

THE EVOLUTION OF SELLING

Transactional Selling

Much of the early development of selling skills was attributed to Dale Carnegie, who established the principles: be friendly, win over people to your way of thinking, and be a leader who persuades and influences people.¹ That people were different and had different perspectives became the foundation of transactional selling from the 1950s through the 1970s, an era of mass production characterized by its naïve customers who had limited choices and access to information. The selling goal was to persuade and influence, push a product or service on a customer, and then come away with an order. The Xerox sales training course was in vogue. Selling involved mastering and following a mechanical, scripted, seven-step process. In many respects, it was about exploiting customers rather than helping them, as power was in the hands of the company and not the customer (Exhibit 1).

Consultative Selling

The 1980s through the 1990s was a time of mass customization when customers had many more choices. The computer age had arrived, and customers were empowered by being able to access more information. Selling involved understanding customer needs and crafting solutions for meeting those needs. It was the era of consultative selling in which the sales person was a product or service expert. Selling as a mechanical process that exploited the customer's naïveté was outmoded (Exhibit 1).

Value-Added Selling

By the 21st century, customers were more sophisticated, with unlimited choices and access to every type of information imaginable. Just being an expert consultant was not enough. Selling was about establishing rapport, building credibility, understanding customers and their needs, and creating value for each customer's unique situation. The role of a sales person was a trusted advisor

¹ Dale Carnegie, *How to Win Friends and Influence People* (New York: Simon & Schuster, 1937).

This technical note was prepared by Tom Cross, Senior Director Executive Education. Copyright © 2011 by the University of Virginia Darden School Foundation, Charlottesville, VA. All rights reserved. *To order copies, send an e-mail to sales@dardenbusinesspublishing.com. No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of the Darden School Foundation.*

who helped customers sort through all the various choices and information. It was the age of value-based selling (**Exhibit 1**). In essence, selling had evolved from focusing on transactions where the company was viewed as a vendor to viewing the company as a value driver and business partner (**Figure 1**).

Figure 1. Value-added increases.

Vendor	Business Enhancer	Value Driver	Business Partner
Short-term focus Decisions based on price and availability	Key accounts with special resources Bundled services to add greater value Customer problem solver	Key accounts with dedicated resources Significant impact on customer's return on investment (ROI) Strategic interventions drive customer success	Seamless set of people resources adding value Integrated technology resources with joint access Mutual ROI impact

And the language changed. Sales professionals were increasingly called business developers, acknowledging a broader view of the selling process (**Figure 2**).

Figure 2. Changing language.

Marketing	Selling	Business Development
Creating value for customers Tools: segmentation, targeting, positioning 4 Ps: product, price, promotion, place 5 Cs: customers, company, competitors, collaborators, context	Getting customers to buy what you have Matching what you have to customer needs Overcoming objections	Providing what customers value Using capabilities to provide a unique experience

The Trusted Advisor²

Becoming a confidante, friend, consultant, and advisor were vital in value-added selling. The salesman took on the role of advisor, problem solver, and opportunity identifier. The relationship of trusted advisor was built on a foundation of empathy and selfless independence. Becoming a broad thinker with thorough knowledge of the organization and its customers and being able to synthesize the right solution for customers were essential. Integrity of character was vital for inspiring trust through honesty, consistency, reliability, and discretion (**Exhibit 2**). Organizational relationships grew where experts became trusted partners (**Exhibit 3**).

² Andrew Sobel, *Making Rain: The Secrets of Building Lifelong Client Loyalty* (Hoboken, NJ: John Wiley & Sons, 2003).

The Value Proposition

Developing a value proposition became a prime consideration for organizations. A value proposition was an analysis and quantified review of the business benefits, costs, and value that a company could deliver to prospective customers and customer segments. Value propositions were internal documents used to align capabilities and ensure that all customer messages were consistent. The six-stage Value Proposition Builder was a useful construct for developing a value proposition:³

1. Market: For which market is the value proposition being created?
2. Value experience or customer experience: What does the market value most? Value proposition effectiveness depended on gathering real customer prospects or employee feedback.
3. Offering: Which products or services are being offered?
4. Benefits: What are the benefits the market will derive from the product or service?
5. Alternatives and differentiation: What alternative options does the market have to the product or service?
6. Proof: What evidence is there to substantiate your value proposition?

One of the most dramatic examples of a successful value proposition was that of “Bugs” Burger Bug Killers, the largest and most profitable pest control firm serving restaurants in the United States. Founder Al Burger, began with the concept of error-free service and worked backward. It’s “Bugs” Burger guarantee was a strong model for the service industry. Because of its outstanding service quality, the company hardly ever had to make good on that guarantee (e.g., in 1986, it paid out only \$120,000 on sales of \$33 million). Although the company’s prices were as much as 10 times higher than its competitors, it still managed to have high market share in its operating areas.

³ Cindy Barnes, Helen Blake, David Pinder, *Creating and Delivering Your Value Proposition: Managing Customer Experience for Profit* (London: Kogan Page Ltd., 2009).

Exhibit 1

THE EVOLUTION OF SELLING

	Transactional Selling 1950s–70s	Consultative Selling 1980s–90s	Value-Added Selling 21st Century
Situation	Mass production Limited choices and information Naïve customers	Mass customization Expanded choices and information Early computer age Knowledgeable customers	Unlimited choices and information Advanced computer age Empowered and skeptical customers
Priority	Make the sale and walk away with an order	Understand needs	Create value for customers
Focus	Persuade and influence	Advice and solutions	Become a trusted advisor
Value creation	Personal relationships	Customized solutions	Make customers' lives easier Provide greater responsiveness Take on customer's problem Empower customer through knowledge Manage customer's complexity Involve the customer in creating value Out-customize the competition
Acronym	AIDCAR—attention, interest, desire, commitment, action, result	SPIN—situation, problem, implication, need	
Process	7-Steps—preparation, introduction, questioning, presentation, overcoming objections, close, follow-up	Understand the situation Identify the problem Discuss the implication of the problem for the customer's business Create an opportunity to rectify the problem	Establish rapport, build credibility Understand customer's unique situation Leverage capabilities to create meaningful value
Training	Xerox sales skills	Product and service experts	Strategic thinking, enterprise value creation
Tools	FAB—features, advantages, benefits USP—unique selling proposition UPB—unique perceived benefits		Value proposition Business development best practices

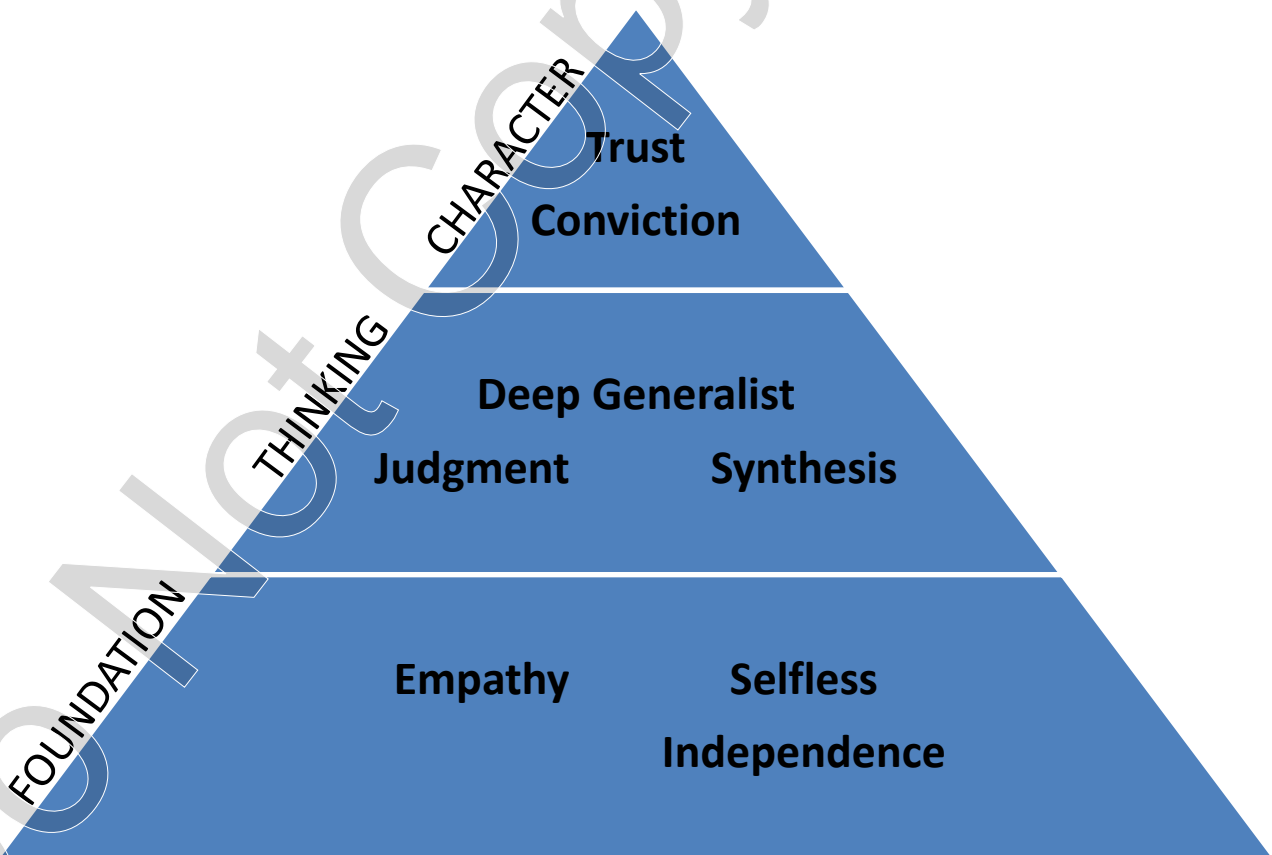
Data sources: Neil Rackham, *SPIN Selling*, (New York: McGraw-Hill, 1998); Robert B. Tucker, *Win the Value Revolution* (Franklin Lakes, NJ: Career Press, 1998).

Exhibit 2

THE EVOLUTION OF SELLING

Trusted Advisor Characteristics

Expert Mindset	Trusted Advisor Mindset
<ul style="list-style-type: none"> • Focus on self as the expert • Has and gives answers • Analyzes • Has professional credibility • Looks at hard evidence • Factual conviction 	<ul style="list-style-type: none"> • Focus on what customer needs • Asks questions and listens • Balances dedication with objectivity • Builds rapport with and knowledge of customer • Analyzes and synthesizes what the customer says • Develops professional and personal trust • Incorporates organizational and cultural values • Conveys belief, passion, and caring

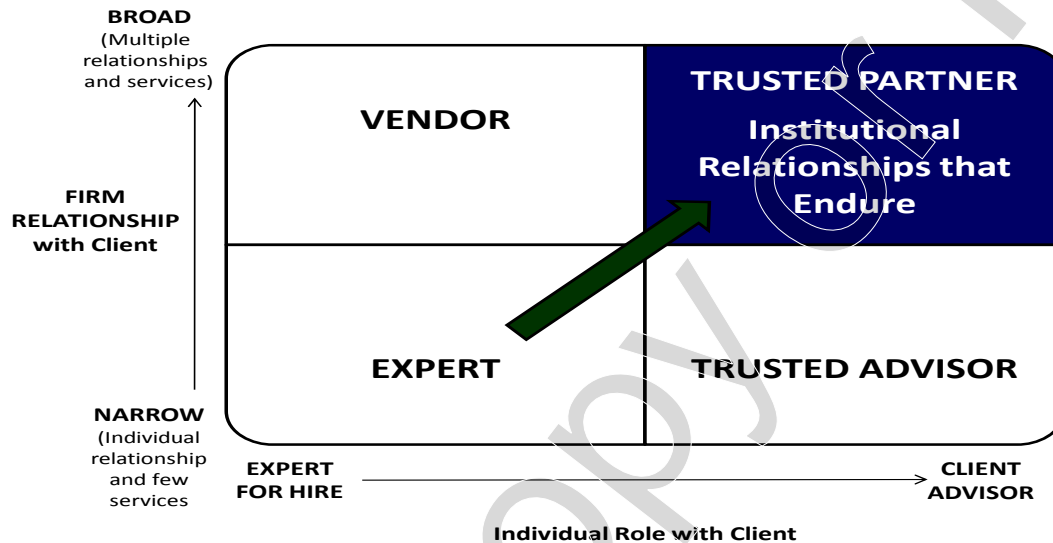


Data source: Andrew Sobel, *Making Rain: The Secrets of Building Lifelong Client Loyalty* (Hoboken, NJ: John Wiley & Sons, 2003).

Exhibit 3

THE EVOLUTION OF SELLING

Trusted Advisor Client Relationships



Expert	Trusted Partner
Understands your client	Agenda setting
Networks	Relationship capital
Sells	Executive engagement
Individual relationships	Institutional relationships
Core values	Multilayered value
Chases any lead	Disciplined client selection
Ad-hoc training	Client leadership pipeline
Individual effort	Collaborative effort
Anecdotal client feedback	Client listening program
Consistent delivery	Unique client experience

Data source: Andrew Sobel, *All for One: 10 Strategies for Building Trusted Client Partnerships* (Hoboken, NJ: John Wiley & Sons, 2003).

Exhibit 4

THE EVOLUTION OF SELLING

Value Proposition Example

THE B.B.B.K. GUARANTEES

GUARANTEED PERFORMANCE	GUARANTEED PROTECTION
<p>1. You do not pay our initial charges until we Totally Eliminate every roach, rat or mouse nesting on your premises.</p> <p>2. If you're ever dissatisfied with our results and want to cancel our service, we will:</p> <ul style="list-style-type: none">A. Refund up to 1 year's service charge and...B. Pay the cost of another exterminator of your choice for one year.	<p>1. Should a roach or rodent be seen by one of your guests, we will PAY THEIR BILL,* send them a letter of apology and invite them back as our guest.</p> <p>2. We will PAY ALL FINES that may be levied against your hotel or restaurant by the health authorities for the presence of roaches or rodents, and further...</p> <p>3. Should your hotel or restaurant ever be closed by the health authorities for the presence of roaches or rodents, "Bugs" Burger will PAY PROFITS LOST while you are closed, plus \$5,000.</p> <p><small>*Hotel Room-one room night</small></p>

"BUGS" BURGER BUG KILLERS, INC.
The Original Pest Elimination Company™

Data source: Used with permission from "Bugs" Burger Bug Killers, Inc.