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*Going from global blacklist to preferred worldwide supplier in 16 months*

# *Transformative Selling*

## Case Study

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## **Be careful what you ask for...**

Ian was on vacation when the new sales organization plan he had helped design was implemented. This could have been a very bad thing.

Ian's company, CellCom, was part of a \$7.2B conglomerate and sold components to the cellular handset industry. A few major players who were rapidly expanding their design and manufacturing capabilities around the world dominated the cellular industry. But CellCom's salespeople, operating by geographic territories, just couldn't communicate all of the design and production requirements fast enough to a central location for coordination and control. Due to Ian's analysis CellCom was now changing its sales coverage from a geographic to a key account structure.

As Ian was leaving on vacation, he stopped by his CEO's office and put his name into the hat to take over a key account – "whichever one no one else wanted". Furthermore, he'd be happy to pair up with a technical support engineer if one was leftover.

Ian and his wife had a great trip to California. They went to their favorite restaurant, Fandangos, in Pacific Grove, shopped and enjoyed the sunsets over the ocean.

When he returned to work, he discovered he was the new account manager for the Nokia Mobile Phone account and his field technical support would come from an Irish engineer named Sean.

Nokia was growing at a tremendous rate and had been a CellCom customer for three years. CellCom supplied components for Nokia's largest runner but for little else. In fact, as Ian looked over the sales records, he found no new programs had been sold to Nokia since those original ones had ramped to volume production.

Ian's initial thought was delivery or quality problems had caused Nokia to chose other suppliers, but the data showed CellCom had a 100% on-time-delivery (OTD) record as well as a zero ppm return rate with millions of components supplied. Why then had they not been able to win any new programs with such flawless performance? Ian talked with the other salespeople who had worked parts of the account. No one had a clue.

Ian called Sean to discuss the situation. With some trouble they were finally able to schedule a meeting with one of Nokia's design centers located outside of London. Sean was the one who actually scheduled the meeting by contacting one of Nokia's engineers, who like himself, was not a degreed engineer such as you find in the US, but rather someone who had worked his way up to the engineering ranks through an apprenticeship program.

Sean picked Ian up at the Heathrow Crowne Plaza Hotel and drove to the Nokia design center. Ian was still jet lagged but eager to get started. As they walked into the building they had no idea what awaited them. They were in for a most interesting meeting.

## **"Let me emphasize..."**

After waiting in the lobby long enough to learn the life stories of both receptionists Sean and Ian were led to a small conference room with glass walls. Luckily there was coffee and bottled water waiting. They were soon joined by Sean's contact, another engineer, and finally by one of Nokia's senior sourcing managers.

It was a now a crowded stuffy room. The sourcing manager was wearing a double-breasted blazer buttoned like one would see Price Charles wearing. Ian thought it rather strange to be so formal.

The engineer started the introductions, which were brief and polite. The sourcing manager then asked Ian why they were there. Using some spreadsheets and

PowerPoint printouts Ian carefully reviewed CellCom's performance and asked permission to speak to new program teams. There was a brief silence.

The sourcing manager's face grew taunt and he slammed his fist into the table and began yelling. Ian had trouble understanding much of what was said but he did pick out words like "arrogant", "insulting", "intolerable" and "inflexible" along with the frequent use of a modifier beginning with "f". There was some more fist banging and the meeting concluded.

As they walked across what the British call a "car park", Sean suggested some work on their resumes was in order, but only after many pints of beer. And while the beer that night was excellent, it didn't really ease the pain of a disastrous day selling. Before he finally fell asleep, Ian, who was sure he saw a tear rolling down Sean's cheek during the meeting, thought to himself "You know it's a bad sales call when your tech support starts crying."

Once back to their respective offices, Ian and Sean worked the phones and discovered something amazing – in spite of CellCom's incredible operational performance it was globally blacklisted by Nokia's purchasing and sourcing departments due to a series of stunningly bad sales experiences. This included one episode where a CellCom salesperson had called to chew out a Nokia purchasing manager. The manager had calmly put the conversation on speakerphone for his entire department to hear. A senior VP happened through and after listening for a few moments declared CellCom globally blacklisted on any new programs. CellCom had still ignorantly called on Nokia but it was almost an inside joke to take those sales calls and play "cat and mouse" with CellCom.

It was at this point, and in a stroke of genius, Ian decided to change the way CellCom sold to Nokia. He called his boss to explain why he was buying the most

expensive airline ticket in CellCom history.

## **Around the world in 14 days**

Ian had made the decision to not even try to sell anything until he thoroughly understood Nokia's people, culture, approach to business, markets and the irritations it suffered in dealing with vendors. So he planned a single trip with stops at every Nokia design or manufacturing facility in the world. One visit after another, generally heading east as he went.

The appointments were difficult to come by and Ian actually had only a few firmed up when he boarded his first flight.

The first meeting was extremely formal, even by European standards. When it was Ian's turn to speak he said "I know we've done some things very wrong in the past but please allow me to ask an unusual question: What problems do you currently have in dealing with your vendors?" Then Ian leaned forward and wrote everything he heard.

Ian asked a few follow-up questions as the problems were listed. Finally he asked, "In a perfect world, what would your relationship with suppliers look like?" Ian wrote some more and when the Nokia people were done he thanked them profusely for their time.

They wanted to know what he intended to do with all of the information he had gathered. Ian said he really couldn't tell them yet until he had finished gathering his data and had a chance to analyze it thoroughly.

In general, each of Ian's meetings followed this same script although he noticed something unusual happening: The remaining meetings were easier to schedule and less tense. They became almost enjoyable. By the time Ian arrived for his last meeting in South Korea, the entire tone had changed and the Nokia plant manager met him at the airport and

took him to his hotel and then to dinner. The next morning when Ian arrived at the plant a photographer was waiting to take his picture with the plant manager.

Ian now had many pages of notes and not surprisingly, many of the complaints were very similar. He didn't however have many answers or suggestions to his "perfect world" question which appeared, at face value, to be actionable.

The pace of the trip had taken its toll with Ian getting three or four hours of sleep a night. For two weeks he had survived on caffeine and hotel food. Ian was incredibly tired. He fell asleep as his 747 left the ground in Seoul and awoke only when the plane touched down at LAX.

## Analysis and Synthesis

After a few days catching up at work and home, Ian began the task of figuring out what to do with his many pages of furiously scribbled notes. He knew his task was no less than to develop a new Nokia offer. One that would capture the attention of the global, regional, platform and model sourcing people which formed the Nokia decision-making matrix.

Ian had decided to use a methodology for analyzing complex situations such as one he had read about in a book called "It's Not Luck" by an Israeli physicist named Dr. Eli Goldratt. This method required a rigorous use of logic and the adherence to a structured approach to solving the problem of developing a new Nokia market offer. This structure required the step-by-step answering of three questions: What to change? What to change to? And finally, how to make this desired change?

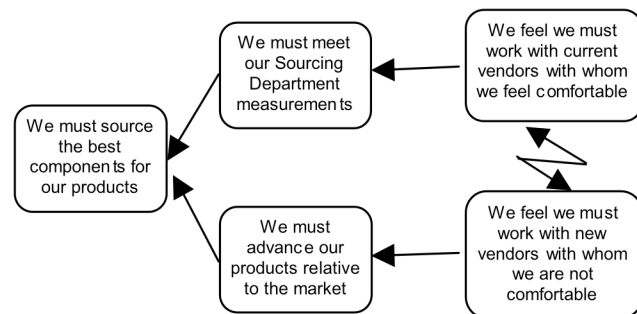
The individual process steps seemed a little cumbersome or even counter intuitive at first but Ian rapidly began to see where the process led.

First he wrote each "pain point" on small post-it note and began grouping the notes by topic or concern and consolidating

them. Sometimes he rewrote them for clarity but he was careful not to make them too generic as he did so. Ian had so many little pieces of yellow paper floating around his desk he finally grabbed a piece of flip chart paper and stuck the post-its to it.

First Ian constructed what Goldratt called an "evaporating cloud" around one of Nokia's complaints. One side of this cloud represented the complaint and why it was tolerated. The other side showed the Nokia need which would be met by negating the complaint. In between the two, and this was the hard part for Ian, was the common goal supported by both sides of the "cloud".

Ian didn't like the cloud name and preferred an alternative label of "conflict resolution diagram". In this case, the conflict was around why Nokia tolerated something causing it pain. After constructing three of these diagrams, Ian then used them to create a "core conflict" diagram pulling something from each of the first three diagrams, but also seemed somehow to be greater than the sum of its parts. Ian was very pleased with what he had done. Some clarity was beginning to peek around the edges of the diagrams. The next morning Ian reviewed the last diagram from the previous day. It still made sense but needed to be tested.



The test was to see if every complaint Nokia had voiced could be linked to the core conflict. It took several hours of using Goldratt's if-then logic approach to do so and Ian had to identify some unanticipated influences along the way. But when it was done, Ian felt like the

most powerful CellCom salesperson in the world – he now had an in depth understanding and even a picture of the problems and motivations of the decision makers at Nokia.

The next step was to go back to the core conflict diagram and try to uncover the assumptions Nokia was making which allowed it to exist. This part took less than an hour. Ian assumed Nokia was approaching the conflict from a necessity standpoint. In other words, “in order to achieve this goal, we must meet this need.” All Ian needed to do was add “because?” at the end of the sentence and answer the question to get the assumptions he required to target his new offer.

This new offer started with a simple and irritating premise: Every bit of Nokia’s procurement pain was caused by CellCom.

Ian began the construction of the new Nokia offer on faith alone as he really hated the premise. Then it dawned on him that convincing Nokia to change would be a bit tough to do even if he had a leverage point. But by adopting the premise as a starting point, Ian was free to do some very creative thinking. As he worked, he realized his internal selling skills would be far more important than all of the sales “finesses” he had learned to use with customers.

It took Ian three days to get to this point. Would it be worth it? Ian realized he needed a detailed plan to implement his new offer and most of it focused on changing CellCom practices or policies.

This included resource allocation, support structures, logistics, and even financial issues such as terms and currencies to be used. Ian set to work once more and using a Goldratt planning tool which reminded him of a strange sort of fishbone diagram, built a detailed plan for implementing his new offer.

It’s worth noting that while the offer had many components it didn’t include a single price discount. In fact, Ian had seen some ways to lock in pricing through entire model runs as well as capture some value-added assembly work if things went well. He started the internal sell.

### **“What do you want in return?”**

A month and a half later Ian and Sean found themselves in front of three men, each representing a layer of Nokia’s procurement hierarchy. They were in a beautiful, sleekly Euro-modern conference room, which even had a built-in wine storage unit. Ian noted that each of the Nokia people wore similarly checkered gold blazers. “What’s with these people and jackets?” he wondered.

Nokia opened the meeting by asking them if anything had changed at CellCom. Answering yes, Ian began his presentation. He didn’t use any of his carefully built diagrams or even the PowerPoint slides he’d prepared on the new offer.

Instead Ian carefully recapped his fourteen day tour de Nokia highlighting every major complaint in his notes. He asked if he’d got it right – these were the problems Nokia procurement faced? The three nodded.

Ian continued “We accept responsibility for causing these problems and have some thoughts on how to fix them.” The three leaned forward.

Ian and Sean then carefully laid out the offer, a single point at a time and described how it would solve at least one Nokia problem. Only when they got agreement from the three that the offer component solved the problem did they go to the next. It took a bit of time as there were about a dozen points but no one seemed in a hurry to leave.

The offer contained no new technologies or products. Instead, it was an unusual

new service “wrapping” around existing capabilities and components. While there were no price discounts Ian made sure to hammer home the value created by each point. (Note: Ian had previously shown his CEO and CFO the incremental cost to CellCom was very low or even zero for each of the offer points.)

Having finished presenting the offer points Ian sat back and waited. The first Nokia questions began with a “Yes, but...” Initially these questions focused on CellCom and in response Ian described the planning done to prepare for the offer and the changes CellCom was now ready to support. The “Yes, but...” then began to focus on Nokia and what they would need to do to participate in the offer. The three began discussing this in their native Finnish for some time until one of them spoke to Ian in English. “So, what do you expect in return?”

Ian was floored. He hadn’t given much thought to what he wanted, only to get off of the Nokia blacklist and maybe to get back on track as a supplier. After all of his work to get to this point he was not at all prepared with an answer to this simple question. So he said the first thing that came into his mind: “All we want is all of your business.”

Sean quickly clarified this meant first right of refusal on all new designs. (As one offer component made Sean available for design assistance from design launch through production ramp-down, the likelihood of an unsavory design reaching CellCom was in fact, extremely low.)

The three began to talk privately again and after several minutes they sat up straight, looked at Ian and Sean and one of them said, “Ok.”

The next year was a blur. Sean was practically living in the Nokia design centers. Ian was ironing out details on the blanket purchase agreement making CellCom Nokia’s preferred global supplier, providing pricing for one

program after another as well as project managing CellCom’s efforts around the support of the Nokia offer.

They had launched over fourteen new parts into production, revenues from the Nokia account had quadrupled and the average unit price almost tripled because of new value-added work opportunities.

Then one morning a CellCom Customer Service rep came to Ian’s office and said “I just got off of the phone with Nokia. They want to give us a plaque or something next week.”

It was the Nokia Americas Vice President of Quality, his administrative assistant and three other senior managers who arrived at CellCom. And it wasn’t a plaque; it was a *huge* plaque reading “Best in Class, Electromechanical Supplier of the Year”.

When the Nokia VP made his presentation he said “No one knows us and meets our needs like CellCom does. The vote wasn’t even close.”

## Conclusions

The careful review of customer needs and the development of targeted offers can result in a far greater return on the sales force dollar than any sales training or software investment. In fact, Ian and Sean out performed the next best CellCom sales team by a factor of 3.75 times in revenue growth to cost of sales in spite of starting from less than a standing start.

What CellCom did for Nokia has been done on the account level, for a market segment and even for entire industries.

At The Claymore Group we have formalized Ian's approach and call it Transformative Selling. Transformative Selling is a holistic approach: it requires and blends the best practices of the consultative and strategic level selling approaches with the logical analysis tools of the hard sciences. It results in truly "breakthrough" solutions for you and your customers. Some of Transformative Selling's benefits are:

- The ability to present well constructed and supported offers instead of "shotgunning" in front of the customer and "asking for forgiveness" back in the office.
- Presenting offers that solve customer problems verses trying to convince a customer to buy whatever is "on the sheet".
- Deeper, richer and more stable customer relationships verses suffering in the "lowest price supplier" or "just another sales person" mindsets.
- Valuable information for new product and service development.

You don't have to wait to be blacklisted like CellCom or in dire straits with a customer before you transform the relationship!

The Claymore Group, through its Transformative Selling training and consulting, helps create the environments, processes and skill sets needed to increase revenue and margin per salesperson.

Michael Clingan, founder and principal of The Claymore Group, and the splitting image of Ian, has developed and led three global sales forces whose worst one year sales improvement was 39.5%.

Michael now specializes in helping sales organizations become truly consultative – discovering real customer needs and creating exceptional value – so that they can exceed both their bookings and margin goals.

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