

Introduction

CM Systems'  
Situation

RS USA Called In

C Level  
Fascination

RS USA's  
Recommendations

Final Thoughts

Too often companies become mired in business as usual or trapped by their own internal agendas and fail to truly understand the needs of their customers (both potential and existing). At best this leads to slow - no growth and average profitability, and it can actually threaten a company's survival. From RS USA's experience understanding customer needs and purchase processes is one of the best ways to get a fresh start. However, obtaining the voice of the customer, putting the customer first, or being customer centric is easy to say but harder to do.

The following is a case study of a project that RS USA conducted for a small company (let's call them CM Systems) that sells capital management software to organizations with multiple sites and/or divisions. The results and conclusions of this project illustrate how we helped CM Systems develop a customer centric strategy in order to break out of its business as usual thinking and get back on the track for sales and profit growth.

[Read on »](#)

# CM Systems' Situation

Introduction

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RS USA Called In

C Level Fascination

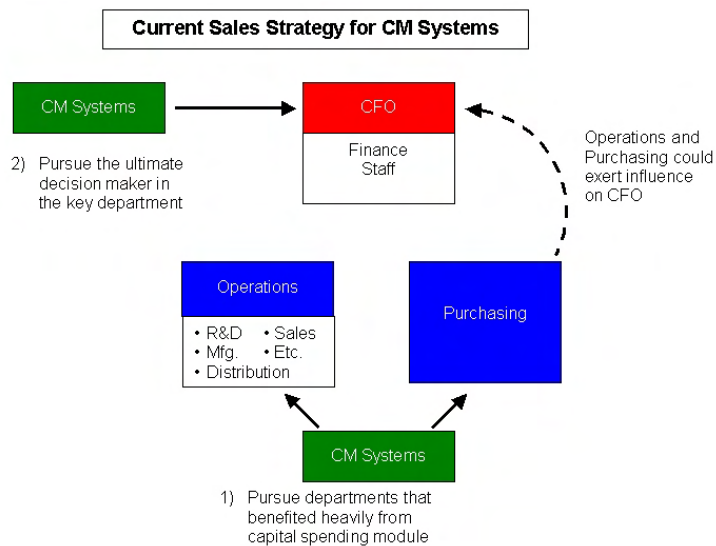
RS USA's Recommendations

Final Thoughts

CM Systems had developed a fairly comprehensive software suite for capital management. This suite consisted of two main modules - one for budgeting capital projects and expenditures and another for managing the actual spending for those projects. The company initially developed the capital spending module, which, management believed, offered many unique features and could deliver significant savings for customers given the magnitude of capital spending and current inefficiencies. And then the company added capital budgeting as a natural complement to the spending module.

Various departments within a customer's organization, Finance, Operations, and Purchasing, were involved in capital management. Finance was the primary driver for capital budgeting, receiving input from Operations and making budget priority and allocation decisions. Once the capital budgets were set, then Operations and Purchasing were involved in spending and managing their budgets, with some oversight from Finance. Despite all of the various departments involved, Finance was the ultimate decision-maker for this type of system.

CM Systems pursued a two-pronged strategy for selling its capital management software:



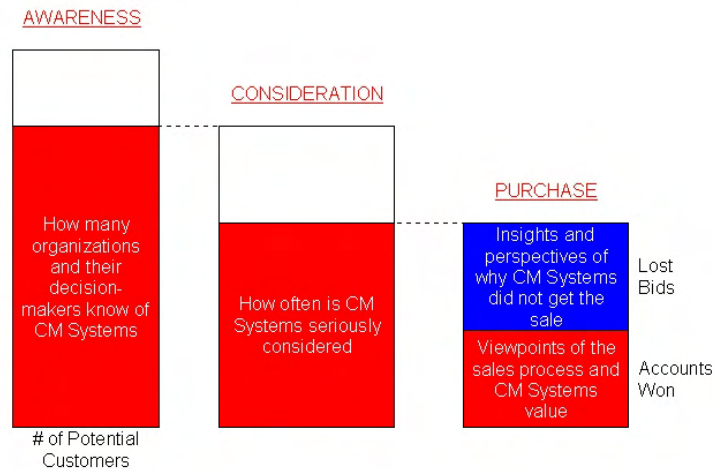
And CM Systems marketing materials, website, and reps presented their software as a full solution and focused almost exclusively on the benefits of the unique capital spending module. Capital budgeting was mentioned only as a footnote. Management believed that this positioning clearly differentiated CM Systems from competition (none of whom offered as comprehensive a software suite) and showed an "attractive" ROI due to the spending savings. Furthermore this enabled the company to pursue bigger sales opportunities for each prospect (i.e., go for a larger share of the IT wallet).

Despite a seemingly strong product offering and hard work by the sales force, CM Systems struggled to reach the "right" people, generate proposals, and close deals. Admittedly the sales process for this kind of system is long, but CM Systems' progress was excruciatingly slow, and it was starting to strain the company's financial resources. Sales reps were frustrated, management was perplexed, and investors were becoming antsy. [Read on »](#)

- Introduction
- CM Systems' Situation
- RS USA Called In
- C Level Fascination
- RS USA's Recommendations
- Final Thoughts

RS USA was called in to understand why progress had been so slow and, more importantly, to make recommendations for how CM Systems could increase sales. To accomplish this we interviewed recent customers and lost bids and applied our Awareness - Consideration - Purchase concept to analyze this information. With this approach we delivered insightful results and specific actions that enabled CM Systems to get the right message to the right people and increase sales.

Richmark's Purchase Process Model



## Budgeting, Budgeting, Budgeting

While CM Systems believed that capital spending was their trump card and where they could really deliver value, the Finance department - the decision-maker - was primarily interested in capital budgeting. In fact, in many companies the Finance department used Excel spreadsheets for capital budgeting, but they desperately needed better software for this task since capital was becoming increasingly scarce and budget allocation more difficult. Thus the emphasis on capital spending, while appreciated, was really falling on deaf ears.

## Go Easy and Gain the Advantage

By pushing the full solution, CM Systems was asking prospects to fork over a large amount of money and undergo the painful process of installation and implementation for a solution they were not sure they needed (at that time) and from a company about which they knew little or nothing. A few saw the ultimate benefit and were willing to invest the time and money, but most resisted. By focusing on capital budgeting, the company could lower the price point of its solution AND meet a more immediate need. This shift to capital budgeting first would make CM Systems' solution more appealing for a larger universe of prospects.

Furthermore there was an opportunity for first mover advantage. Organizations that used some form of capital management software (CM Systems as well as other brands) discussed how ingrained and important this software was to their processes and the difficult it would be to switch to another type or brand. With the capital budgeting first approach the company could plant the CM Systems "seed" with a much larger number of organization, locking these customers up and developing a larger base of customers for future sales. [Read on >](#)

Introduction

## C-Level Fascination

CM Systems' Situation

RS USA Called In

C Level Fascination

RS USA's Recommendations

Final Thoughts

Many companies are convinced that to really "win" the sale they must sell to the ultimate decision-maker, a C-level executive. There is no doubt that a C-level executive can dramatically influence the decision-making process within an organization. And for some products and services (e.g., outsourcing) a C-level executive is actively involved in the purchase process, but for most products and services the C-level executive just does not have the time or interest to be actively involved. Rather they rely upon their staff or the relevant department to consider and evaluate the various alternatives, and then they may formally approve the recommended solution.

CM Systems was also fascinated by the idea of selling to the CFO. They felt that getting CFO buy-in was essential given their unique (and, some might say, radical) and high-priced solution. But CFO's typically had little interest in spending time to evaluate CM Systems' solution since their primary interest was capital budgeting and most were wary of CM Systems' high-priced, full solution. They felt that their staff, i.e., the VP of Finance, Controller, Director of Capital, should handle the evaluation of capital budgeting software. Thus, its sales reps spent a lot of time in a futile effort to reach CFOs, wasting valuable selling time and resources and becoming frustrated.

## Good Message But Slightly Off Target

CM Systems reps also called on the executives and managers in Operations and Purchasing, and this audience was easier to reach than the CFO and much more interested in the benefits of the capital-spending module. The reps generated interest and proposal activity, but Operations and Purchasing lacked the authority or budget to purchase CM Systems' solution. They could only act as champions for CM Systems.

In nearly all of CM Systems' initial customers, the Operations and/or Purchasing had a prominent role in the organization, worked closely with Finance, and had championed the CM Systems solution. So the reps realized some success with this approach, but the sales cycle for these customers was elongated since it took time for the champion to convince Finance.

Furthermore CM Systems customers appeared to be the exception. In many organizations Operation and Purchasing do not work closely with Finance, and they lacked the clout to successfully push for CM Systems software. Therefore, CM Systems reps spent a considerable amount of time trying to help "junior" Operations/Purchasing managers sell their solution and being caught in the bureaucracy of the potential customer's organization.

[Read on »](#)

Introduction

CM Systems' Situation

RS USA Called In

C Level Fascination

RS USA's Recommendations

Final Thoughts

Broadly speaking RS USA's recommendations fell into three, sequential steps:

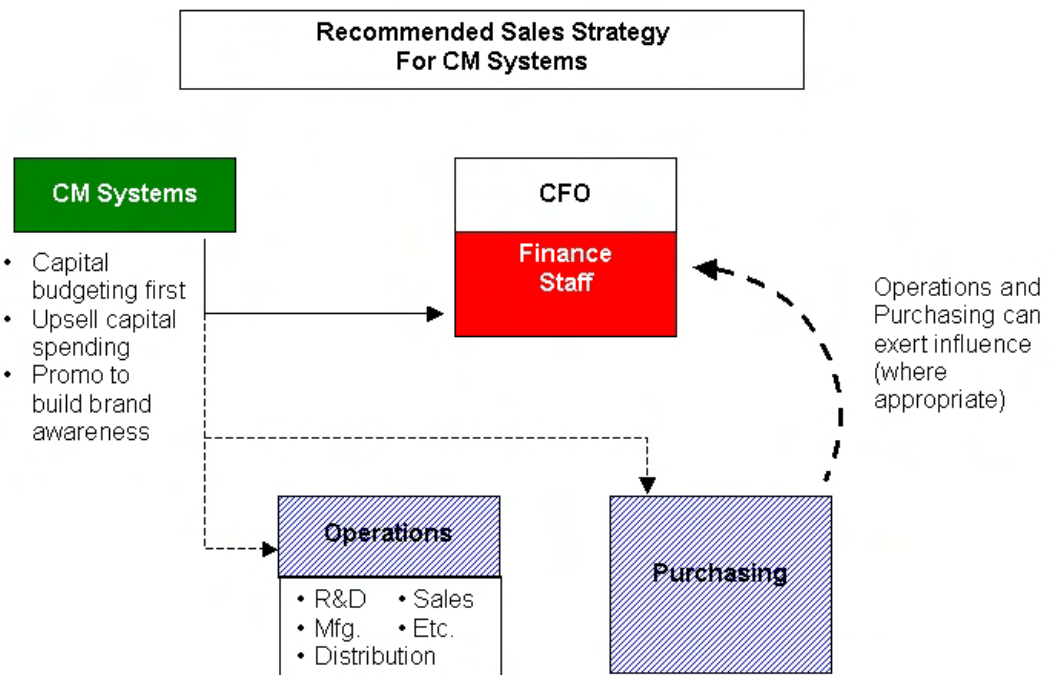
1. Develop a Capital Budgeting First offering and message that would appeal to a larger universe of potential customers

- This would require some enhancement of the existing capital budgeting module
- CM Systems would still offer its capital spending module and full solution, but it would not lead with or emphasize disproportionately this message

2. Target the right people with the Capital Budget First message and CM Systems brand

- The primary target would be the Finance staff, the key decision-makers, and the secondary target Operations and Purchasing executives and managers, who could be influencers
- CM Systems should undertake a promotional campaign to raise awareness about the company and its message

3. Build a larger customer base, gain first mover advantage, and then up sell customers to the capital spending module



[Read on »](#)

Introduction

CM Systems'  
Situation

RS USA Called In

C Level  
Fascination

RS USA's  
Recommendations

Final Thoughts

Like many companies CM Systems had become mired in business as usual and trapped by its own internal agendas. Even though their management came from purchasing and they called on customers everyday, they still did not really understand the needs and purchasing process for these organizations. And it threatened the company's survival.

RS USA took a fresh look at prospects and customers and provided valuable insights. Our recommendations were a dramatic departure from CM Systems' current strategy, but they were truly customer centric and enable the company to get back on track for sales and profit growth.

Is your company struggling with slow - no growth and average profitability? Do your company's executives, managers, sales reps, and channel partners continually re-hash the same facts to no conclusions? Give RS USA a call to get a fresh look at your customers and business, valuable insights, and recommendations to get your company moving towards profitable growth.