive at all. For us, it's mostly a replacement market, but the market is still not saturated, as we see ongoing adoptions in the Far East and as in-aisle devices in retail stores." (Quoted on in *Computeworld*, 10/29/2007)

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