



Hands-on sales

The Internet is turning sales of virtually every product inside out.

An interview with Mike Grandinetti, a leading sales expert, on how Web 2.0 is affecting customer contacts, peer groups and the traditional sales process.

What is the biggest change that you are observing in sales today?

The most fundamental shift is being driven by a very different dynamic between buyer and seller. As a result, business models must be, and are, changing. The economics of sales and marketing in a digital world where the marginal cost of distribution is zero, is also creating significant changes in product architecture and design.

What does this mean specifically?

In the past, account executives, whether through traditional direct or indirect distribution channels, were almost entirely responsible for qualifying leads and filling the top of their own funnel with prospects. Cold calling was a difficult but necessary requirement. Today, traditional sales channels no longer control the end-to-end “selling” process. Customers are being deeply influenced by other fac-



Web forums are new “off payroll sales force”: Mike Grandinetti, sales expert.

tors, such as third party opinion in internet forums for instance. I call these factors the “off payroll” sales force. If its influence is positive, customers are pre-qualifying themselves and are proactively entering the top of the funnel under their own power. Think of this off payroll sales group as an entirely new sales channel, one that does not require commissions and spiffs and other traditional financial incentives to motivate them, but instead a very thoughtful and open dialogue about issues that matter most to them.

Why is this?

As the web has become a more integral part of our business lives, customers are far more comfortable in proactively looking for solutions to their most critical problems online. There has been a rapid evolution of high value-added, objective information available – from free industry analyst reports and in-depth market research to up-to-the-minute industry-specific blogs to postings in well-defined online communities and professional networks such as LinkedIn. By the time customers get to a company’s website, they have en-

countered a wide range of peer-based opinions as well as product or service rankings and have already developed a well-formed judgment about the company, its reputation, and its products.

What role does a company’s website play in this?

Users arrive at a company’s website willing to register for a webcast or podcast, to view a narrated online demo or presentation, to download a free trial of the software, or to participate in a discussion group. Potential customers are no longer “being sold to;” instead they are deeply engaged in the “buying process.” A company’s website is therefore decisive. If it’s done well, customers register for more information. With their contact details the company can then launch traditional “outbound marketing” methods such as email campaigns.

How does this new customer behavior influence the relations between sales and marketing?

The traditional lines between sales and marketing are blurring. While marketing owns the

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“numbers” and pricing, sales is responsible for closing the transaction with the most qualified buyers. Sales is less about “hunting” and more about delivering appropriate, credible information at key points in the “buying process.” This means that a higher portion of the sales force is headquarter-based and spends most of their time in phone-based dialogue with prospects, moving them through the funnel.

How does that change marketing?

Marketing allocates fewer resources to big trade shows and physical events. Far more are devoted to constantly updating the company’s website. This is now the focal point for all selling activity in today’s self-service world. Search engine optimization, Google keywords, vibrant communities, online video, archived webinars, free downloads, you name it. If you can digitize it, it’s likely to be posted in a logical place on the site.

That sounds like a cost-efficient model.

Today, brands are no longer about messages, they are about conversation. More and more of this is happening through social media sites. By understanding where their users congregate online and meeting them there on their own terms, companies can very rapidly build high levels of awareness and credibility with very targeted audiences. It requires a lot less brick and mortar sales offices, a lot less hotel and bar bills, and a whole lot less jet fuel.

Can you name some examples of the use of social media in companies?

Dell is generating millions of dollars of incremental revenue by posting a daily special on

Twitter. They have formed a significant “Reputation Management” team to monitor on-line postings about their company and their products, as has Southwest Airlines and many others.

Another example is BMW: With its relatively new 1 Series coupé the company is targeting a younger demographic. Not surprisingly, it has embraced Facebook, allowing people to send personally designed virtual cars to their friends so that they can take the car on a virtual road trip.

Harley-Davidson also has corporate profiles on Facebook (175,000 fans) and MySpace to solicit customer feedback. Furthermore the company uses YouTube to show videos of its motorcycles.

MyStarbucks.com uses a Salesforce.com service that lets customers pitch new ideas as well as vote on others, helping the company to prioritize new product development. They have generated 70,000 ideas, resulting in twenty five new product initiatives. ●

5 TIPS FOR SALES

1. Search engine optimization (SEO)

Only sites that are listed on a search engine’s first pages are noticed. SEO is an obligation, not a choice.

2. Search engine marketing

Measures to attract visitors to a company’s website. The costs depend on the clicks generated, which makes this approach extremely efficient if done in sophisticated way.

3. Email marketing

Works best for cross-selling and up-selling, not for acquiring new customers.

4. Google analytics

The de facto standard for website measurement should be considered when optimizing a company’s website.

5. Cost-of-customer acquisition

All costs in the sales process have to be compared to the lifetime value of the customer in order to measure success in marketing and sales.

