

Third Level Selling™: Building A Strategic Partnership

By Robert A. Potter

When selling your services do prospective clients view you as a Vendor, a Solution Provider or a Strategic Partner?

Vendors pitch

Solution Providers position

Third Level providers build strategic partnerships

Elite service providers, the top 5%, have the biggest and most profitable clients. They rarely compete on price, and they do well in good and bad markets whether they work for strong or weak companies. What do these elite providers do differently than the rest of us to win new clients and retain the ones they have? The short answer is that they engage clients at a deeper personal and professional level, a Third Level. That leads to greater success and career satisfaction and less price competition. In this article you will learn what elite providers do differently to win and retain clients and why it works. Let's start by looking at each level.

Level One: Vendors Pitch

Most of us "pitch the business." As Vendors, we make the very reasonable assumption that our value proposition is in our capabilities and experience. The more the potential client knows about us, we assume, the more likely the client will be to hire us.

If you are a Vendor, you do most of the talking because your objective is to differentiate your market knowledge and experience. In your calls, proposals and presentations you tell the client about who you are, what you do, how you do it, for whom you have done it, etc.

Sound familiar? If so, you are not alone. 90% of the calls, presentations and proposals that I witness are Vendor-centric pitches. Further, if you work hard enough, you can still do OK using Level One Selling, but you will never achieve an elite status unless you are the only one who provides this service.

Vendors, Airbags and Price Competition

There are two problems with the Vendor-centric approach to acquiring new clients: 1. Your capabilities and experience in and of themselves have no value and 2. You are likely not building preference because the client perceives that you are pitching the same thing that your competitors are pitching.

Let's talk first about value since that drives the client's decisions to use the services that you and your competitors offer. If you happened to meet one of the nation's top brain surgeons, how valuable would that be to you? Hopefully it would hold no value to you because you do not need brain surgery. The point is that neither your capabilities nor your

competitor's capabilities have any value unless they solve a client's perceived problem or help them achieve a desired objective. **NO PROBLEM, NO VALUE.** Further, if you do all of the talking, how will you know what the client's situation and problem are?

If the client does have the problem that you and your competitors address, then you still have no value unless the client perceives that you can solve their problems better than your competitors can. Don't believe me? How much were you paid the last time you finished second in a request for proposal "bake off?"

You may unknowingly be forcing clients into price decisions because they perceive that you are pitching about the same things that your competitors are. I call these Airbags. Let me explain.

If a car salesman enthusiastically told you that you should buy his car because it had airbags, would you buy it? Certainly not based on that information alone. You would not buy a car without airbags, but you would not base your choice on something that everybody offers.

Think about the how you differentiate your offer from competitors? Is it your experience, your people, or is it your process? Now ask yourself if any of your competitors can or do offer something that the client perceives as similar. If they do, then your offer is an airbag; a minimum but undifferentiated offer. In that case, clients will choose on the one thing they can distinguish, price

Level Two: Solution Providers Position

If you have taken a class or read any sales books over the last thirty years, then you know that asking questions is a better way to sell than pitching. That's because research has shown that positioning your solution into a stated client need dramatically increases the likelihood that the client will buy your service.

This questioning based alternative to pitching is often referred to as "need satisfaction" or "solution selling." The idea is to find clients who have similar problems, ask questions until the client expresses that problem and then position your service as a solution. You are looking for clients who fit your product.

Product/Service Differentiation vs. Emotional Differentiation

Solution selling works well in a product environment where a stated customer problem is fixed with an existing product. Function and reliability can be measured and compared. It certainly helps if the client trusts the salesman, but it is not essential in a product environment because the salesman goes away. It's the product that stays.

However, selling a service is different than selling a product. One cannot see a service, smell it, taste it, drive it, wear it or measure it. A service does not exist when it is sold. It is a promise to deliver an outcome in the future. In addition a service usually requires

active client commitment and participation to assure a successful result. The client is, in effect, the co manufacturer of the outcome. Further, if that outcome is not delivered, it could threaten the career of the client and in some cases threaten the performance of the client's company. That is why in a service environment emotional differentiators like trust and confidence become far more important to the client than rational product differentiators.

Solution selling will help a client see the benefits of the services supplied by you and your competitors, but it does not go far enough to build the emotional preference that drives the decision to choose you over competitors and away from price.

Third Level Selling: Building A Strategic Partnership

It is no secret that existing relationships influence the choice between service providers. What may surprise you is the extent to which relationships dominate those choices. In my research surveying hundreds of service providers across industry and service lines, **existing relationships increase the likelihood of winning in competition by 200% to 300%.**

That's because most client decision makers are looking to avoid the risk of failure. Therefore, retaining the provider that they know and that knows them better is more important than small differences in capabilities and price.

Think about the last time you retained a service provider, perhaps your lawyer, tax or estate planner or investment advisor. Did you conduct an RFP? You probably picked someone you already knew. Both my attorney and tax accountant were college classmates. I played baseball with my investment manager. Are there providers who have better credentials? Sure. Could I get these services performed at lower fees? Probably. Would I change providers? Nope.

How do Third Level providers build emotional differentiation? The answer is that their attitude and approach are more client-centric. Unlike the Vendor and Solution Provider, they work from the assumption that the more they know about their clients both personally and professionally, the more they can build a partnership to help the client solve the problem or achieve the objective.

In other words they know more (and care more) about their client's personal lives, their careers and professional challenges above and beyond just the problems the service provider can solve. They find and align to what is different about the client, not what is the same about the client. I think I can demonstrate Third Level Selling on a smaller scale with a recent personal experience.

A Tale of Three Landscape Architects

We recently decided to remodel our back yard. We were advised to use the services of a landscape architect. We got referrals from friends and invited three to meet with us. Their approach to winning the business illustrates the three levels of selling.

The Vendor Pitched

When the first provider came over, we sat at the kitchen table where we looked through his brochure and asked him questions. He showed us some great pictures, gave us some good ideas and made us feel that he was well qualified. Unfortunately, he was also very expensive, which caused us to rethink the whole venture, but we continued.

The Solution Provider Positioned

With the second landscape architect we again sat at the kitchen table. She asked us what features we were considering and what our budget and time frame were. She then showed us her brochure, but she directed us to the pictures that fit the features and budget we had in mind. I preferred her over the first provider because she directed her presentation to our stated preferences. Also, I now had two capable providers, which would give me some price leverage.

The Third Level Seller Built a Strategic Partnership

Instead of sitting at the kitchen table, the third architect asked if we could walk around the back yard. While doing so, he asked how long we lived in the house, where we came from, how many kids we had, what ages, boys or girls, what sport they played, how my wife and I liked to entertain, how the neighbors felt about outdoor music, whether there would be little children in the yard. He asked how we liked the large willow tree that covered the yard, and did we know how much its leaves and roots would impact the pool. He also asked us about budget and time frame. He continued this for about 45 minutes. We then worked together to draft a rough plan of the yard, and he gave us a range of prices and alternatives. Who do you think we chose? Why?

The last provider, without even realizing it, was modeling Third Level Selling. Most interestingly, he **never showed us a brochure nor did he discuss his capabilities**. He didn't have to. We could tell by his questions that he was quite capable. He spent all of his time finding out about and then aligning to what was unique about us. That gave us a sense of commitment and trust, the emotional differentiators.

Think back to your last meeting or presentation. Did the client do most of the talking? Was the content of your presentation or proposal mostly about the client's unique situation, concerns and objectives? Were you a vendor, a solution provider or a strategic partner? If you acted as a strategic partner, you probably already are or are well on your way to being one of the elite. If not, find out more about your next client and see how much easier it is for the client to retain your services.

Robert A. Potter is the author of Winning In The Invisible Market: A Guide to Selling Professional Services In Turbulent Times. He is also the managing principal of RA Potter Advisors, a marketing and sales strategy consulting practice for service providers. You can reach him at bpotter@rapotter.com or (415) 459-4888.