

What do you sell?

It may seem a somewhat odd thing to do to consider what one sells in a business. Surely this is an obvious thing, perhaps the most basic fact about any business? Well, this article will challenge that assumption and encourages the reader to step back and think a bit about what their business REALLY sells. The audience for this is sales people and business owners who may wish to sculpt their sales activity or overall business strategy in light of these considerations.

As having some specific examples is useful, I will talk about my business and what we sell, but this self-reflective process is applicable to almost any business. The specifics may vary but the message is universal. So, what do we really sell?

On the face of it my business sells spray nozzles, safety showers, tank cleaning equipment and various other fluid related industrial components. A dry and sober product set if there ever was one! These items are sold to a wide variety of industries with core sectors, including chemical, petrochemical and food processing. So, the question "what do you sell?" would seem obvious - it's a lump of metal or plastic that distributes fluid (a nozzle) or a lump of metal that creates a high flow shower suitable for rapidly removing corrosive substances from a human (safety shower). These basic answers are, on one level, entirely correct and any business can come up with such answers within just a moment's thought.

But is this what customers buy?

Does an engineer wake up and think "I need to buy a spray nozzle for my project today" or is he/she perhaps thinking in slightly different terms? I would posit that what the engineer is really doing when he/she contacts my company is that he/she is trying to solve a problem. As soon as we start to look at our customers as people with problems to solve we start to get much closer to what they are really buying from us.

Problem solving

Typically, a prospect will approach my company with an engineering issue they want to solve. If they are seeking a spray nozzle they will have a fluid distribution problem of some description. We have over 40,000 different spray nozzle variants so there is a bewildering array of ways to fling water about. What the engineer customer wants is for us to help him/her select the product that will optimise his/her system. So, now it should be obvious that what we are really selling is knowledge. The truly valuable thing that my business sells is knowledge. We use this knowledge to rapidly help customers solve their engineering problems. Spray nozzles are a specialist and complex product set, no engineer will have an in-depth knowledge of these components or, indeed, most other specialist components they will need to source. It's simply not practical to have knowledge of all these thousands of different products, so they rely on the knowledge in the minds of their suppliers. It is this knowledge that is of actual value.

We, like all companies, have competitors. Some of our competitors are low cost producers in China but I do not worry about them too much. On the face of it these companies sell the same physical object (a spray nozzle) for a lower price. I should be worried if we just viewed our business as selling physical objects but, when one takes the view that we solve problems, we can immediately see how we can out-compete cheaper competitors. The Chinese product may be cheaper but can the company supplying it solve the customer's problem quickly and reliably? Do they have the knowledge we have? Can they communicate this well enough? Can they visit the customer's site if necessary? Can they adhere to and have knowledge of the various European engineering standards required? Normally the answer to all these questions is a resounding "no".

When one considers these factors, it should be obvious that the problem-solving ability of a Chinese competitor is far less than ours. As such, we can and do compete with the low-cost providers even though they have similar products for a much lower price. Indeed, I barely cross swords with the lower cost competitors from the emerging markets like China or India- they are not really competitors I worry about because, despite their low cost products, they do not have the same problem solving ability we do and it is this problem solving that our customers really buy.

Safety showers

With the showers side of our business, what the customer really buys is a little more subtle. There are certain EN standards that an emergency shower needs to meet and there are various advisories from the Health and Safety Executive to when showers are required. So, if a shower is needed and it meets the required standard then that should be all there is to it – correct? If one simply looks at the sales process as selling a physical item then sure, that is all there is to it and the cheapest vendor will win every time.

Thankfully, there is more to this sale than meets the eye. If one steps back and looks at what problems the customer is trying to solve then one can start to appreciate how a more expensive product will compete. An emergency shower is a piece of first aid equipment. So why do companies need first aid equipment? There are two reasons: one is to fulfil an ethical obligation to protect their workers; the other is to protect themselves from litigation risk.

If an accident occurs and the company is found to not have provided sufficient protective equipment they will find themselves at the losing end of a law suit. Damages could, potentially, run into millions of pounds. So, the problem being solved in the purchase of any safety equipment is in fact litigation protection.

Once we understand this we can now start to talk about the features of the equipment that mean it will serve this function better than a competitor's. Both showers might meet the required EN standard, but which will protect life and against litigation the best? Once this sort of conversation is being had all the superior features and benefits of our product can be brought bare, and most importantly, given a value. This will then allow a more expensive product to be sold. If we are stuck simply selling physical objects none of this can happen and a more expensive but superior product is doomed to gather dust in the warehouse, unappreciated, unloved and unsold.

Generalising

The above two examples are from my business and they will not really be directly relevant to anyone else, unless they are my competitors. I hope, though, these will give the reader pause for thought as to how they can think a little deeper about what they really sell. The general question to ask is "what problem is my customer trying to solve?". Once this is understood the following generalisations can be made:

Value your knowledge or service

The knowledge or service wrapped around the physical product is valuable. If this helps solve the customer's problem, then they will pay for this. The service could be swiftness of supply, expert advice or peace of mind (guarantees). You, as the vendor, need to understand the value of these things otherwise you will be beaten up on price by low cost competitors and wily buyers. If you think about what problems you are solving for your customer you are less likely to leave money on the table.

Build your strengths

If you understand your problem-solving capabilities, you can build on them and hone them. For us in the nozzle business this requires building our technical knowledge of various applications. For other businesses it might be making the product easy and quick to buy. Whatever it is that helps your customer solve their problems, do more of it.

Play to your strengths

Not all customers are equal, and some customers have different problems. For us in the nozzle business there is a whole huge sector we avoid. Agricultural sprayers are probably the single biggest market for nozzles, but we don't touch this. Why? Because it is a commodity product and the problem customers have is generally only a speed of supply or price issue. They are not solving complex technical problems, they know what they want already. As this is the case we simply don't compete in these sectors, so we chose not to engage here. There will be similar decisions to be made in most businesses. If a certain market segment, even if its potentially large and lucrative, are not trying to solve the problems you are good at solving, then don't try.

Implications

The above mind set will have implications in three main areas:

- 1- Marketing.** Company literature, websites and other materials should reflect the capacity your company has to solve the customer's problem. The ability to solve this problem, whatever it is, should be communicated in each bit of marketing a prospect sees. For this to happen one first needs to think about and establish what exactly it is the customer's problem is. So, for us we establish our technical expertise and our ability to swiftly solve spray related engineering problems.
- 2- Sales.** The "problem solving" mind set needs to be drummed into your sales staff. If a sales rep does not understand that they are selling more than a lump of metal, then they will be stuck. Once they understand the problem-solving approach to sales then they can modify their pitches and become more successful as they are playing to the company's strengths rather than, potentially, to its weaknesses.
- 3- Strategy.** Once the customer's problems are understood it is important to build up the capacity to solve those problems. This will hopefully dictate where resources are allocated and what acquisitions are made. This could be in software, improved technical support, learning / course to upskill staff. So, for us we continually try to improve the knowledge of our staff so they are better able to solve engineering problems.

Conclusions

There is nothing particularly revolutionary about any of the above observations. This is basic salesmanship, but it is surprising how many businesses, especially ones with complex technical products, get bogged down in the features of their product. Many such companies become obsessed with the superiority of the performance of their product and barely think about what problems their customers are actually trying to solve with them. They may well end up with technically the best engineered product on the market but with no one to buy it, as a smarter competitor has worked out how to problem solve for their customers better, and stolen the market share. An inferior product that is delivered by a company with an eye on problem solving for their customers can and will outcompete a superior product most of the time.

So, ask yourself every day, what problems are your customers actually trying to solve? It's vital to know.

SPG, September 2018.