

Want to Fuel Growth? Factor for FUD.

By Lisa Hicks and Edward Payne

Growing topline revenue is one of the most pressing issues organizations face. There are a variety of methods for doing so: adding new products, acquiring new channels, and expanding into new markets are all common themes. But there is one method that few, if any, organizations target. Most are not even aware it represents such a sizeable opportunity.

That method is assessing – and overcoming -- the impact of buyers' Fear, Uncertainty and Doubt (FUD) on an organization's ability to grow. What we're discussing here is how significant FUD is, and why senior corporate strategists should tap this growth opportunity.

How Large is the Opportunity?

Our research shows that in most large, complex sales, anywhere from 30 to 70% of sales losses are attributable to FUD resulting from anxieties over COC (Cost of Change). Many organizational leaders know that FUD exists, but they consider it a sales concern, not a double-digit revenue growth opportunity to be tapped as part of a corporate-wide strategy.

In addition to resulting in a major area of lost opportunity in complex sales, our research indicates that buyers will typically pay up to 20% more *if* their FUD is overcome – resulting in not just revenue growth but also higher profit margins. Retention is similarly impacted, with buyers indicating that once FUD is overcome, they are unlikely to change providers, not even for the promise of a lower price, unless important needs cannot be met.

FUD affects virtually every industry, but its greatest impact is in industries where technology plays a leading role in service delivery. FUD can be controlled for, is within reach, and when overcome, can be a sustainable source of new revenue growth.

Why is This a Unique Opportunity?

We believe the magnitude of FUD has increased significantly over the years because of how technology is used to serve customer needs. Before the days of high technology, we dealt with people who helped solve our problems. Then when technology became increasingly prevalent, it added to productivity, created new ways to serve customers, and enabled buyers to access available new features and learn about competing vendor capabilities more fully, from the comfort of their own homes or offices.

But, today, an increasing number of sellers have worked to reduce costs by automating their interactions with their buyers, replacing personal service with voicemail options and volumes of written instructions. While for some buyers this may be a better approach, in more cases than not, buyers have become frustrated, and it is touching every aspect of their lives. Frustrations with one vendor can be amplified

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because of similar frustrations with others. Tolerance for a lack of personal service and interest in partnering to achieve customer goals is waning, and we see this trend growing rapidly.

Take the example of the technology provider whose product is used to run a manufacturing facility. There may be several competing providers in the market. So, how does this manufacturer establish a unique value proposition that cannot be commoditized? We often see this challenge faced in mature markets. Many executives will immediately look to create broader technology, expand into new geographies, step-up marketing, and/or work to provide greater added value. We are recommending that company leaders look at this challenge another way.

Understanding Buyers' Fears and Goals

Begin with understanding your buyers' fears relative to making a purchase of your product or service type. Next, work to understand, in the big picture, why buyers purchase your type of product. Not around features and functionality, price, or other tangible considerations, but rather, what outcomes are they targeting because of the purchase, such as ease of use, better efficiencies, delivering better customer service, achieving better customer outcomes, making better financial decisions, etc.? The goal of this process is to begin to create a buyer experience that overcomes fears concerning making the right choice, better than your competitors can accomplish.

Identifying Buyer Types

The next step is to look at the group of buyers you have studied and analyze their fears and goals. You will notice those with similar fears make up certain groups of "like buyers". We call these "Buyer Types." So, if certain groups of buyers tend to have common fears and similar desired outcomes, you can label them as a specific type and begin to communicate with each type regarding their goals and fears, without them ever sharing their perspectives. If you know their buyer type, you will be far more successful at interacting with them in a more meaningful way for you both.

Further, the sooner they begin to feel more comfortable with your organization, the more willing they are to open up to help you understand them, thereby further enabling your sales team to bring home the sale.

Why Proof is the Holy Grail

With these understandings, beginning with your organization's culture, and at every touchpoint with your buyer, your goal will be to create elements of proof that show your company will be the best at helping them to accomplish their desired outcomes.

You might be surprised to learn how many executives know they have not convinced buyers, but they just do not know how because buyers are not always forthcoming regarding their goals. In fact, many even lie to sellers. Buyers have become fearful and distrusting. The more complex the purchase, the harder it

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becomes to determine if the purchase will fit their needs, and this is for both the seller and the buyer. It is somewhat of a poker game where the buyer never wants to show all their cards.

From the top down, and across every area of your organization, your goal is to tell, show and prove to your buyers that you have deep experience in working with people and organizations just like them, you understand their needs, and especially their fears, and you will be there every step of the way to help ensure their success, as you have proven with many of your current customers.

What you do not want to have occur, which we see much of the time in an exceptionally sizable percentage of lost sales, is to present your broad range of features and functionalities and hope the buyer can connect the dots. They can't, and the risk is too great for them to take the leap. **They need proof and they want to find that proof themselves, and in their way.** And this needs to begin long before they interact with a sales representative and shouldn't be left simply up to your web site and marketing collateral to articulate.

So, if **buyers need proof and they want to find it their way, your mission is to show it to them in the places they go looking.** Since you know what they need, and you know where they look for it, position the proof so they can find it. **Make it easy for them to connect the dots by giving them the dots.**

At Valeo, we see the impact of FUD on B2B businesses most pronounced, and especially when the ability to ascertain a fit to needs is complex. In these types of purchases, the buyer believes they have a great deal to lose if they make a poor choice – potentially even their jobs, and so they need proof that they are making the right choice. It can become even more pronounced if the buyer is less sophisticated, has little experience purchasing that type of product, or is in startup mode. For all buyers, the purchase becomes a leap of faith where they seek to minimize risk.

Proving to a customer that buying from your organization is the smart move is not just an intellectual or factual process – it is an emotional and psychological one. And the proof needs to be evident at every point of interaction, beginning with how they discover your brand and what their first impression is. Proof leads to trust and trust creates a relationship. And that relationship is what the customer is buying.

Organizations that recognize this distinction, we believe, are the ones that will experience the strongest growth going forward, while others will see declining revenues. Organizations that focus on reducing and eliminating FUD at every juncture of their customer interactions will foster buyer trust incrementally. They will reduce the hurdle that their salespeople will need to overcome at the point of sale. Additionally, the organization-wide, strategic effort to reduce FUD strengthens brand reputation, increases retention, and makes it a difficult for competitors to counter.

The goal is not just to reduce FUD but to amplify growth by embedding the culture of facilitating the achievement of customer goals vs. making the best product/service.

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How to Uncover Buyer Type Goals & FUD

At Valeo, we use a combination of Win/Loss Analysis and blinded primary research to develop buyer perspectives and an understanding of competitor strengths and weaknesses. This intelligence helps us to build a clear view into the various buyer types, their fears, and goals.

We then, again, apply Win/Loss Analysis to inspect how well the plan is being implemented. It will become evident from the analysis where weaknesses lie. The client is then armed with the insights they need to adjust.

The foregoing gives you a guide as to the types of proof you need to develop, where to place that proof and at what point in the buyer's stage of buying. It can also be used by sales leadership to work with reps to build individual buyer strategies based on buyer type. Sales leadership can help guide reps through the approach and hold them accountable for assembling and presenting the final stages of proof for the buyer.

Executives & Strategists Have Their Own FUD to Overcome

To overcome FUD, corporate leaders must develop a comprehensive strategy that embeds an organization-wide identity that equates to successful outcomes for buyers. Corporate strategy should embrace this concept and apply the required investigation, time, and resources necessary to apply it across the entire organization. This requires an uncomfortable shift in thinking that starts with the C-Suite and filters throughout the entire organization.

There is a shift in how business is going to be done in the future, and that is in the very near future. The necessity to change is here, now. Our studies tell us it is critical to face up to the fact that for many executives taking action can be scary. We have seen this within some of the largest organizations in the world, and at senior levels. It is safer to use old strategies that were proven to be successful.

But being unwilling to look at serving buyers and other stakeholders differently is a sure-fire way to limit growth. Even our most senior business leaders will soon need to be willing to get uncomfortable to outmaneuver competitors.

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About Valeo Strategy Group

"Valeo" Comes from the Latin "to Win." At Valeo, our mission is to help our clients outmaneuver and outperform their competitors. For over a decade, many of the Global 2000 have turned to Valeo for critical insights that drive breakthrough strategies and increased market share.

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Top-level executives utilize our resources to bring difficult-to-obtain insights about their competitors, potential customers, channel partners and global markets to fortify their decision-making. We help to guide successful revenue growth.

Lisa Hicks, Managing Partner & Chief Strategy Officer, Valeo Strategy Group

Ms. Hicks has 25+ years of experience working with the Global 2000 providing revenue growth support to some of the world's largest organizations. She has experience working with leading brands in Healthcare, Insurance, Banking, Manufacturing, Consumer Packaged Goods, Information Technology, and others. Ms. Hicks is a published author and active lecturer. She is a member of the board of directors of the Strategic & Competitive Intelligence Professionals (SCIP.org) association. Ms. Hicks holds a Bachelor of Arts degree in Finance from the University of South Florida.

Edward Payne, Managing Partner & Chief Research Officer, Valeo Strategy Group

Mr. Payne is a Competitive and Market Intelligence expert with more than 20 years of experience. His global background and deep industry experience bring a depth of research and analysis to Valeo's engagements. He is skilled in human intelligence collection, research design, and analysis. Mr. Payne specializes in primary sourcing, exhibit/event collection, strategic positioning, and sales strategy. Mr. Payne graduated with a Bachelor of Arts degree from Denison University.

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