Winning the B2B Commerce Game: What Leading Sales Organizations Do Differently to Rise Above the Competition

*Transcript of a Briefings Direct podcast on how the focus of sales is changing from product to person thanks to technology.*

**Dana Gardner:** Hello, and welcome to a special BriefingsDirect Podcast series, coming to you from the 2015 Ariba LIVE Conference in Las Vegas.

We're here in the week of April 6 to explore the future of business commerce. We'll learn how innovative companies are tapping into business networks to harness the power of communities, to discover, connect and collaborate with peers and partners across the street or around the world.

Not only are these leaders better managing their spend in buyer/seller interactions, they're also gleaning insights and intelligence to learn from the past, capitalize on the present, and chart an effective course for the future, all in real-time from a single platform.

I'm Dana Gardner, Principal Analyst at Interarbor Solutions, your host throughout this series of Ariba-sponsored BriefingsDirect discussions.

Our next thought leadership panel discussion focuses on what winning sales organizations do to separate themselves from the competition and create market advantage.

We'll hear from RAIN Group about a recent study on sales that uncovers what sales leaders do differently to foster loyalty and gain repeat business.

And we'll also hear from National Business Furniture on how they're leveraging business networks to enable more collaborative and innovative processes that enhance their relationships, improve customer satisfaction, and boost sales.

So with that, please join me now in welcoming our guests. We're here with Mike Schultz, President of RAIN Group, based in Framingham, Massachusetts. Welcome, Mike.

**Mike Schultz:** Thanks for having me Dana. It’s good to be here.

**Gardner:** We're also here with Brady Seiberlich. He is IT e-Procurement and Development Manager at National Business Furniture based in Milwaukee. Welcome, Brady.
Brady Seiberlich: Thanks, Dana. This should be fun.

**Competitive pressures**

Gardner: Let's start. Mike, tell me about competitive pressures. What's happening in companies now? What's changing the sales dynamic? Why should we be aware of that and what can we do about it?

Schultz: It's really interesting. In the world of sales, if you fell asleep in 1982, having just read a sales book, and woke up 30-something years later and in 2005 went back to work, you didn't miss anything. It didn't really change that much.

But there are a couple of things that have been happening in the last 10 years or so that have been making sales a lot different. It has changed more in the last 10 years than it did in the previous 40. So let's look at two of the things.

The first one is that buyers perceive the offerings that different companies bring to them to be somewhat similar, somewhat interchangeable. What that means is that the sellers are no longer competing on saying, "Hey, here is the product, here is the service, and here's the benefit it’s going to get you," because the other guy has something that the buyer perceives to be kind of the same.

What they're actually competing on now is how to use and how to apply those services and products so the company actually gets the greatest benefit from them. That’s not actually the power of the offering; that is the power of the ideas, the innovation, and the collaboration that the sellers are bringing to the table. So there's one thing.

The other thing is the asymmetry of information has been changing. It used to be very asymmetrical, because the buyer had all the need and all the desire, but the seller had all the knowledge. Now, buyers can hop online and talk to user groups who have bought from you and see what everyone says about your pricing and they can find your competitors really quickly. They can get a lot more information.

So it's been leveling the playing field, which brings us back to point number one. If the sellers want to compete, they have to be smarter than the average bear, smarter than they used to be, They used to be able to just take orders; they can't do that anymore and still win.

Gardner: Brady, does that strike you as similar to what you're facing? What do you do differently about this new dynamic in the last 10 years than the previous 40?
Seiberlich: I definitely agree with Mike there. In the last couple of years, buyers are getting smarter. They're trying to challenge us more. With the Internet, they have the ability to easily price compare, shop products, look at product reviews. They're so much more knowledgeable now.

Another thing that we found with our buyers is that they want the ordering process to be as easy as possible, whether it's through the Internet or an e-procurement system. You have to work a lot harder to make sure the buyer finds you as the easiest way to order.

We've really had to work hard at that and we've had to be able to adjust, because every buyer has needs and they all have different needs. We want to make sure we can cover as many different needs without doing a whole customization for everybody.

The experience is important

Gardner: It sounds as if the experience of buying and procuring is as important as what you're buying. Is that what we are getting at?

Schultz: That’s actually what we found from our research project that you mentioned. I said that sales has changed in the last 10 years more than it's changed in the last 40. My industry is very sleepy. Most people do the same thing in terms of what they profess to be what's important, to a whole bunch of people saying a whole bunch of different things. It goes all the way up to the Harvard Business Review saying that solution sales is at its end.

They published an article, ‘The End of Solution Sales,’ and they published an article, ‘Selling Is Not About Relationships.’ So is this true? What's actually going on?

We did the study where we studied 700 business-to-business (B2) purchases from buyers who represented $3.1 billion of purchasing power. We wanted to find out what was the buyer's experience like from the seller they awarded the business to, to the seller that came in almost there, but came in second place. When you sell, person in first place gets the trip to Aruba, and the second place person gets the trip back to their office.

What we found first of all, is that the sellers that win don’t just sell differently; they sell radically differently than the sellers that even come in the closest second place.

The product and service playing field was perceived to be that the buyer is similar, especially by the time they get to the last two. Maybe they kicked out some lesser providers early, and when they get down to the end, both providers provide the technology, they can both engineer the playing field that we're building, and they can both do the thing that we need them to do.

It actually came down to the buyer experience with the seller and how the seller treated the buyer. What they did with the buyer were the tipping points for why they got awarded the business.
**Gardner:** Brady, what has changed in terms of your creating a better experience, a simple, direct, maybe even informative process for your customers? How do you accommodate what we have been talking about in terms of improved experience?

*Flexible as possible*

**Seiberlich:** We try to be as flexible as possible and we try to provide them with as much information as possible.

Information is huge for us. Back in the days when we first started, we mailed catalogs. For each piece of our furniture that we sell, you probably saw in the catalog seven pieces of information: how big it was, how much it weighed, what colors it came in.

Right now, for every piece of furniture we have, we hold over a 100 pieces of information on it and we display a lot of that on the web. It's an ergonomic chair, it’s leather, it raises up and down, it comes with or without arm, things like that. We try to provide as much information, because the shopper works harder.

In the days of a catalog, where you had a catalog at your desk and you opened it up, there was no competition there. On the web, there's plenty of competition and everybody is trying to compete for that same dollar.

We want to make the customer as informed as possible. The customer doesn’t want to necessarily have to call us and say, "Is this brown; how dark is this brown?" We want to give them as much information as possible and inform them, because they want to make the decision themselves and be done with it. We're trying to get better at that.

**Gardner:** I believe you are in your 40th year now at National Business Furniture. Tell us a little about your company: your scale, where you do business, and what it is precisely that you are selling?

**Seiberlich:** That is correct. This year we are celebrating our 40th anniversary, which is pretty exciting for us. We sell in the US and in Canada. We opened our office in Canada a couple of years ago.

The main reason we mainly sell in the US market is because of what we sell. We sell office furniture: desks, chairs, and bookcases. That stuff is too heavy to ship overseas, and we can't compete with some of the vendors that are over there already selling. So we sell here in the US mostly. The majority of our business obviously comes from there.

We started as 100 percent catalog. In the early '90s we made a website that was just for browsing purposes. You couldn't shop off of it. In the late 1990s we added the ability to buy off of it, and right now we're up to about a 50/50 split in what comes through the catalog and what comes
through via e-commerce. And in e-commerce, we include the Internet, the e-procurement system, and stuff like that.

So we've proven that we're still adjusting with it, but the weird thing is that some of our product lines haven't changed that much. Traditional furniture is still traditional furniture. We are selling some very similar products, just 40 years later.

**Different approach**

_Gardner:_ Given this change in the environment with the emphasis on experience and data, making good choices with a lot of different possible choices, if you're a buyer, what are you doing differently in order to keep your business healthy?

Is this a matter of having more strategic long-term predictable sales? Do you go about marketing in a different way? Have you changed the actual selling process in some fashion? How are you adjusting?

_Seiberlich:_ Probably all of the above, unfortunately -- or fortunately I guess. We're always looking for new markets to sell. We've just started to move into medical furniture and we're doing some new things there.

The government has different rules in buying. So we're trying to make sure that we can adhere to those and make sure that's an open market for us. And we continue to just try and find better ways to do things. That's what separates us from our competitors.

Everyone who sells office furniture is all selling similar products, around the same price. So we have to do something to differentiate ourselves, and we do that. We try to make the process easy, we try to provide the customer with as much information as possible, and we just want to make it a smooth process.

The days of establishing a relationship and just hoping that will carry you for years, like Mike said, have kind of come and gone. So we've got to work harder to keep our existing customers. We're doing that and also trying to find ways to find new customers too.

_Gardner:_ We are here at Ariba LIVE. We're hearing a lot about business networks, end-to-end processes, using different partners and different suppliers to create a solution within that end-to-end process. What is it about business networks that helps you attain your goals of a smoother data-driven process for sales?

_Seiberlich:_ When you can prove that you can collaborate over these networks, you have a success that you can show to other buyers. "You can say, "We've proven we can do this." It shows that you have established yourselves in these different markets.
I'm sure everybody knows that nobody wants to be the guinea pig and try something new with somebody else. But we've proven that we can work on these different markets and different networks and continue to try to find ways to make it easier. That’s what we're really pushing.

**Unpacking the term**

**Schultz:** Dana, I wanted to add one quick thing on that. "Network" is one of those interesting words that you can unpack. You can unpack it in the technology sense that things are networked, but there's also the concept of a network that says that on the other side of this technology, there are people.

As a seller what it does, when what you do here isn’t just what you do there, it starts to go out through technology to other people and it amplifies whatever you do.

So, if you're doing a pretty bad job, people are going to hear that it’s a pretty bad job a lot faster than they used to. But if you are doing something interesting, if you are doing something worthwhile, if you are doing something like Brady is talking about, saying, "Wow, this process really used to be a pain and now it's a lot better because of the technology," that will get through to more people.

If you're doing the things that I talked about earlier, if you're selling in ways that help buyers get the most use out of what they you're selling, get the most benefit out of what you're selling, it’s no longer just words in a catalog saying, "This is how you're going to benefit." In some ways, you're going to benefit from working with us to get it, not just from the thing itself. The technology amplifies the good sellers, and they end up selling a lot more because it spreads faster.

**Gardner:** I suppose another part of the technology impact is convenience. When you're already in an environment, an application, a cloud, a network, maybe even a mobile interface, and the seller is in that same environment, if you are a buyer, that has some positive implications. Things can be integrated. Things can be repeatable. The data can be collected, shared, and analyzed.

Tell me a little bit, if you would, Brady about being in a shared environment technically that also provides grease to the sales gear?

**Seiberlich:** It definitely does. We have some customers that we transact with here on Ariba, and in the the first one, two, or three transactions, we had to work through some difficulties, but by transaction 10, 15, or 20, it’s just smooth and it goes right through. And that's what we're trying to push with other customers that buy from us and we are trying to get them moved over to the network.

We have a proven track record here. We are the highest rated furniture provider here. We are gold from the Ariba standpoint. So we're trying to push customers to continue to buy from us off of
these networks, because we've proven how simple it can be and we want to continue to do that. We want to make the ordering process as simple as possible.

**Transaction algorithm**

**Gardner:** Mike, maybe looking a bit forward, if all things become equal in terms of the product and the information that's available, if we take that to its fullest extent, it really becomes a transactional efficiency, even down to compressing the payment, schedule, and negotiating vis-à-vis actual transactions on a larger and larger scale. Where do we end up? Do sales go well together and it simply becomes a transaction algorithm?

**Schultz:** There were predictions about 10 years ago with e-commerce when the information symmetry really started to happen, when it shifted towards buyers. They started to know more that there were going to be fewer salespeople in the US, because of government data, the US economy.

US government data said that 1 out of 9 people working in the United States were in sales; that was in 2000. If you fast forward to now, the massive change has been that there are about 1 in 9 people working in sales. So it hasn’t changed; it’s just that they’re not order takers anymore.

The other thing is, is that while things look the same, they still aren't always necessarily the same.

If you think about it, all this becomes price pressure. If this goes directly to microeconomics, and we are just buying pork bellies, it has to be the exact same price because the elasticity works that way. Any shift is going to make it go to a different provider. That’s really not the case, because we're not all buying pork bellies.

I don’t know about you, but I don’t think that Brady is looking really well. Maybe he needs some heart surgery. I have a really cheap surgeon. Would you like to go see him? He's board-certified, and he is a really cheap heart surgeon? It’s like, oh jeez.

There is a lot of decision process and a lot of mental things built up about what cheap-versus-expensive means, especially because if you are not talking about pork bellies, it's not necessarily the same.

So the new challenge for buyers is to figure out what are the differences. This law firm says they have the same capabilities at that law firm, but in fact, one law firm is better. The question is how. It’s contingent on buyers and sellers to figure that out together.

That’s why for law firms, consulting firms, accounting firms, I can't sink my teeth into them, bite them, and tell you which one is thicker or stronger, or which is going to have a 20-year guarantee versus a 10-year guarantee on the chair. I'm just trying to figure out who is actually better, who can serve me better, and who is the right fit. So it's not all commodities.
One other challenge, if you think about it from the buying side, is that it's not a big secret that heading into the purchasing department is not necessarily the absolute positive I am dying to do a career path for the top MBAs that are coming out of the top schools.

**Complicated purchases**

There are some great people in purchasing, but a lot of the times, when we're talking to sellers, we're talking to sellers that are doing $5 and $10 million on very complicated things with buyers, and the purchasing person they're working with doesn't actually understand the business context of what they're trying to get done. So they're asking, "How do I actually get to interact with them when the rules are they don't let me talk to them?" This is $7 million. They're buying this like they're buying roofing shingles.

It's going to require much more sophistication from the buyers to figure out what they really need and what are really the quality levels as it is on the sellers to make sure that they bring forth the right ideas, craft the right solutions, and treat the buyers well.

**Gardner:** So clearly we've hit on that reputation being in an open visible network where information can be traded. That gets to that reputation, trust, and a track record. But it also sounds like we're talking about some sort of value add to the buy.

If other things are equal but the experience of buying, if making a decision in a complex environment is the case, something else is needed, perhaps consulting, data, or analysis. So, Brady, what is potentially a value add in your business to increase your likelihood of making the sale and then keeping that relationship with the buyer?

**Seiberlich:** We have a couple of things, but one of our most important things is that we've been around for 40 years. If you call either inside sales or a customer service, you're going to get somebody, on average, with over 10-plus years of furniture experience with us, and that's a big thing. They understand our products. Our vendors come into our office weekly and explain our products. Our salespeople know the products and they can really help you find a solution that fits you.

And that’s one of our biggest selling points -- our people. That’s an important thing for us. They have the knowledge that they need and they're not just order takers. They're much more. Everybody on our side who answers the phone are furniture experts. That’s what they do.

**Gardner:** Do you find that those salespeople with that track record, with that depth of knowledge, are taking advantage of things like the Ariba Network to get more data, more analysis to help them? Have they made that leap yet to being data driven, rather than just experience driven?

**Seiberlich:** They're working on it. We're getting better and we're consistently improving.
I agree with Mike’s point, one of the hardest things is making sure that we align ourselves with our buyers’ needs, figuring out what’s important to them and then making sure we are addressing those situations. That’s a challenge, and when you figure it out today, it changes tomorrow. That makes it even more challenging.

Gardner: Last word to you, Mike, what advice are you offering people as they think about creating a more attuned sales, for sales function in this new environment?

Buying value add

Schultz: First, I'd like to thank Brady for agreeing with me all the time. I really appreciate it. And congratulations on 40 years.

We're celebrating our 13th year at RAIN Group, and you are all invited to the bar mitzvah. Come on down to Framingham. We'd love to see you.

What advice do we have to sellers in this economy? Yes, product and service are important, but what they're buying is you, and you just mentioned value add. When we surveyed those 700 buyers, we talked to 300 of them afterwards. We wanted to get their sense of the experience.

The kinds of things they told us was along the lines of, I was working to buy this particular thing, and this is going to be important. This isn’t just putting paperclips in a drawer. This is about our ability to innovate, because I'm actually buying innovation training from a leadership consulting firm. Or this is about our ability to expand internationally. So we're going to be buying some kind of software.

So I looked at those two software companies that we were down to and I had a two-hour discussion with the seller. When I told him that I was really worried about the pitfalls of trying to do this and what I didn’t know, he went out and he surveyed 15 of his own clients and gathered a little research report of one to give me insight.

He created his own little focus group to gather information for me, so I could think about what challenges might await me. The other guy didn’t do that.

This guy’s software costs more, but if I have this guy around, if the company treats me, the delivery teams treat me, and he continues to treat me like he is treating me right now, they're actually going to be more supportive of my success in this important initiative.

So, be better, be stronger, don’t just take orders. Think for the important buyers, how can I have them see that working with us, the whole package. It’s not just that the product and service are superior, because they might be close, but the whole thing that we bring to the table is superior value. I know that sounds like a consulting word, but I talked to this guy and he brought my all
of these ideas and he talked to his other clients. I said, can I talk to them? He said, yeah, let me check with a few.

That was worth a lot. I could sign the PO for him, even though it’s a little bit more, because it was important to me to go to bat for him. Live that kind of value add yourself as a person and you can win and win consistently.

**Gardner:** Well, great. I'm afraid we will have to leave it there. We've been learning about winning sales organizations and what they're doing to separate themselves from the competition and create market advantage.

So a big thanks to our guests. We've been with Mike Schultz, President of RAIN Group based in Framingham, Massachusetts. Thanks, Mike.

**Schultz:** Thanks for having me, Dana.

**Gardner:** We're also here with Brady Seiberlich, IT e-Procurement and Development Manager at National Business Furniture based in Milwaukee. Thank you, Brady.

**Seiberlich:** Thank you, Dana.

**Gardner:** And thanks to our audience for joining us for this special podcast, coming to you from the 2015 Ariba LIVE Conference in Las Vegas.

I'm Dana Gardner, Principal Analyst at Interarbor Solutions, your host throughout this series of Ariba-sponsored BriefingsDirect discussions. Thanks again for listening, and come back next time.

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