

Profile Selling™ : Sell More, at Higher Margins & at Lower Costs

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Executive Summary

Profile Selling is the name I've affixed to a concept I've lived for years and have now been moved to label and codify for the benefit of clients and readers. In a nutshell, the basic principle of Profile Selling calls for a company, or more likely a CEO or Chief Sales Officer, to analyze the present and historical attributes of their customer base in order to discern which are the most common among their most successful transactions. Once armed with that data, the goal becomes to identify those potential customers who most closely resemble your current success stories.

For purposes of our definition, I would describe "successful transactions" as those where the product or service fit was near-perfect: where your implementation or service teams were particularly successful at delivering to the customer: and where the customers' satisfaction has been "textbook."

The benefits to the seller are obvious and valuable. You've got happy customers who can provide referrals or glowing references; your sales and implementation teams have developed "situational fluency" that will make them more knowledgeable about the idiosyncrasies of a particular industry, allowing them to deliver to subsequent customers in ever-increasingly efficient ways; and you can use that improved efficiency to charge lower prices at the same or higher margins than those competitors who are less "fluent."

Profile Selling Lets You Sell More

As mentioned in the summary, Profile Selling lets you sell more by leveraging the skill and learning that already exists within your organization.

For example, one organization with whom I worked had done several web-based product catalogs and configurators for industrial manufacturers specializing in the movement of fluids. Their staff included engineers with some expertise in this area. They understood the complex calculations required to determine the end-users' needs; they spoke the same "language" as their clients' engineering staff. Our analysis revealed that a particular sweet spot for them was serving companies whose products sold through distributors, make fluid handling equipment and have revenues under \$1 billion.

A search of several good databases and internet services yielded dozens of companies that matched the profile. The company subsequently identified and closed business with several other fluid handling concerns and has developed a nicely defensible niche in that area.

Their experience got the attention of other fluid handling companies who were intrigued with that they had done for their competitors. Their "situational fluency" in that industry meant they knew how to effectively serve them.

As a bonus, they did not have to lower their pricing—their expertise entitled them to a premium.

Profile Selling Costs You Less

We all learn from experience. Every new encounter presents opportunities for us to learn how something “actually” works as opposed to how it is supposed to work. The same is true in serving customers.

Profile Selling costs you less because as you gain more and more experience, your organization gains a more thorough understanding of what pitfalls to expect, which synergies can be exploited and what adjustments will yield the best results.

The benefit to your organization is that pitfalls avoided and synergies gained mean lower costs to serve.

I recall one company I worked with, a designer and builder of factory automation equipment, who identified surgical consumables as a profile to pursue. During their initial forays into that market they learned “the hard way” the unique peculiarities of that industry.

One product line upon which they focused was surgical sutures. During interviews with users they learned that during the process of handling the steel wire that would eventually become a suture, any superficial marks on the steel would cause the product to be rejected—surgeons using microscopes for delicate surgery perceived even cosmetic blemishes to be product defects.

Even though their initial machine designs were to the customers’ specifications, the end product was unacceptable. The problem was solved eventually, but not without many hours of research, testing and “fiddling.” Subsequent projects for other suture manufacturers benefited from the learning and experience taken from this episode.

Now knowing what to expect, the company’s designers factored this need into all future projects. The company’s salesmen even brought it up during negotiations to demonstrate their deep knowledge of the client’s industry.

Profile Selling Solidifies Your Competitive Niche.

Profile Selling will help you build a stronger competitive position within the industries you choose to profile. As discussed earlier in this paper, as you leverage your competence and “situational fluency” in serving like-organizations, you will naturally develop a positive reputation for serving their needs well. This portfolio of success will create an entry-barrier for competitive firms seeking to enter your spaces.

One company I advise sells shipping and handling supplies. Packaging supplies run the gamut from bags and cartons to glue, staples, stretch wrap to sterile packaging for medical supplies. These products are considered to be commodities and there are many sellers in the market. This client served many different industries.

An analysis of their ideal profile customers revealed a series of successful interactions with apple growers. Selling shipping and storage containers to apple growers required an understanding of the nuances of agriculture and food handling regulations. Tom Zotter, President of Allstar Supply leveraged what he learned with other apple growers. “I realized that I had inadvertently become

something of an expert on the shipping and handling of perishable food products,” he said recently, “I applied that experience to other similar customers. It showed them we truly understand their business.”

When competitors come calling on Tom’s customers, they lack his understanding of the customer’s needs and he now enjoys a relationship that is anything but “commodity.”

Profile Selling is Not Marketing

At first glance, Profile Selling might seem like simply a version of market planning and research. After all, marketing departments have been analyzing and determining markets to serve for decades. Profile Selling differs from marketing in one fundamental and “real world” way.

In theory, market analysis is an on-going and evolving process. In reality, marketing is too “macro” an activity to get the benefits of Profile Selling. Marketing is strategy. Profile Selling is tactics.

Getting Started with Profile Selling

The good news about Profile Selling is that almost all the data needed for analysis already exists within your company. There may be some challenges associated with retrieving the data, dependent on the quality and sophistication of your organization’s IT department.

The first step is to define the profiles of your organization’s most successful types of customers. This would include an analysis of financial data to determine “revenue share” of your largest customer and market segments, as well as the average margins. Typically someone from your CFO’s staff is involved.

Profile building is not just a numbers game. Interviews with various levels within your sales, marketing and customer service/implementation groups help with the qualitative side of the equation and is the source of the “reference stories” of the kind that are rarely documented.

The final aspect of the definition process can include interviews with particularly satisfied customers.

Next, after definition of the first round of profiles, the Profile Selling implementation team should rank the profile candidates by estimated Return on Investment. This step will leave you with a target list of industries to investigate.

Armed with your target list, (a simple sort by SIC code and use of one of the internet services, like Hoovers.com, etc.) you now have a list of potential customers whose profiles match those of your most successfully served current customers.

A third step might be called Distribution. All this work is wasted if not acted upon. Once your new targets are identified, it is imperative to roll this out in an organized and methodical manner. I’ve recommended using a web-based tool like Salesforce.com or Salesnet to deploy in a way to allow the entire sales and executive organizations to see into the process at any level.

The final step is to Review and Refine. Profile Selling is not a one-time fix, but an on-going process and approach to serving your selected niches. As your organization learns more you can continually fine tune and enhance its experience and industry knowledge.

Another important point is to be cognizant of the ability to share, collaborate and *capture* the knowledge, not only of your profile customers, but of the process of developing your Profile Selling approach. Global organizations might use Lotus Notes or Microsoft Sharepoint. Alternate Futures, LLC owns a web-based application called www.24x7worldwide.com for this purpose. It's more cost effective for smaller workgroups and costs less to deploy.

Summary

To conclude, Profile Selling is a novel approach to breaking through the marketing “noise” of today’s environment; to building and strengthening your niche, to lowering your costs to serve and to leverage your experiences and knowledge of serving your best customers. You don’t have to do it this way, but you’ll be at a competitive disadvantage if you do not.

About the author:

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