

## What Colour is your Sales Strategy?

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Much of today's Sales Strategy is based on predictable lines where organizations as a matter of routine settle into the following:

- Conducting industry analysis to make an assessment of where their industry is heading- customers, competitors, suppliers, new entrants, regulations, growth etc;
- Undertaking market segmentation to carve out where they can compete, gain revenues and market share based on their industry analysis;
- Allocating sales revenue targets and resources for each of these market segments usually based on last year's sales plus a percentage increase based on economic conditions, market maturity and product life cycle;
- Training sales teams on positioning, the 30 second elevator sales pitch, presentation, negotiation skills and the like;
- Promising that Marketing is there to help Sales with pipeline generation and that Sales, Marketing and Product Development are working together;
- Congratulating their Sales team at the Annual Kick-Off for making their numbers and rewarding the guys and gals who won seemingly impossible competitive battles; and
- Communicating to the sales teams at this meeting of their Sales Strategy and arming them with advertising and sales collaterals to go and win.

Sounds familiar? Competing and winning is alive and well in all our organizations. We can only ignore at our peril Sales and Innovation that produce revenues while all other business activities in an organization can be deemed as costs!

Visualize for a moment a picture of a couple at a beach resort where the woman thinks she and her husband are on corporate vacation when he lets the secret out that they are there because their company folded!



We could no doubt provide a long laundry list of issues that may have gone wrong for the company to have suffered this fate.

One on your list would be that they did not have a robust Sales Strategy and that this company was doing pretty much what everyone else did but still could not survive in their industry. Why?

If the Sales Strategy is predicated on continuing with a competitive focus where you fight for market share and try and outwit your competitors, you are likely to be fighting eventually for survival in a fierce market place where merely a handful survive.

Symptoms of competitive pressures manifest in several ways including eroding market share, declining revenues and margins and multiple product lines with only marginal value differentiation that adds to your overall cost structure.

### **Red Oceans, Blue Oceans**

In this scenario, you are then in the 'Red Oceans' of brutal and bloody competition according to INSEAD Professors Chan Kim and Renee Mauborgne, authors of the seminal book Blue Ocean Strategy (Harvard Business School Press, 2005).

History is replete with success stories of fierce competitors on the one side and on the other side those of fallen corporations and businesses that failed to out smart their competitors.

There is nothing wrong with you competing and developing your time tested methods of Sales Strategy for Red Oceans where you relish competition and are looking to new battlefronts.

But soon a time will come when the pressures of competition start eroding your market share, revenues and margins because others in those market spaces are doing exactly the same thing!

In Blue Ocean Strategy, Kim and Maugborngne suggest that you should develop products and services in uncontested market spaces in addition to your products and services in competitive markets.

They discuss a number of case studies in their book, including Casella Wines ([yellow tail] brand) and Curves (a US fitness franchise) both of which are now well known and flourishing in Australia. Thomas Cook and Sons, now owned by TravelEx is presented as 'EFS' in this book where EFS takes advantage of Information Technology for competitive advantage.

The [yellow tail] brand of Casella Wines continues to grow in the US after having captured over 10% of the imported wine market by 2004. This milestone was reached within three years of their entering the US market where over 75,000 wine brands are sold!

In the case of Curves, the US based fitness franchise for women is the fastest growing franchise in the world and by early 2005, was the tenth largest of any franchise in the world!

Blue Ocean Strategy developed by Kim and Mauborgne contrasted to Red Ocean Strategy is shown below:

<b>Red Ocean Strategy</b>	<b>Blue Ocean Strategy</b>
Compete in current markets	Create uncontested market space
Beat the competition	Make the competition irrelevant
Exploit existing demand	Create and capture new demand
Make the value-cost trade-off	Break the value-cost trade-off
Low cost or differentiation	Low cost and differentiation

Source: Blue Ocean Strategy, Kim and Mauborgne, HBS 2005

## Applying Blue Ocean thinking to Sales Strategy

You can use a number of principles from Blue Ocean Strategy to develop your overall Sales Strategy for both Red Oceans and Blue Oceans. These include the following:

- Strategy Canvas: Would your executives and Sales team be able to outline the key factors of competition in your respective markets? Where do you stand relative to your competition?
- Value Proposition: From your strategy canvas, can you develop your unique selling proposition and ensure the rest of the organization backs this to seamlessly execute your Sales Strategy?
- Communications: Can you get all lines of business to agree on your Strategy Canvas so that Marketing (all activities including Advertising, Collaterals etc), Pricing, Partners and Channels are totally aligned to support your Sales Strategy?
- Back Office and Support Systems: Have you ensured that critical sales support functions including Pricing and Contracts underpin your Sales Strategy?

Sales executives can start using these principles to develop their sales strategy as this whole process is to visualize your strategy. After all, we all know that a picture says a thousand words!

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**A confluence of Ideas and Action**

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