Chapter 6

Winning More Business From Existing Customers

The Emotional Triggers That Captured Senior Management Attention

> Sometimes the situation is only a problem because it is looked at in a certain way. Looked at in another way, the right course of action may be so obvious that the problem no longer exists.
>
> —Edward de Bono

Every so often, a company gets really lucky, because the demand for their product or service is driven by external forces. This is the story about such a business. They were literally sitting on a gold mine and didn't realize it. Emotional-trigger research exposed key insights that enabled this company to capitalize on untapped opportunities and elevate their level of client contact to senior decision makers. By repositioning their service as the answer to new government regulations, chief financial officers embraced them as the answer to their problem and awarded them more business.

Lesson #3

> One company's problem is another company's opportunity.

A New Business Model

As this story begins, online auction sites for surplus oil and gas industry equipment were in their infancy. Within five years, one particular site had grown from a start-up operation to a $25 million business, serving the needs of corporations ranging from the four major oil companies to smaller national and regional concerns. They appeared to have unlimited potential. Sales were going in the right direction: up.

Full of entrepreneurial zeal and optimistic about the future, the company president wanted to build his business even faster. But he needed help. He needed to clarify how best to satisfy current customers. He needed a better understanding of how decisions were made within the large corporations he served. And, he especially needed insights regarding how his company was perceived within the industry and how best to position his offering as the value-added alternative. He turned to emotional-trigger research for direction.

Follow the Money

Because this company was specifically focused on discovering unidentified opportunities to grow its business, the decision was made to interview senior executives who controlled the purse strings. Chief financial officers were the logical choice. They were responsible for excess inventory, and the online auction site served as a centralized resource for liquidating surplus equipment. Chief financial officers from a cross-section of companies were interviewed. The objective was to understand how their world was changing, how those changes affected their priorities, and the implication of those new priorities for the president of the online auction site.

So Much Activity, So Little Control

Considering how much money large corporations spent on major equipment, their approach to managing excess inventory was often surprisingly casual. Typically oil and gas companies were structured by project. Each project leader had his own budget and managed his own profit and loss statement. He purchased his own equipment, and, when it was no longer needed, decided what to do with it. Project teams were free to choose one of four solutions: warehouse the equipment, sell it at a live auction, use the online auction site, or sell it at one of several company lots. Frequently, large corporations lacked uniform guidelines or had no centralized system in place to track the surplus equipment they disposed of. As a result, many companies had inadequate inventory control.

Prior to the emotional-trigger research assignment, the online auction site was barely on the CFO's radar screen. Some had a vague awareness of the service, but none had any direct involvement. Lower-level personnel on project teams or company lot managers might have sold limited amounts of equipment on the online site, but it was a hit-or-miss proposition. There were few company-wide coordination efforts.

A Gathering Storm: Sarbanes-Oxley

Then everything changed. Federal legislation was passed that rocked the world of these chief financial officers; the Sarbanes-Oxley Act, also known as the Public Company Accounting Reform and Investor Protection Act of 2002, became law. This law introduced new or enhanced standards for all boards, management, and accounting firms of publicly traded U.S. companies. In particular, there was a provision that required public companies to evaluate and disclose the effectiveness of their internal controls as they related to financial reporting. Both chief executive officers and chief financial officers were required to certify the accuracy of all financial reports issued by their companies. Misrepresentation,

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incomplete documentation, or failure to comply carried the threat of corporate fines and possibly criminal penalties.

With the stroke of a pen, lax inventory controls suddenly became a potential nightmare. If chief financial officers were unable to account for all the surplus equipment that was either sold or warehoused throughout their organization, they couldn't accurately report the total value of corporate assets, and failure to do so would place them in violation of federally mandated financial disclosure laws. What had once been an administrative challenge was now a much more serious matter. Sarbanes-Oxley had their total attention.

Drowning in a Sea of Regulations

Chief financial officers were overwhelmed by the magnitude of the new Sarbanes-Oxley requirements. They knew their jobs were in jeopardy if they couldn't get a handle on the inventory control issue. But where should they start? At many companies, disposal of surplus equipment had been handled on a decentralized basis for many years. Now this sweeping new legislation demanded a complete and rapid overhaul of how inventory was managed and tracked. But large corporations move slowly and that only added to the chief financial officers' anxiety. The pressures they were under personally were at odds with their companies' ability to manage such rapid change. As they started to discuss the variety of methods used to deal with surplus equipment, they began to realize the full scope of the problem they were confronting.

"The pressures they were under personally were at odds with their companies' ability to manage change quickly."

Most companies maintained multiple lots, where they sold a certain amount of equipment. But few had put a comprehensive tracking system in place to account for everything that was sold. These lots were managed by "gatekeepers" who, on occasion, had a different agenda than their employer. A dishonest lot manager might line his pockets by selling equipment on the side. Under the current arrangement there was little oversight. And, without a centralized system to control the process, it was very difficult for a chief financial officer to identify funds skimmed off the top.

Live auctions presented other problems. Logistics were a hassle. Equipment had to be transported to the actual location so potential buyers could inspect it. Complicating matters, equipment might be sold before the auction officially began and companies often didn't know who bought it or what they paid. Every transaction wasn't transparent. The project group that auctioned off the equipment received a recap, but that report was rarely submitted to the chief financial officer.

Chief financial officers were feeling the pressure of Sarbanes-Oxley from every angle. Compliance deadlines were looming. It was all new and unfamiliar. Potential consequences were staggering. It was unlikely their companies would be able to implement change as quickly as the new law dictated.

Connecting the Dots

The president of the online auction site had built his business by establishing relationships with individual project managers and lot "gatekeepers" at various oil and gas companies. His sales team called on these customers regularly, hoping to convince them to use the online site whenever they had surplus equipment to unload. They were trained to sell a service, nothing more.

Lower-level project managers and lot "gatekeepers" were probably unfamiliar with the ramifications of Sarbanes-Oxley. Perhaps they were unaware of the legislation, or maybe they just didn't care. In any event, because it wasn't their priority, it had little bearing on the arrangements they made to sell surplus equipment. The online site's sales team was equally out of the loop. Regardless of whether or not they knew about Sarbanes-Oxley, they hadn't connected the dots and realized the enormous impact it could have on their business.

By focusing on tactical sales transactions with personnel in lower levels within the organization, they had failed to recognize an exciting new opportunity. Emotional-trigger research clarified how the online auction site could win more business from current customers by setting up their company as the potential solution to every chief financial officer's problem. If communicated correctly, chief financial officers would appreciate they had a vested interest in meeting directly with representatives of the online site, rather than delegating the responsibility to more junior employees.

Talk about luck! Chief financial officers had a pressing need to streamline and centralize the disposal of surplus equipment. They also had the authority to make company-wide decisions. The online site stood to be a major beneficiary. But first, they had to reposition their business.

Emotional-trigger research uncovered the extent to which the chief financial officers lived and breathed Sarbanes-Oxley when the legislation first went into law. It consumed their days and kept them awake at night. Finding themselves on unfamiliar turf unleashed strong emotional triggers.

Emotional Trigger	What Emotional Triggers Revealed
Feelings	⊡ They felt vulnerable. If they were unable to get a timely handle on their company's surplus equipment, they could lose their job. ⊡ They felt overwhelmed by the scope of their responsibility. It was their legal obligation to account for and accurately value the company's surplus inventory, but they didn't know how to go about tackling it. ⊡ They felt extremely anxious. They knew their personal time constraints were at odds with their company's inability to manage such rapid change. ⊡ They felt frightened. Failure to comply with Sarbanes-Oxley carried the threat of corporate fines and/or criminal penalties.
Needs	⊡ They needed to have hope. ⊡ They needed a helping hand, a practical way to streamline accountability for their entire surplus inventory.

Repositioning the Online Auction Site as a Turnkey Solution

Operationally, Sarbanes-Oxley created a huge time sensitive problem for chief financial officers. Personally, it fostered feelings of anxiety and vulnerability. The combination of corporate pressure and personal unease made them more open than usual to fresh ideas and new solutions.

Emotional-trigger research offered genuine insights that enabled the online auction site to carve out a unique niche for their business. The decentralized approach to selling excess inventory had serious drawbacks. At the front end, chief financial officers couldn't manage the cost. They had no control over what their equipment sold for. At the back end, they had incomplete records, which hampered their ability to analyze the financial results. Reports were rarely sent to the CFO. Beyond that, even if the accuracy of every transaction could be established, gathering the required information from so many different sources was too extensive of an undertaking.

The oil and gas companies' problem became the online auction site's expansion opportunity. It enabled them to position their business as a transparent turnkey solution. The ease of selling surplus inventory online and tracking the sale from start to finish would hold up under scrutiny, because everything was electronically recorded for all to see. Financial transactions were streamlined in one place. Funds were collected and dispersed centrally. Large corporations no longer had to depend on project managers, company lot "gatekeepers," or managers of live auctions for reports and payments. Because the auction took place in real time, chief financial officers could log onto the site and observe any sales transaction. They no longer had to depend on a third party. The entire process was simplified, and they were assured of receiving legally verifiable documentation.

Targeting the Chief Financial Officer

Once the strategy of repositioning the business was agreed upon, the next step was to elevate the level of customer contact within the oil and gas companies. Rather than calling on project managers or company lot "gatekeepers," the focus shifted to chief financial officers, who were empowered to make corporate decisions regarding what to do with all excess inventory.

The president of the online auction site immediately began preparing his organization to work directly with chief financial officers. He brought in a Sarbanes-Oxley authority to familiarize the entire sales team with the requirements and ramifications of the legislation. Then he retained an expert to train his staff on solution selling. Because his team had previously dealt with lower level employees, many needed to develop more sophisticated, conceptual presentation and sales skills.

Recognizing this strategy depended on elevating the level of customer contact and successfully engaging senior management, the president went beyond training existing staff. He replaced employees not up to the task, upgrading the caliber and expertise of those who would be calling on chief financial officers.

All the sales and marketing materials were overhauled. The new focus emphasized the oil and gas companies' need to comply with Sarbanes-Oxley. Once everything was in place, the sales team began contacting the chief financial officers of companies they were already doing business with. They requested appointments to discuss how the online site provided a turnkey solution to Sarbanes-Oxley.

Chief financial officers made the connection instantly between the way they were currently handling excess inventory and the turnkey transparency the online auction site offered. Their response was one of immediate relief. Sales skyrocketed. Within two years the company doubled their sales.

Summing Up
Winning More Business From Current Customers

Situation

An online auction site for surplus oil and gas industry equipment had gone from a start-up to a $25 million business within five years. Pleased with that achievement but eager to grow even faster, the president turned to emotional-trigger research to discover untapped opportunities. Up to this point oil and gas companies had a decentralized approach to disposing of surplus equipment. As a result, transaction records were often spotty and usually remained with the group that had initiated the sale. Then Sarbanes-Oxley became law and suddenly chief financial officers, who had the responsibility for inventory management, were required, under penalty of corporate fines and criminal charges, to accurately report on the value of all company assets. But many didn't know how to go about changing a decentralized corporate culture as quickly as the law demanded. In order to understand the bigger picture, emotional-trigger research interviews were conducted with senior executives who were charged with managing corporate assets to learn how Sarbanes-Oxley was changing their world and the implications of those changes for the online auction site.

The Customers' Emotional Triggers

These corporate executives felt completely overwhelmed. They didn't know how to account for all their companies' excess inventory, how to verify the accuracy of reports submitted from various sources throughout their organization, or how to streamline a cumbersome manual task and coordinate all the information.

Genuine Insight

Given the vulnerability of these executives, it opened a door for the online auction site to reposition their company from a service business to a transparent Sarbanes-Oxley turnkey solution. By doing so, they could elevate the level of their client contact from lower level employees to senior management and win more business from existing and new accounts.

Solution

The company upgraded and trained their sales team on Sarbanes-Oxley and consultative selling. Sales materials were overhauled to specifically reposition the online auction site as the turnkey solution to the demands of Sarbanes-Oxley. Meetings were held with the CFO of existing customers to explain how their service offered complete transparency, with comprehensive and accurate reports from start to finish. The repositioned offering doubled their sales within two years.