



WHITE PAPER

Confessions of an ERP Sales Rep

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ABSTRACT

An in-depth look behind the sophisticated game of enterprise software sales, including an explanation of the dimensions and psychology involved with enterprise software purchasing decisions. If companies do not understand the rules of the game, they might find themselves prey to the emotional ploys used in the industry. Included are some tips to help companies turn the game in their favor.

THE SOFTWARE SALES GAME

The objective of this document is to throw back the curtains and allow light on the subject of enterprise software sales, with the hope of enlightening your mind and providing the necessary insight required to make a better enterprise software selection and purchasing decision. Enterprise software includes ERP, SCM, CRM, WMS, PLM, POS, etc. for all industries.

I share these secrets in the hope to educate companies regarding the subliminal tactics behind the software sales game, along with a few tips and suggestions to help companies with their enterprise software selection process. Owners and managers of companies without a strong understanding of the rules of the game become pawns in a sophisticated and subliminal sales process.

We have all heard the old adage: "He is such a great salesman; he could sell ice to an Eskimo." Well, this might be true if such a naïve Eskimo actually exists. Many years ago, I asked a wealthy friend of mine how he was able to achieve success in the real estate market. His response was an eye-opener. He said, "All I have to do is find someone who doesn't understand property values, purchase their property at a low price, make a few minor improvements and resell the property at a higher price." I was surprised to learn his success was based on finding naïve property owners. However, this is nothing new; naïve and gullible buyers have been swindled by slick salespersons since the beginning of human existence. I am sure there were plenty of cavemen swindled with faulty clubs at the dawn of

history. So goes the statement—"there's a sucker born every minute."

In similar fashion, software companies have taken full advantage of naïve business owners and managers when it comes to the selection, purchase and implementation of enterprise software. Don't get me wrong, owners and managers of these businesses are smart and have a strong understanding of their business. However, they assume the selection of an enterprise software product is like any other business decision and wade in over their heads without understanding the intricacies of the software market. When this happens, software suppliers take full advantage of these companies, like wolves to an injured deer.

It takes years for an enterprise software sales representative to understand the psychology and subliminal intricacies behind software sales. In a way, it is like a game. There are rules, players and plenty of bluffing on both sides. A good sales representative understands the game and knows the right thing to do and say at the right time with the right person in order to win the deal.

Making an intelligent software selection decision comes from either experience or a boatload of research; and most business owners and managers fall short of this experience, or do not have the time or necessary resources to do the appropriate research. The process of selecting new enterprise software averages once every 7 to 10 years for most companies. And since software changes daily, it is very difficult to keep up with the rapidly changing market. Unfortunately, the majority of software education supplied to business owners and managers comes from software suppliers. This would be like limiting yourself to an automobile salesperson for all of your facts when buying an automobile instead of going to consumer reports, magazines, bluebook, classifieds, friends and associates in order to make a better buying decision. To make a good buying decision, it is important to understand the market. Unfortunately, a consumer report for enterprise software doesn't exist. As a matter of fact, it's difficult to find software listings, let alone, an in-depth comparison and analysis. Companies

must get educated, or continue to be swindled by the software industry.

UNDERSTANDING THE DIMENSIONS OF ENTERPRISE SOFTWARE SALES

I have learned from experience, there are four sides to all enterprise software sales, from the obvious to the subliminal. Any combination of these four dimensions must be addressed in order to win an enterprise software sale. These four dimensions are as follows:

1. **Requirements Dimension:** The “Requirements Dimension” is the most basic and obvious portion of any enterprise software sales process. This is the logical and necessary foundation. A software company must satisfy a certain number of the buyer’s requirements in order to be “in the game.” To do this, the sales representative, or a team of representatives, must understand a company’s requirements and demonstrate that their product satisfies the requirements. Software suppliers will try to bring in additional requirements, which are only available within their specific product. This is a bonus, if a sales representative can play this card and get the buyer to accept a unique feature only available within their product. Also, I will have to confess, satisfying requirements during a demonstration is a play on half-truths. For example, if one of the requirements is “multi-company,” I may demonstrate the multi-company capability and do my best to avoid the fact that not all setup functions and transactions are multi-company. You should also keep in mind, if multiple software companies are presenting, the demonstrations may take weeks to complete, resulting in a blend of requirements satisfaction in the minds of the participants. The real skill of a presenter during a demonstration is the ability to stand out from the other presenters. I have used many tricks to address this dilemma in order to stand out from all of the other competitors.
2. **Technology Dimension:** With the “Technology Dimension,” a salesperson must convince the buyer his or her software company has better technology than any of their competitors. They may be so bold as to claim their technology is the wave of the future. Or at least convince you that theirs can do everything the competitors’ can do, in order to level the playing field. I am sure you would prefer a television with HDTV compliance or an automobile with an AUX plug-in for your MP3 player. Therefore, a significant portion of the sales effort will be spent convincing the participants that their technology is the best and futuristic, or at least has all of the current technology. Legacy products have invested heavily in this area in order to address these concerns, with layers of technology. These

technology layers are referred to as a “pig with lipstick.” However, since technology changes so rapidly, I have learned that most products have applied plenty of lipstick to keep up. The “Technology Dimension” is an important part of the sales equation, therefore most software suppliers will say “me too” to all of the latest technology. The potential for half-truths exists here as well, where it is important to have the technology but not expose the depth or definition of the technology.

3. **Relationship Dimension:** With the “Relationship Dimension,” a salesperson must spend a significant portion of time finding the right decision makers and building a close relationship, achieving a certain level of friendship and trust. Finding the right decision makers within a company requires charisma and guts, along with a whole lot of experience in corporate politics. Volumes have been written on the subject of finding the right decision makers in a company. Most sales representatives are very well trained in this area. This is why sales representatives have such charisma—they must win you over. However, this approach is expensive and time consuming for most software suppliers and requires a significant investment. But any good software representative will make the investment, knowing most buyers would prefer buying from someone they know and trust. It takes a lot of time to build these relationships, and it would be a mistake if the sales representative doesn’t at least make some level of investment in this area. Therefore, most sales representatives will spend a lot of time qualifying the primary decision makers and winning their admiration, respect and support through wining and dining. Software companies without a leg up on the “Technology Dimension” or the “Emotional Dimension” must invest heavily in this area or lose the sale.
4. **Emotional Dimension:** Now we come to the real heart of the sales game and the most elusive and subliminal dimension of most software sales. It is a well-known fact among most sales representatives that the final decision will most likely be an emotional decision. Therefore, the “Emotional Dimension” will be critical to winning a deal; that is, if you have the upper hand on the emotional sales pitch. The emotional sales pitch is used by most of the large and well-established software suppliers. This is because they are well-known, large and stable, and have all the resources required to stay current with the ever-changing technology within the software market. They will use every stratagem possible to intimidate and play on your fears toward smaller and less established suppliers. I will have to confess, when I represented a large and well-established software supplier, I would use this approach right up front. As a matter of fact, I might

go straight to the intimidation presentation first and discuss the size, strength and the vast number of devoted customers in an effort to reassure the prospect that there is comfort in numbers. The fear of buying from an obscure software supplier or an old legacy product is very real today. In the past, when the enterprise software industry was young, it was not always this way. This fear is primarily due to the number of failed and consumed software products and suppliers over the past 30 years, coupled with the size and complexity of software these days. Most companies want to make a safe buying decision. Besides, the logical approach can be overwhelming, complicated and subjective these days. I have seen companies spend a year or more gathering requirements, analyzing software products, and in the end, make an emotional decision. It's rather humorous.

Now that you understand the logical and emotional dimensions to an enterprise software sales cycle, the big question is, "how do I translate this into some useful information?" However, before I can provide you with a few tips, you must understand the psychology behind all sales decisions. A good sales representative will understand the psychology. Therefore, it is important for you to understand the psychology behind purchasing as well.

Analytical

(Based on facts)



Emotional

(Based on desire, fear or intimidation)

Figure 1: Analytical versus emotional purchasing decision balance

THE PSYCHOLOGY OF PURCHASING

To understand the psychology behind any sale, you must first understand the difference between emotional and analytical purchasing decisions. You can make a buying decision based on emotions, analysis or both. The problem is the balance between emotional decisions and logical decisions. Yes, this is the old Captain Kirk versus Spock struggle (hopefully, this statement doesn't date me!). The dilemma is: How much of your emotions do you allow in the decision? Or, should you eliminate the emotional aspect altogether and make a purely analytical decision? If you are already getting confused and frustrated, you will understand why most people lean towards emotional buying decisions. Emotional decisions are fast and simple. This is exactly what the sales representative wants; that is, if they have the upper hand on the emotional sale.

The "Emotional versus analytical purchasing decision balance" diagram in Figure 1 illustrates the extreme sides of purchasing decision making. On the left side of the scale, a purchasing decision is based purely on logic. On the right side of the scale, a purchasing decision is based purely on emotions. Somewhere in between is the right balance of emotions and logic for a specific buying decision. The problem is finding the right balance of emotions and logic when making an enterprise software decision.

Analytical purchasing decisions are based on facts, in other words: "solid reality." I always thought major purchasing decisions should always be based on facts alone. However, I have painfully learned the dark sides to analytical purchasing decisions. These are:

- **Analysis-Paralysis:** The "Analysis-Paralysis" problem occurs when you spend excessive time and resources over-analyzing a decision, until you talk yourself out of the purchase or loose interest and regret the "no decision" later.
- **Analysis Blind-side:** Purely analytical purchasing decisions may sometimes get you into trouble. By missing a critical emotional aspect you may get blind-sided to aspects which cannot be quantitatively understood. This is like buying a house purely on

analytical facts and ignoring curb appeal. Curb appeal is critical if you want the house as a good investment for resale later.

- **Analysis Overwhelm:** "Analysis Overwhelm" is when you have so many variables and facts, your mind floods and you melt down to a purely emotional decision. I am sure everyone has experienced this situation. For example, when buying a new flat panel TV, you may get overwhelmed with all the options and choices, melt down and buy the "safe" big name brand; that is, if you have the money.

Because enterprise software is vast and complicated, most analytical selection approaches will most likely result in "Analysis Overwhelm" and will break down to emotional decisions.

Emotional purchasing decisions are based on desire, fear, intimidation or any combination of these emotions. I am sure we can all relate to purely emotional decisions,

like buying junk food at the grocery store. It is fine to use purely emotional thought when purchasing small products, but when the product is larger, like a car or home, it may not be such a good idea, especially an enterprise software product. If you buy a house based on the fear of spending too much money, you may end up with a dump you don't like and cannot get rid of years later. Or, if you buy a house purely on desire, you might end up with a home you can't afford and may lose to bankruptcy.

It is important to understand the intimidation and fear driving the enterprise software industry.

The selection and implementation of enterprise software generates a lot of intimidation and fear. Most owners and managers don't want to make a decision they will regret later. We have all made bad buying decisions at some time in our lives, in one way or another. Past mistakes on buying decisions haunt us like a ghost in the attic. We want to avoid creating another haunting experience, and there are plenty of horror stories out there to justify our fears.

We have all heard the horror stories surrounding enterprise software selection and implementations. These stories include software mismatch, excessive software costs, unstable products, unstable suppliers, suppliers getting gobbled up by other suppliers, suppliers going out of business, buggy software, massive budget overrun on implementations, executive executions, user frustration, lost productivity and nose-rings to developers and software suppliers so large they would drop a bull. These stories combined with the staggering volume of choices and the complexity of the industry generate a tremendous amount of intimidation. This intimidation generates fear, which in turn generates more intimidation and more fear, locking us into a downward tailspin regarding decisions, and in the long-run forces us to break down and make an emotional decision, thus "Analysis Overwhelm." The fear of making a bad buying decision will limit your choices and push you towards expensive emotional decisions.

Fear and intimidation cause us to make "safe" buying decisions resulting in technology stagnation and high costs. Fear and intimidation feed on themselves. The only way to pull out of this tailspin is to get educated and understand a balanced buying decision. Education is the best way to find balance and break the intimidation-emotion cycle. If you are educated, you will know what drives your fears and you will be less likely to be intimidated. Without intimidation, you will not be afraid. Therefore, it is important to get educated before starting an enterprise software selection process. Knowledge will give you confidence and produce level-headed decisions.

Now that you understand the four dimensions, you should be able to construct a practical and balanced buying decision.

FINDING A BALANCED PURCHASING DECISION

So where is the balance? Unfortunately, I do not have a simple equation to this question. The balance is different for each company and situation. However, the following tips should help you find the best purchasing balance for your unique situation:

- **Define the emotional aspects up-front:** Define the emotional aspects up-front and understand how they will play in the decision. Try to quantify the emotional aspects. The decision makers need to be open and real. If making a safe decision is a primary objective, and you have the money, just do it and don't waste everyone's time. If not, keep your emotions in check by defining the level of ownership you can handle. Remember, security comes from ownership and not from dependency.
- **Own your requirements:** Define your own requirements. Don't let the software supplier define your requirements. If you don't have the expertise in-house, find someone who is neutral to help you with the development of your requirements.
- **Simplify your requirements:** Simplify your requirements into a list of critical needs. For example, don't say "Must be able to print AP checks." All products will provide this functionality. Instead, focus on the tough questions and make sure they are thoroughly demonstrated. This way you will avoid the "Analysis Overwhelm" and the half-truths because there are so many requirements to cover. This approach will still have its problems due to the differences in enterprise software functionality, but it is still better than trying to address all requirements.
- **Get the software gaps defined up-front:** If there are any software gaps requiring customizations, get these defined prior to closing the deal. This will eliminate a lot of anxiety by understanding the hidden costs. Don't be in such a hurry to purchase the software until these hidden costs are defined. Besides, the supplier might help you with the definition and estimation of these customizations up-front because they want to close the deal. After the sale is closed, you are on your own.
- **Define the technology you care about:** Clearly define the technology you really care about. Make it clear. Anything above this definition should be

considered fluff. This way, all the fancy technology presented by the software suppliers will be kept in check and should not lead you down the “got-to-have-it” emotional path.

- **Discuss requirements satisfaction after the demo:** After each software demonstration, immediately bring the decision team together and discuss the satisfaction of requirements before the experience fades. Standardize your notes. This way you will avoid the gimmicks required to get your attention, and hopefully avoid the blending of products in the mind of the decision makers. When all of the products get blended together, you may end up with an emotional decision anyway.
- **Avoid the relationship game:** Try to say “No” to the relationship game. Keep the decision strictly professional. You can build the friendships and get all the free lunches you want after the decision is made. This way, you will not feel so bad saying “No” to someone who really tried to befriend you.
- **Differentiate between marketing hype and reality:** Marketing hype seems to rule the software industry. Buzz words from the industry splash upon the business community like waves on a beach, constantly molding the landscape. Terms like client-server, web-enabled, thin-client, software-as-a-service, service-oriented architecture, out-sourcing, multithreaded, unified modeling language (UML), etc. The business community is tossed around on marketing hype fabricated by suppliers. Unfortunately, marketing hype occasionally overrides solid innovative technology and business preferences. The best software product rarely wins. Often, the best-marketed product wins. It seems like there are few really good software products and a lot of well-marketed products. When making a software decision, try to differentiate between marketing hype

and reality. This is going to be tough, because what might sound like marketing hype may in fact be a solid and necessary technology direction. Make sure you understand a buzz word and whether it is an important direction and investment for your company.

CONCLUSION

The intent of this document is to enlighten the minds of company owners and managers regarding the psychology behind enterprise software sales in the hope of tipping the scale towards more rational decisions than emotional decisions. Rational purchasing decisions might lead to better enterprise software, which the business community desperately needs.

The emotional aspect behind enterprise software sales has moved from obscurity to dominance over the past 30 years. Companies used to take more risks in the past. I am concerned the safer decisions companies make, the more the industry will stagnate. Although there has been plenty of innovation in software, enterprise software has stagnated. The stagnation is due to the intimidation created from a vast, complicated and overwhelming industry. Education is our only way out, which is the primary objective of this document.

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About the author:

Casey Lawrence has over 25 years of experience marketing and implementing 10 different enterprise software applications to over 100 companies worldwide. Casey has held various technical, marketing, and senior management positions.