

7

First “Go-to-Market” Steps

Pradeep Anand

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Pradeep Anand

Focus: Successful Commercialization of Technologies in the Oilfield

- Vice-President, Marketing, Landmark Graphics
- Manager, North American Operations, Baker CAC, Baker Hughes
- Marketing/Business Development Manager, LWD/MWD, NL Sperry-Sun

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- **Other** — Kanaly Trust, Fort Bend Independent School District, American Sleep; Willy, Nanayakkara, Rivera & Goins

Since 1994

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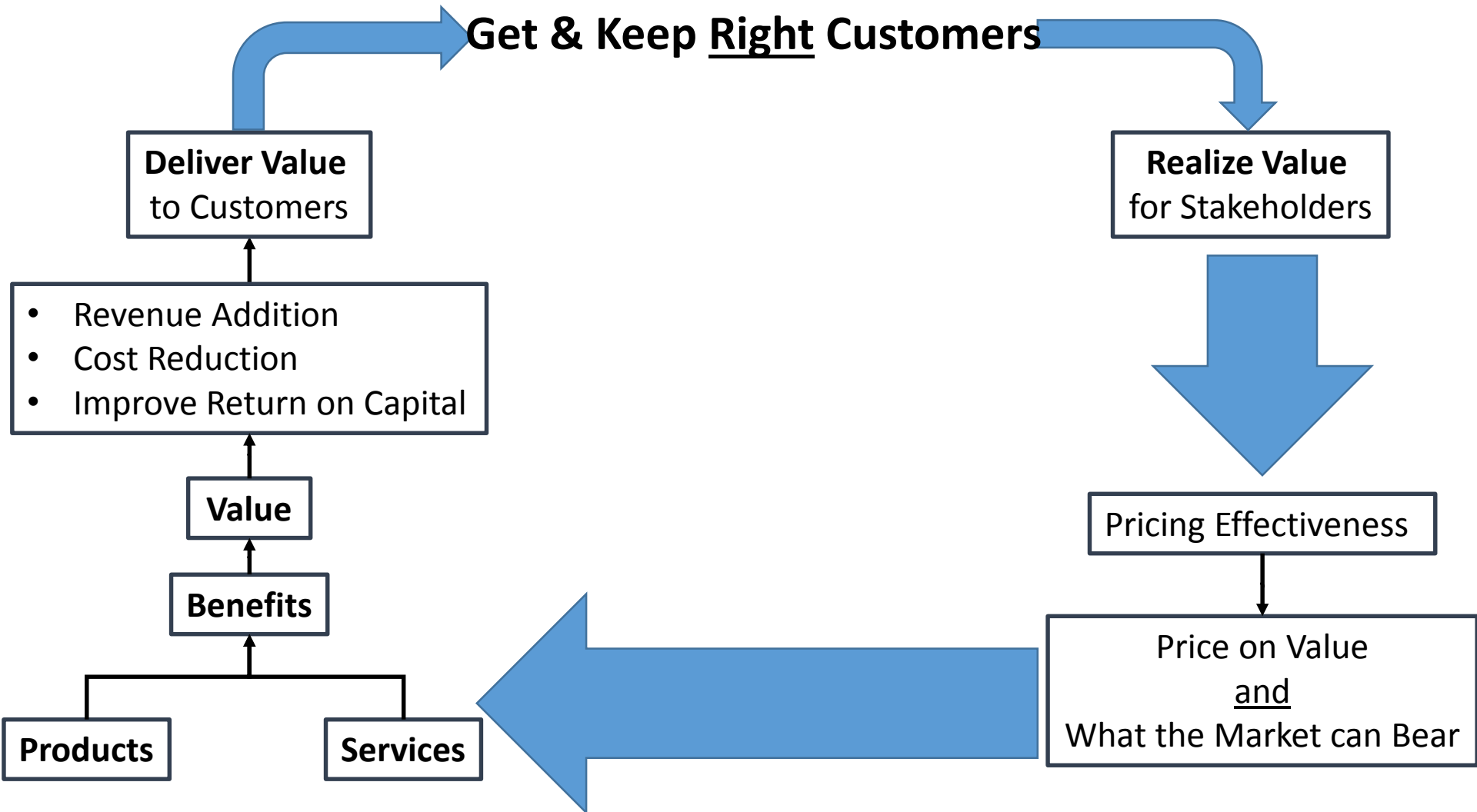
Focus: Successful Commercialization of Technologies in B2B Space; Mentor/Train/Teach

Since 1994

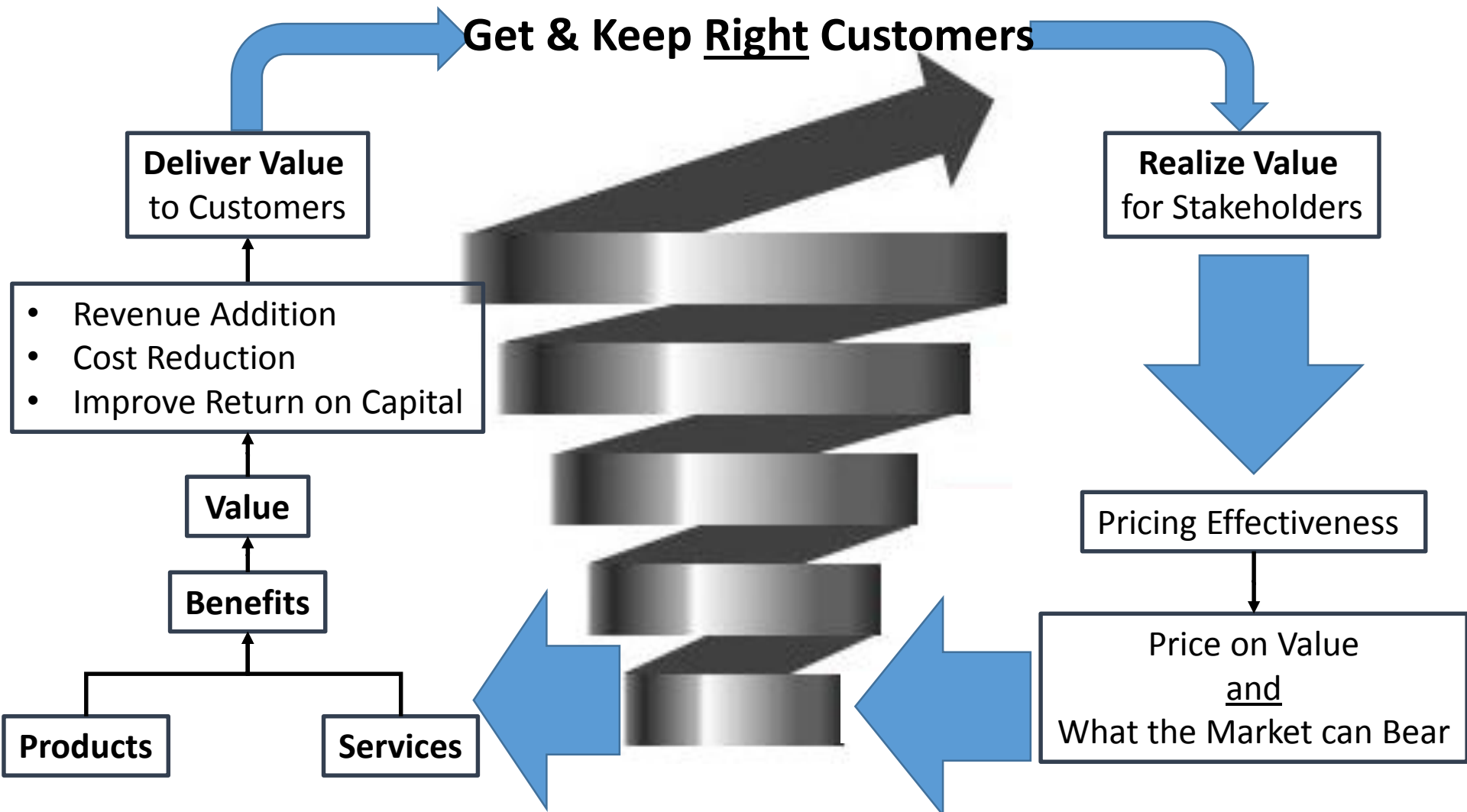
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Go-to-Market Principles

Purpose of a Business



Purpose of a Business



Purpose of a Business: Create Value Spiral



Go-to-Market Process

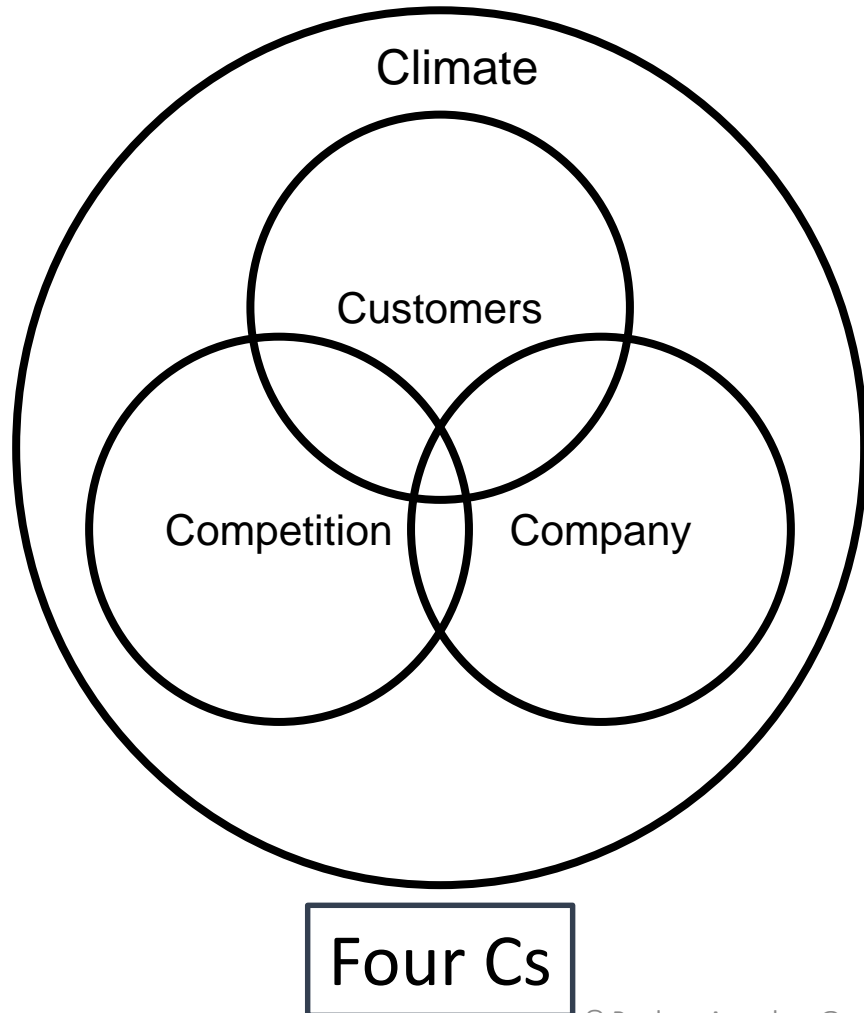
Aim!

Shoot!



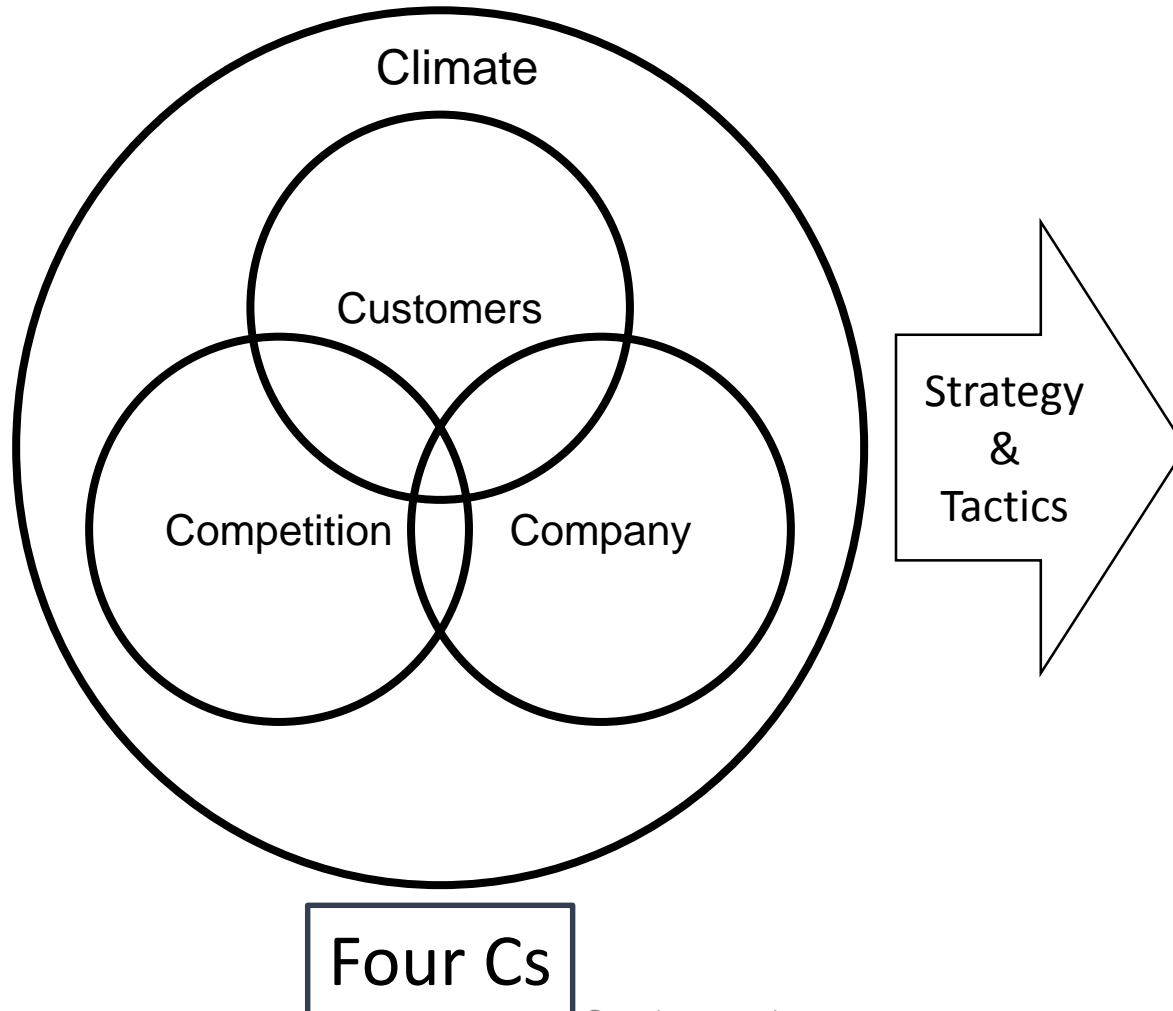
Go-to-Market Process

Where are we?



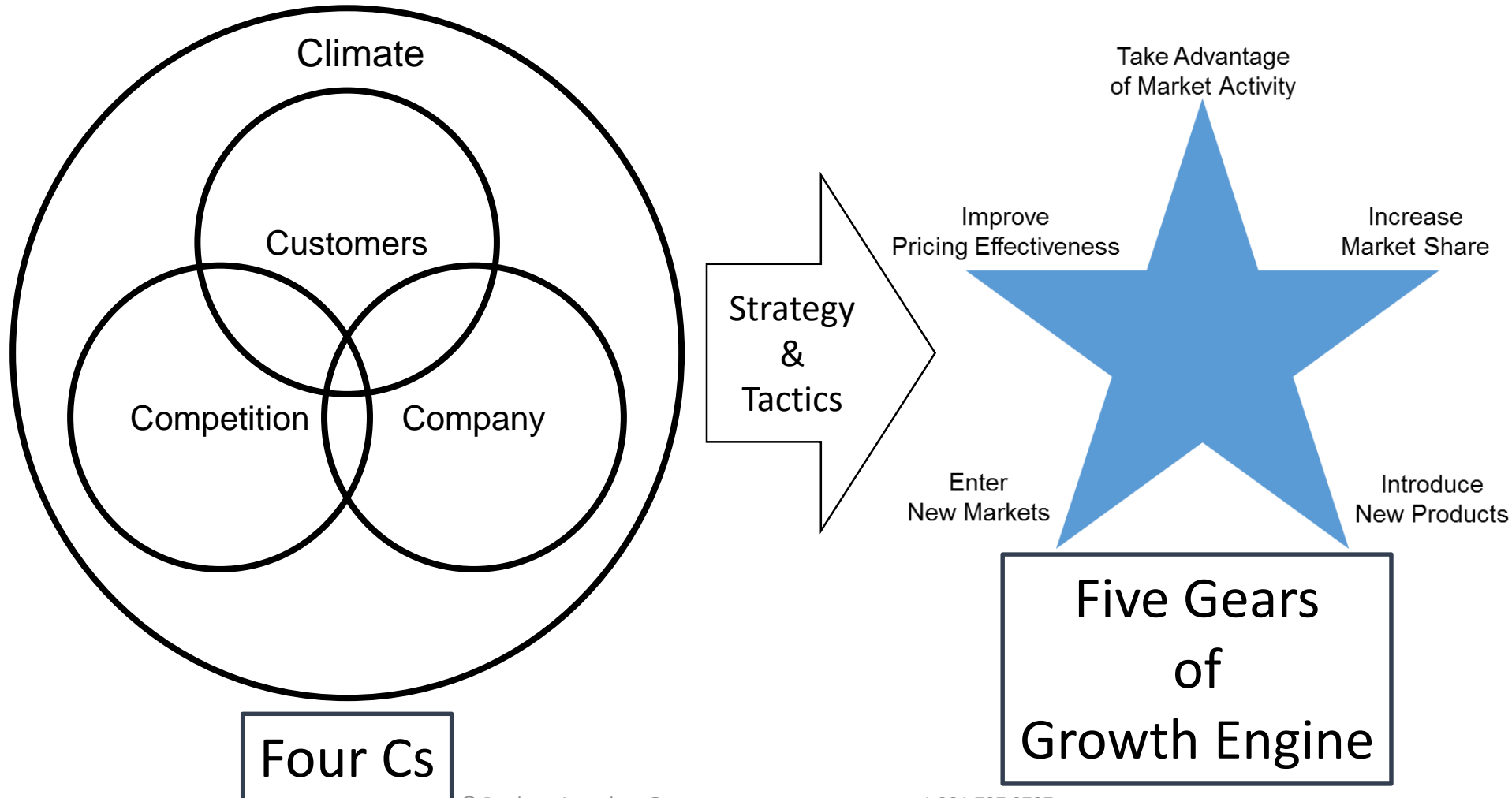
Go-to-Market Process

Where are we? Where can/should go?



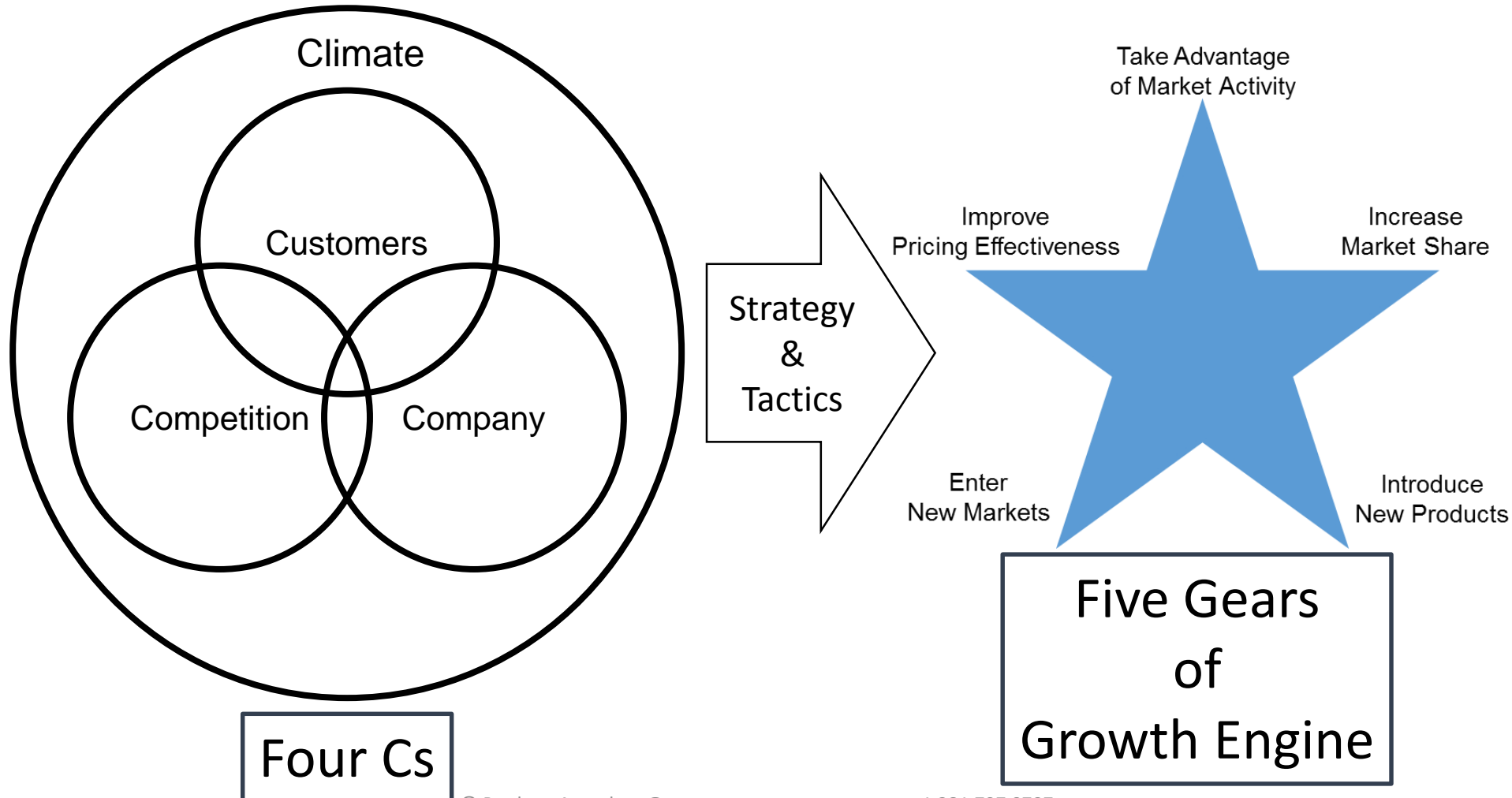
Go-to-Market Process

Where are we? Where can/should go? How do we get there?



Go-to-Market Process

Where are we? Where can/should go? How do we get there?



7 First “Go-to-Market” Steps

Without sacrificing your future value

Seven First “Go-to-Market” Steps

1. Where’s the money?
 - With your customers
 - With your competition
2. Why do customers buy from you or your competition?
 - A **unique, trusted** source who delivers **value**

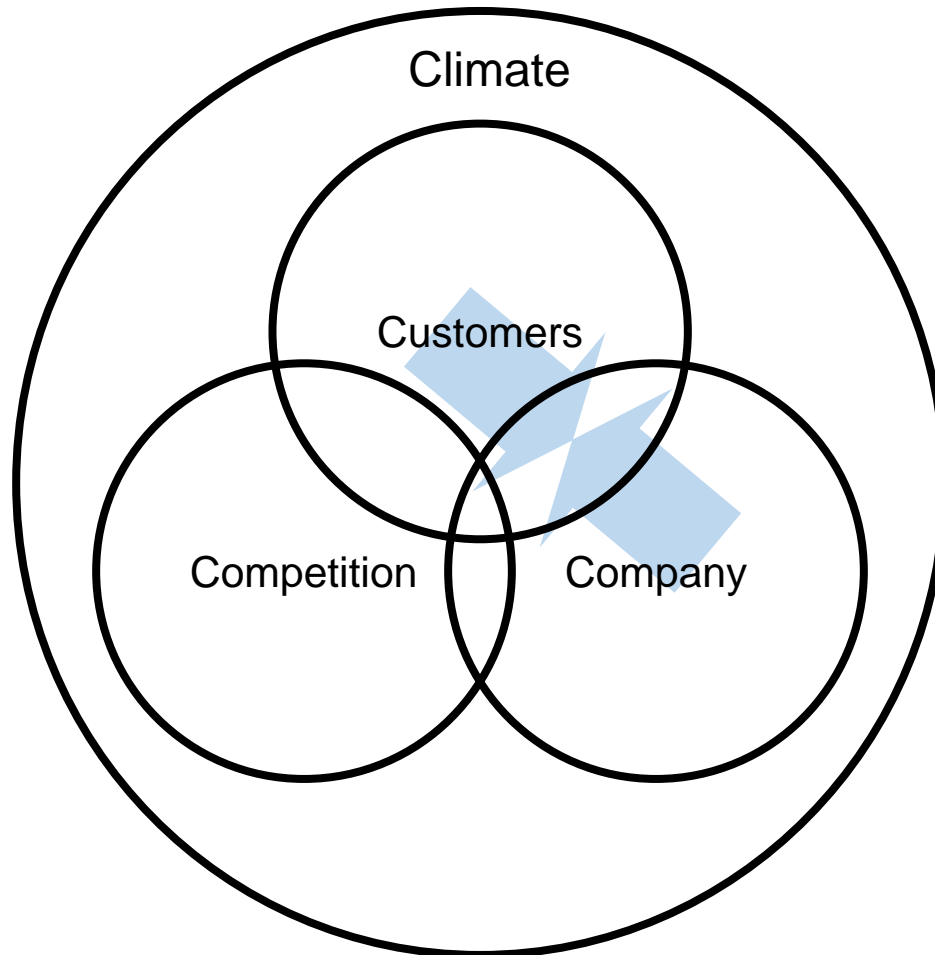


Step 1.

Answer the Question:
Where's the Money?

Where's the money?

With the RIGHT customers



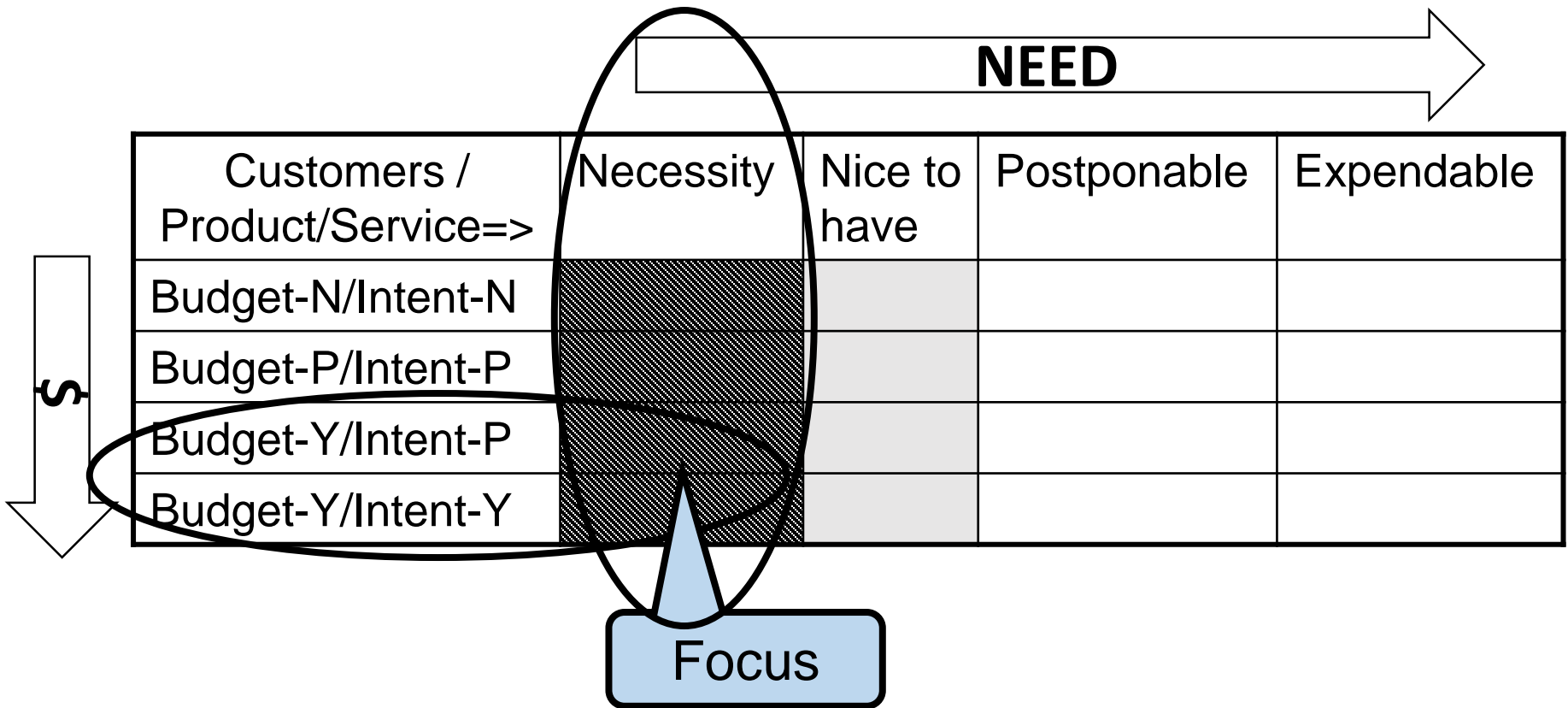
Where's the money?

With the RIGHT customers

	Yes	Perhaps	NO
Need			
Budget			
Intent			

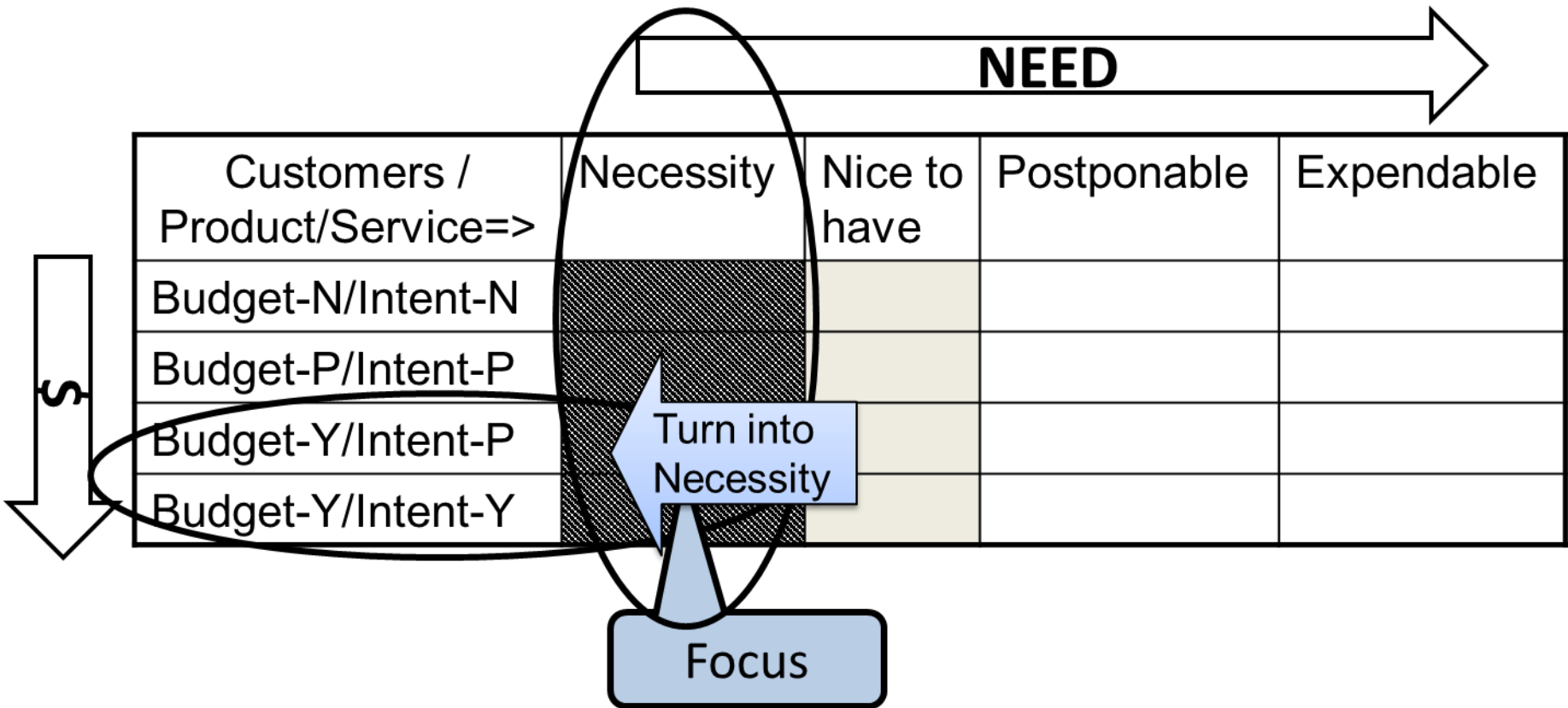
Where's the money?

With the RIGHT customers

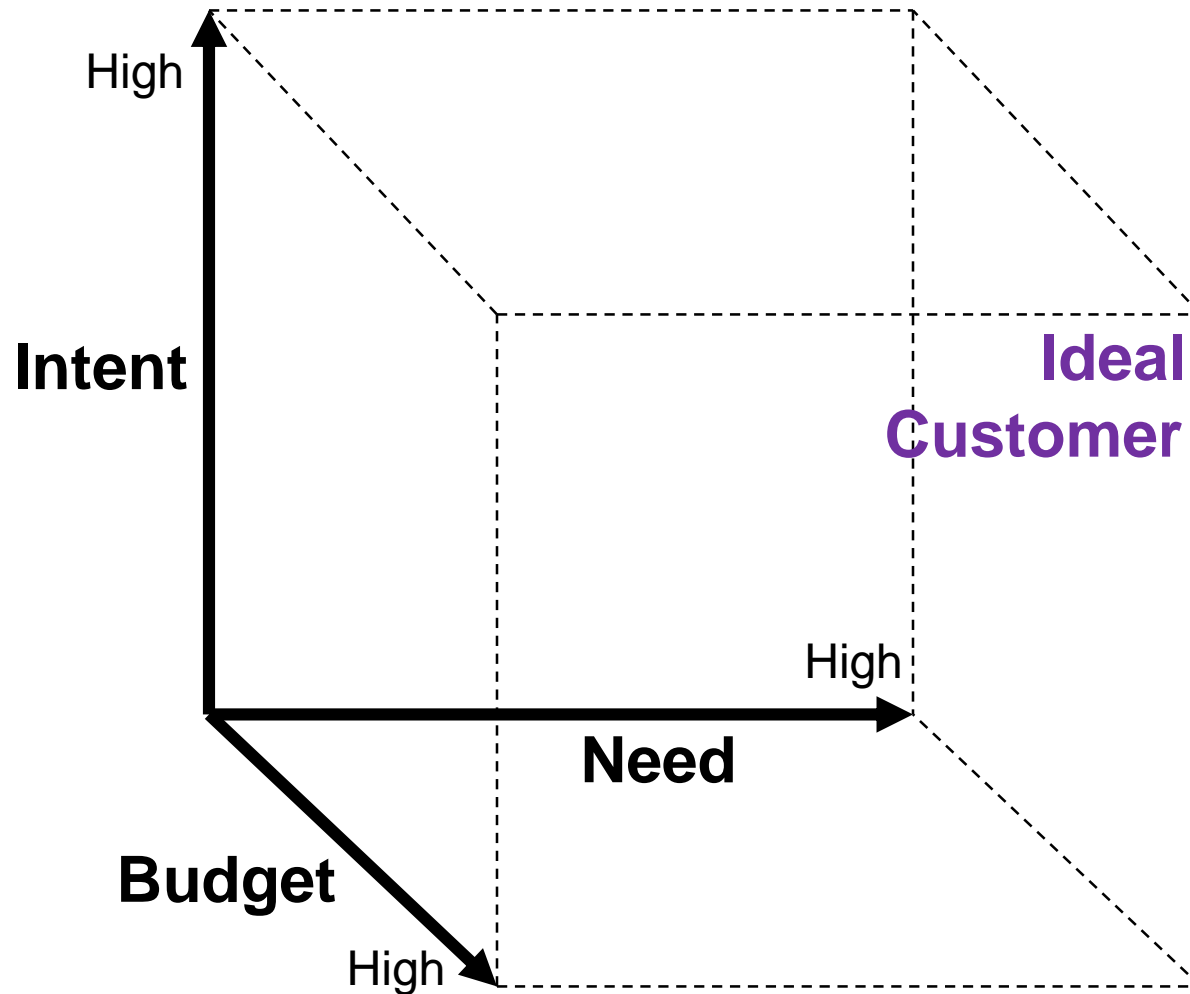


Where's the money?

With the RIGHT customers

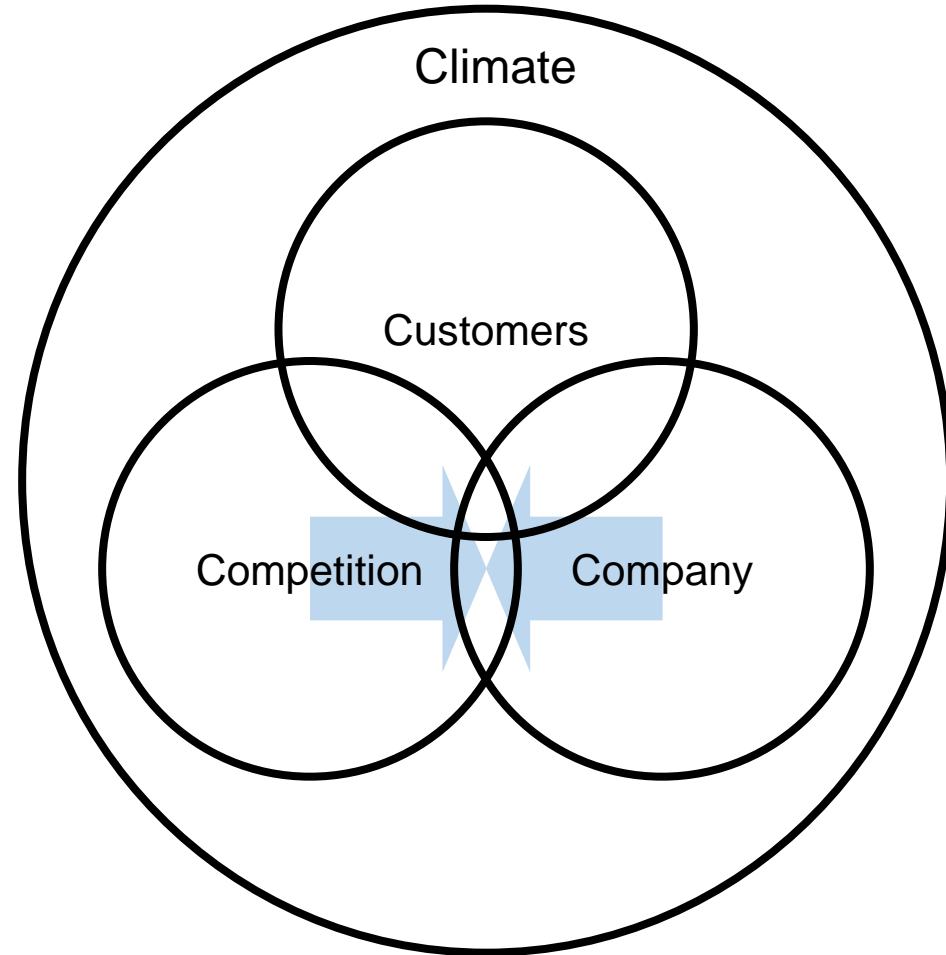


Where's the money? With the RIGHT customers



Where's the money? With your competition

- Types of competition
 - Direct
 - Indirect
 - Substitution
 - Adjacencies
 - **Waste**
 - Suppliers
 - Customers
- Each is an **opportunity**



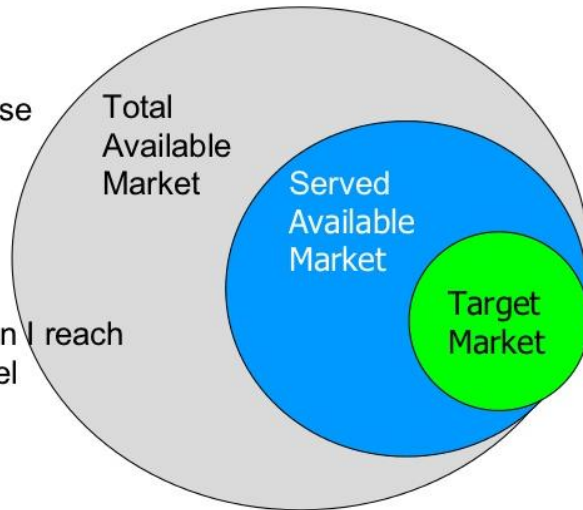
Customer Segmentation

- Important for:
 - Selecting right target customers
 - Focusing resources
 - Reducing waste
 - Increasing probability of success
 - Accurate product positioning
 - Accelerate “Speed to Market”

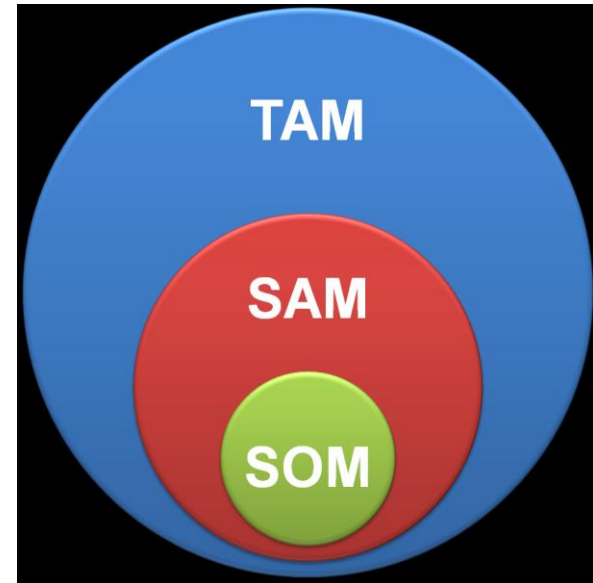
Sizing Markets:

TAM = how big is the universe

SAM = how many can I reach with my sales channel



Target Market (for a startup) = who will be the most likely buyers



SOM=Serviceable Obtainable Market. Portion of SAM that you can capture

Market Size Calculation

- Precise accuracy of a market assessment difficult
 - Methods of arriving at market size are generally subjective
 - Rarely derived from statistically valid samples
 - Triangulate to the right answer with multiple sources
- Speed versus Accuracy
 - Small versus Large investment
 - Preliminary scan of generic segments versus smaller sub-segments

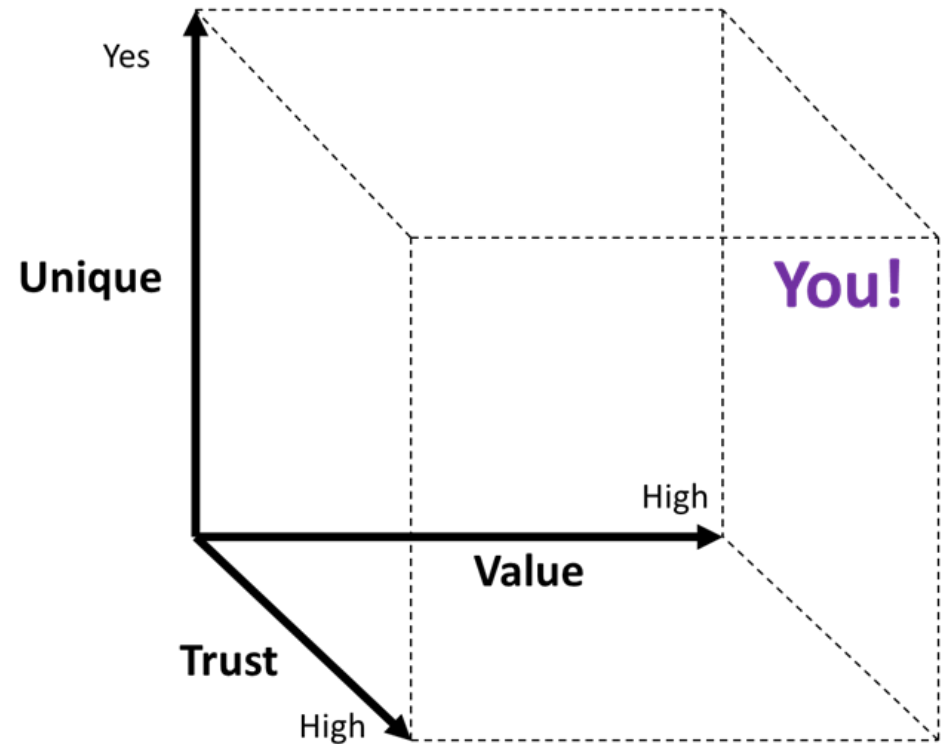
Step 2.

Answer the question:

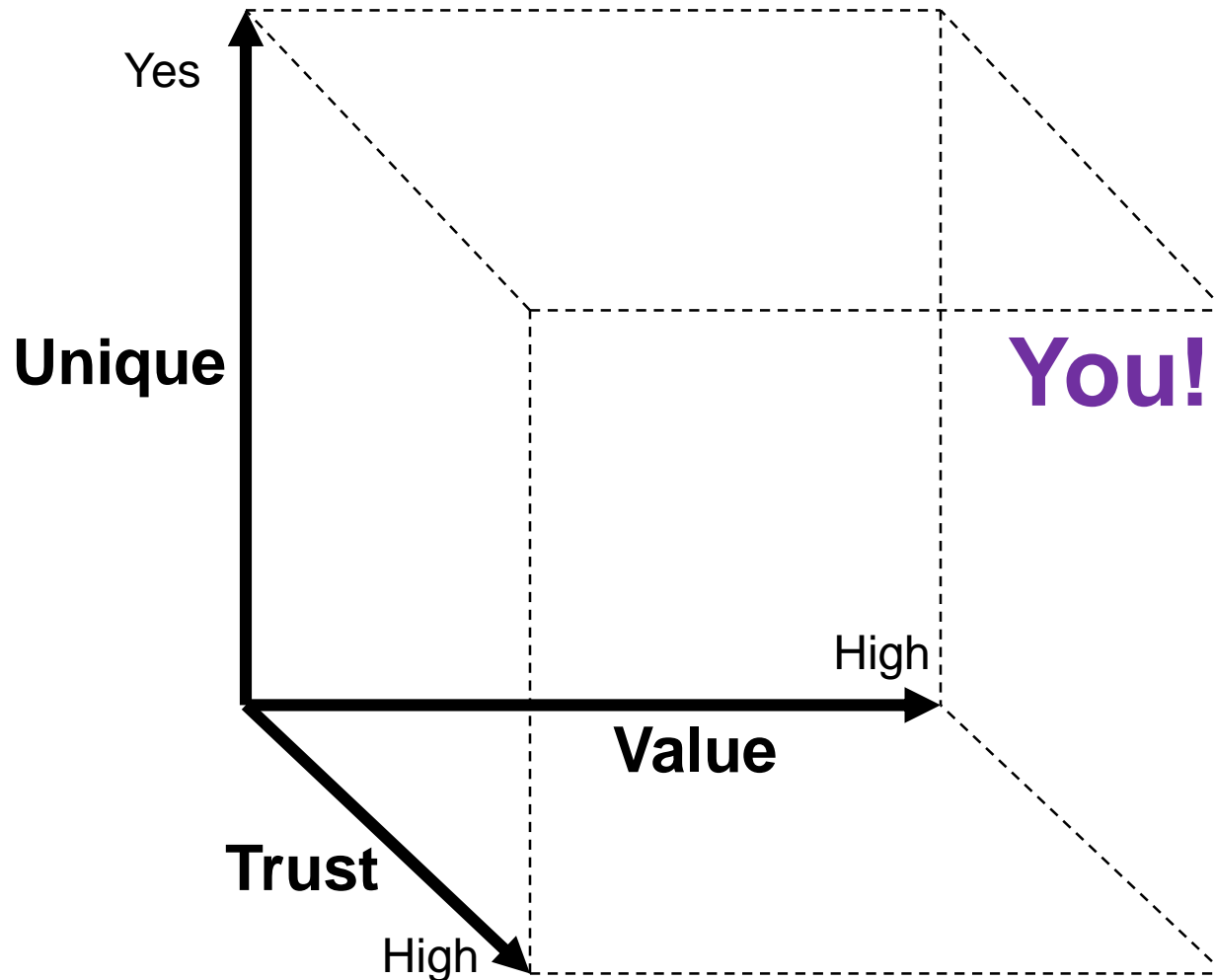
Why do customers buy from you
or your competition?

Why do customers buy from you?

You are
a **Unique,**
Trusted source
who delivers
Value



Why do customers buy from you?



Be Unique

- It's a Battle for **Distinctive** Mindshare
- Be Different in Important Ways
- Design your *image and value* so that your targeted segment's customers understand what your company stand for with respect to your competition

Be Unique: Differentiate or Die

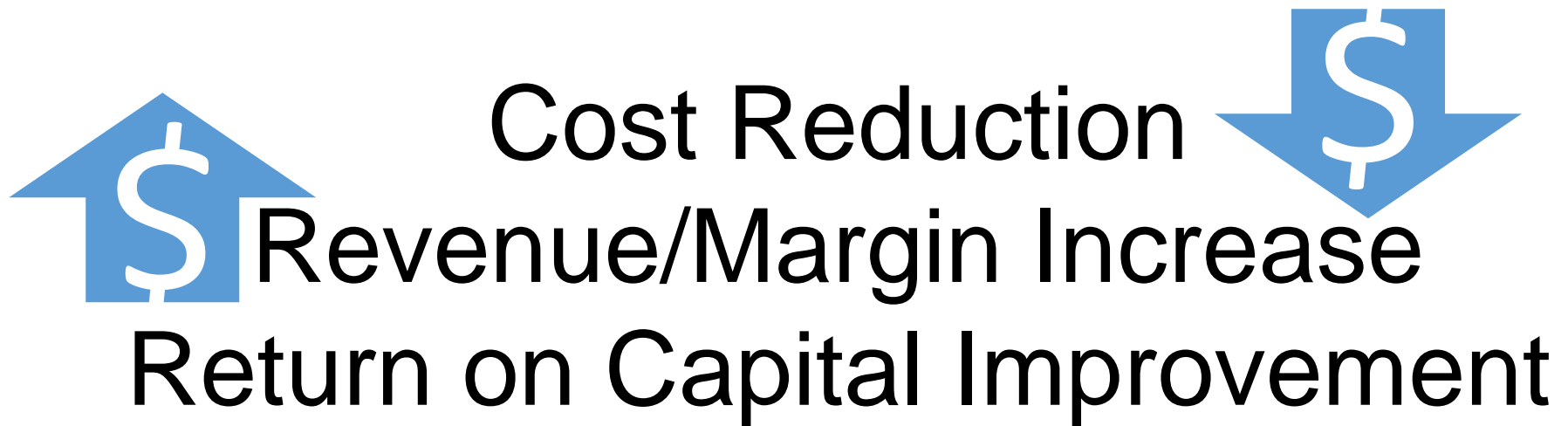


Be Unique: Competitive Product Positioning

- For the: (Target Segment)
- Who Needs:
- Firm/Product is a: (Category)
- That provides: (List of compelling reasons to buy)
- **Unlike competition** (Name), the company/product, also provides:
 - List of **key differentiators**
 - Features
 - **Benefits**

Value: Defining Value

$$\text{Value} = \text{Benefits} - \text{Cost}$$

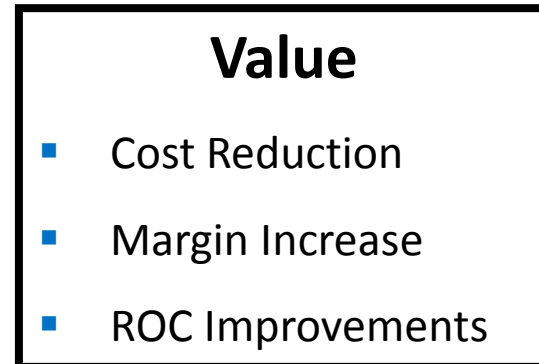
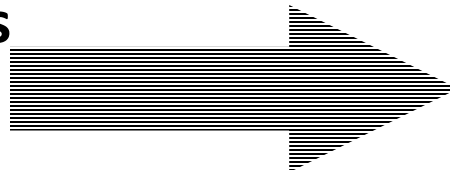


Be Unique in Important Ways

Competitive Positioning + Value

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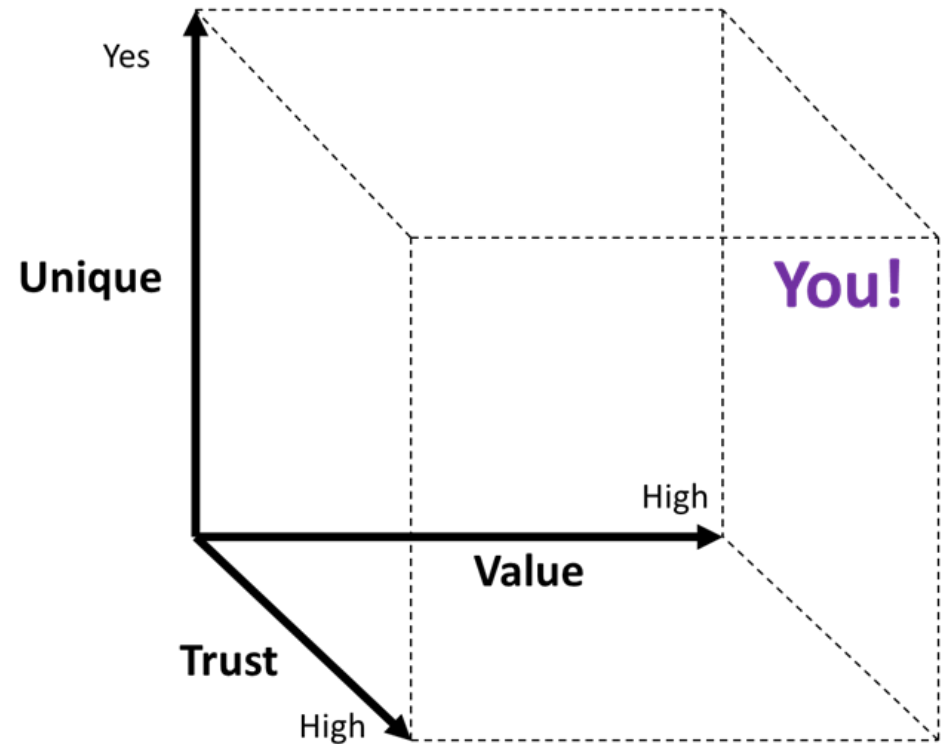
Why do customers buy from you?

Trust

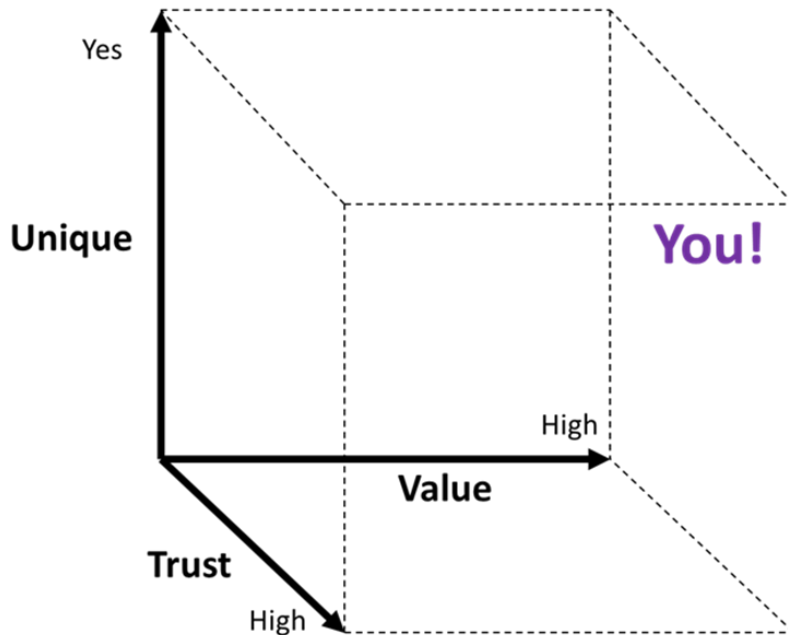
- Buyer' Personal Factors
 - Risk Tolerance
 - Level of Adjustment
 - Relative Power
- Situational Factors
 - Security
 - Number of Similarities
 - Alignment of Interests
 - Benevolent Concern
 - Capability
 - Predictability & Integrity
 - Level of Communication

Why do customers buy from you?

You must be
a **Unique,**
Trusted source
who delivers
Value

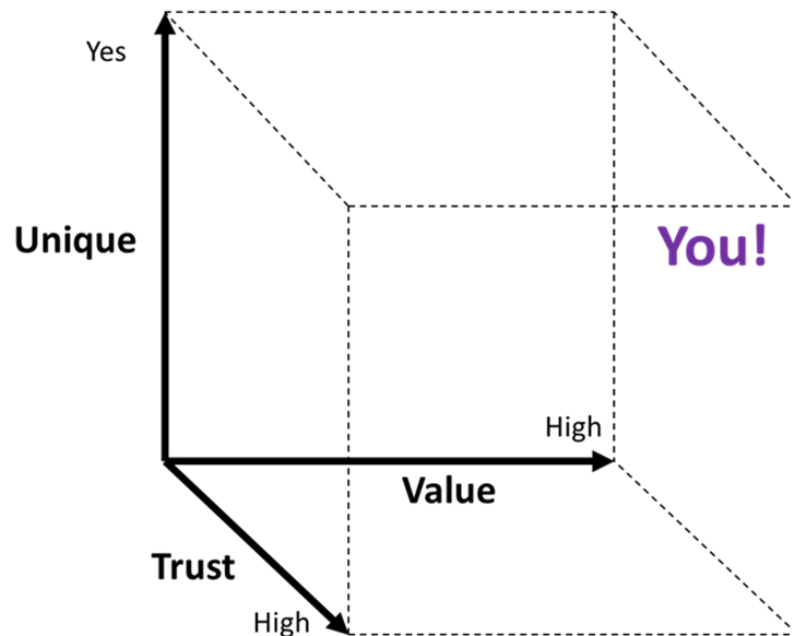


Your First Customers



- Someone who knows you or an “unbiased source” who can recommend you
 - A known entity is far superior to an unknown or less-known one
 - Reduces alternatives
- Knows that you can deliver **Distinctive Value**
- Trusts you

Building on First Customers



- There are always **Alternatives** and competitors to you
- Focus on showing **Value** to the organization
 - Expertise
 - Process
 - Case Studies/Successes
- Focus on **Trustworthiness**
 - Clients
 - References

Step 3.

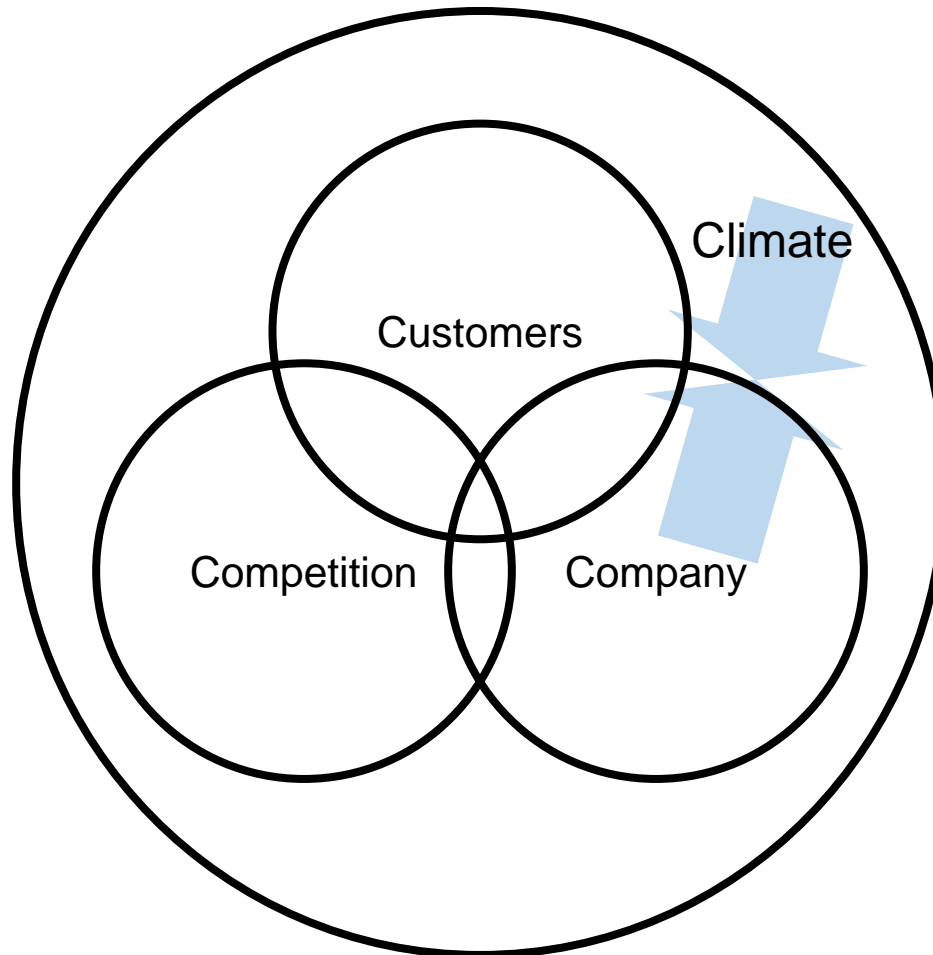
Take Advantage of Market Activity

Take advantage of market activity

3. Take Advantage
of Market Activity



Step 3: Take advantage of market activity



Take advantage of market activity

- Every business has drivers that contribute to its growth
 - It is the tide that raises all boats
 - Your boat and your competitors' boats
- Macro activity does not convey the whole picture
 - Both **Sperry-Sun** and **Landmark Graphics** were born during recessionary times in the upstream oil—NBI/VUT
 - Many early computing companies such as Wang, DEC disappeared during the greatest growth period in the industry—NBI/VUT

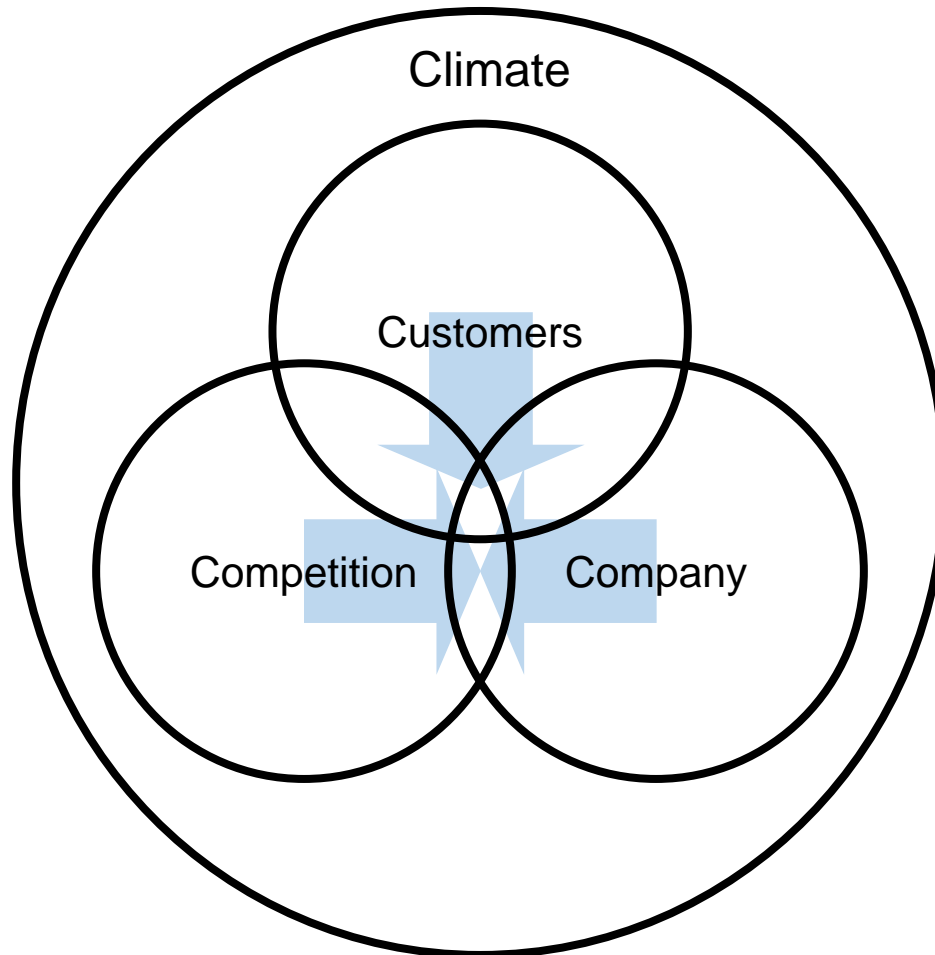
Step 4.

Improve Pricing Effectiveness

Step 4: Improve pricing effectiveness



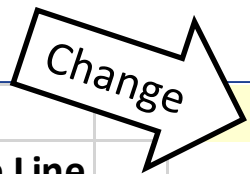
Improve pricing effectiveness



Step 4: Why improve pricing effectiveness?

- There's not much room left for improving profitability with operational cost controls
- It is the fastest most effective way to increase profits
 - 1% increase in price=8% increase in operating profit at an average S&P 1500 company
 - 50% better than a 1% drop in variable costs
 - 300% better than a 1% increase in volume

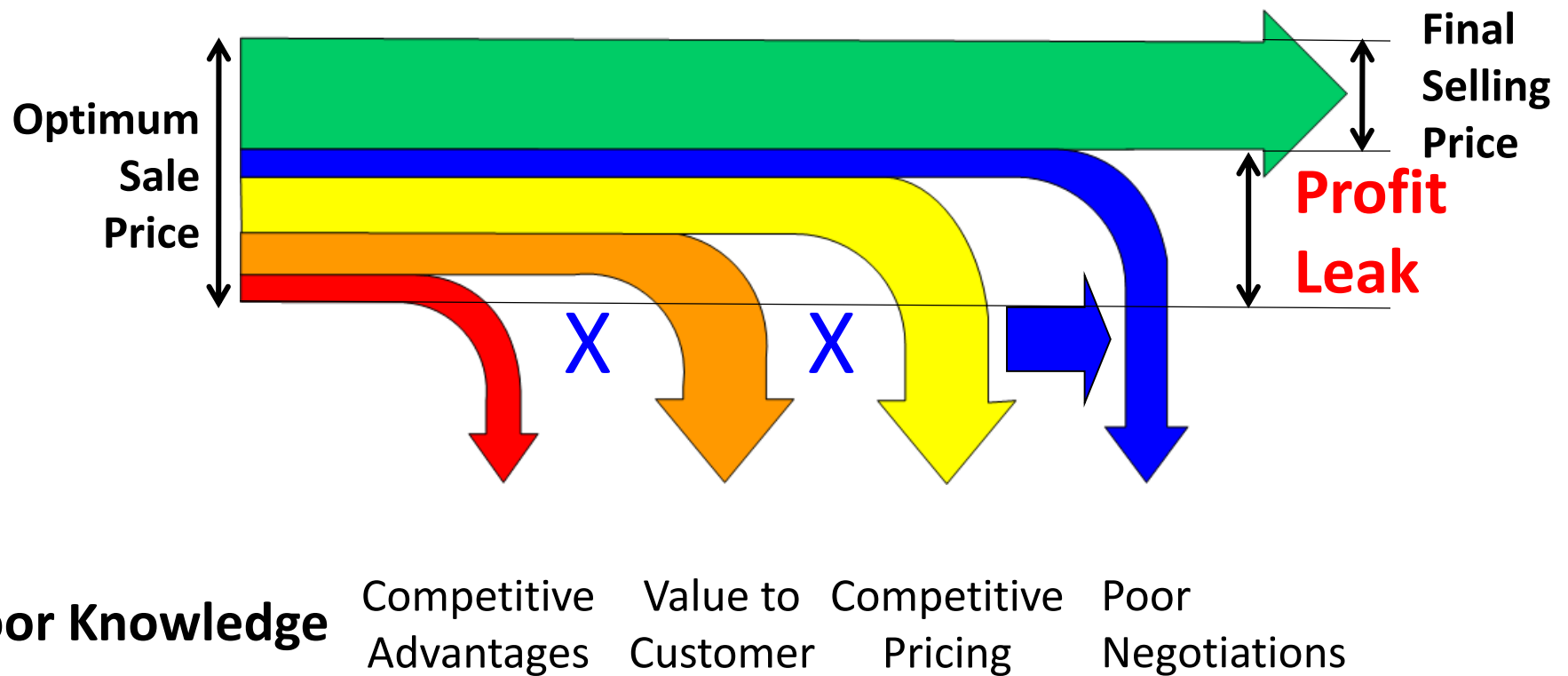
Step 4: Why Focus on Pricing? Effective Way to Increase Profits



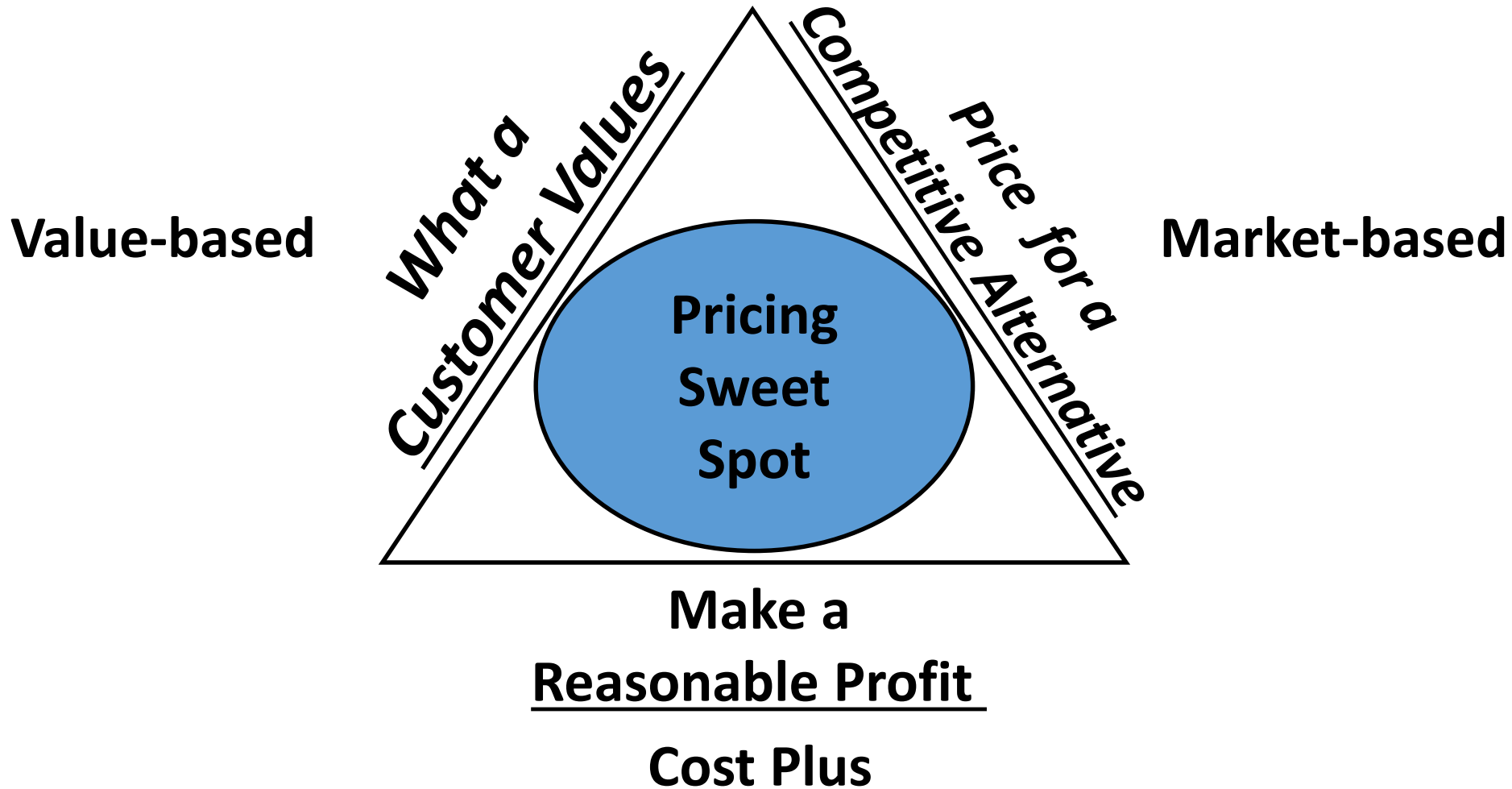
	Base Line	1.0% Price	-1.0% Cost to Serve	1.0% Volume
Units	100	100	100	101
Price	\$1,000	\$1,010	\$1,000	\$1,000
Revenue	\$100,000	\$101,000	\$100,000	\$101,000
Cost to Serve/Unit	\$600	\$600	\$594	\$600
Costs to Serve	\$60,000	\$60,000	\$59,400	\$60,600
SG&A Costs	\$5,000	\$5,000	\$5,000	\$5,000
Gross Margin	\$35,000	\$36,000	\$35,600	\$35,400
GM%	35.0%	35.6%	35.6%	35.0%
Realized Benefit		\$1,000	\$600	\$400
Benefit % of Base Line Revenue:		1.0%	0.6%	0.4%

Increasing price drives as great a benefit as cutting costs and increasing volume

Consequence: Profit Leaks



Process: The Pricing Pyramid



Step 2: Defining Value

$$\textit{Value} = \textit{Benefits} - \textit{Cost}$$



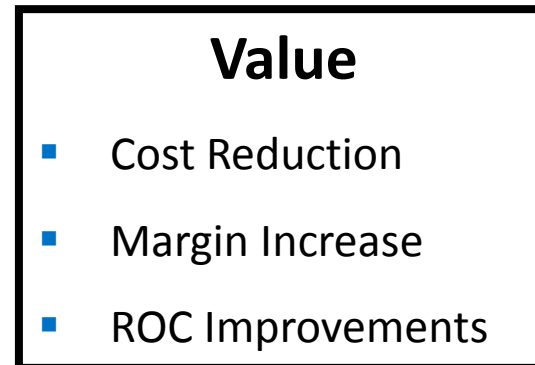
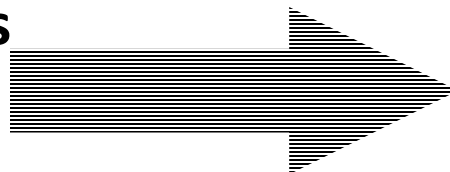
From Step 2: Be Unique in Important Ways

Competitive Positioning + Value

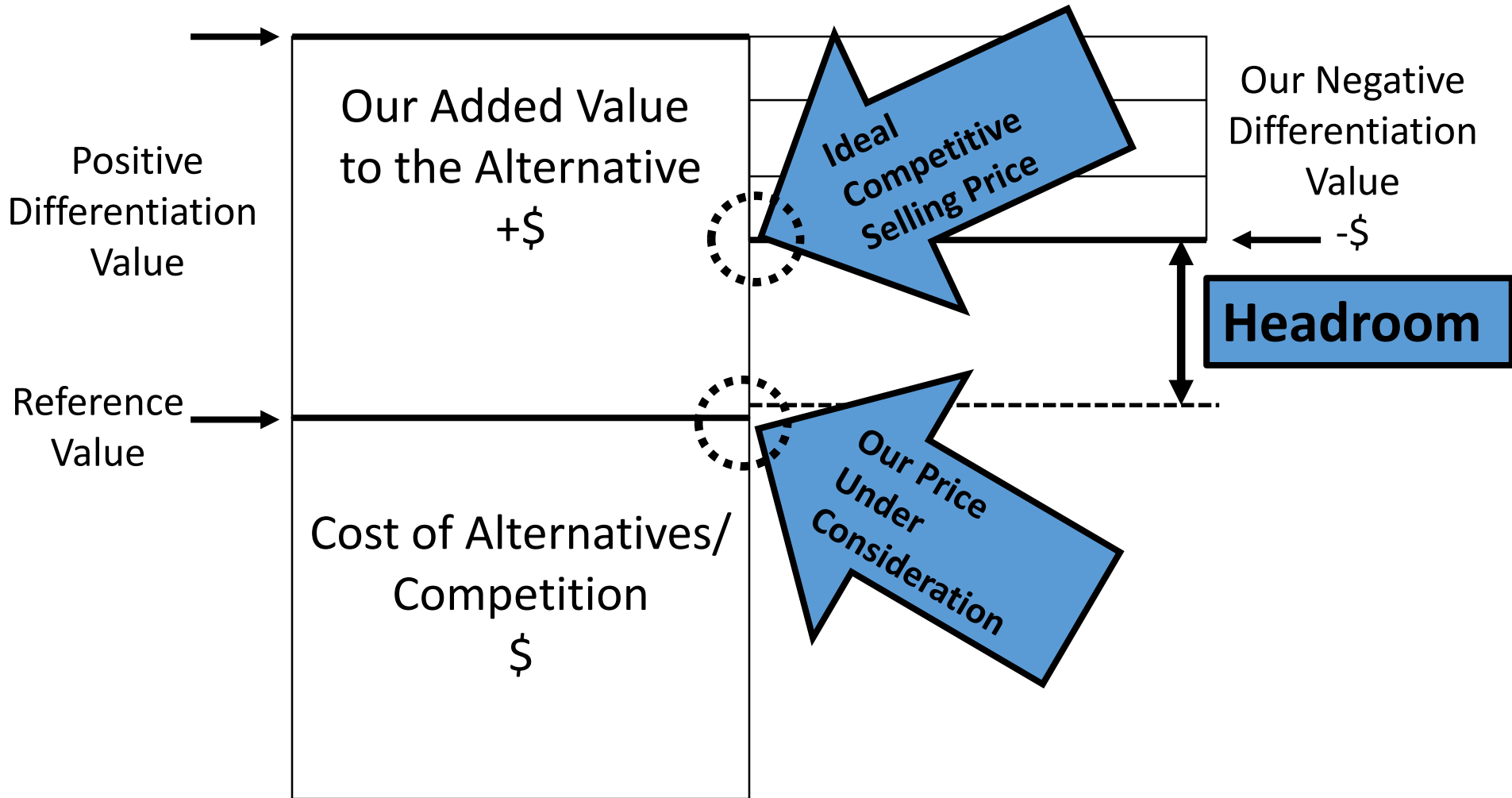
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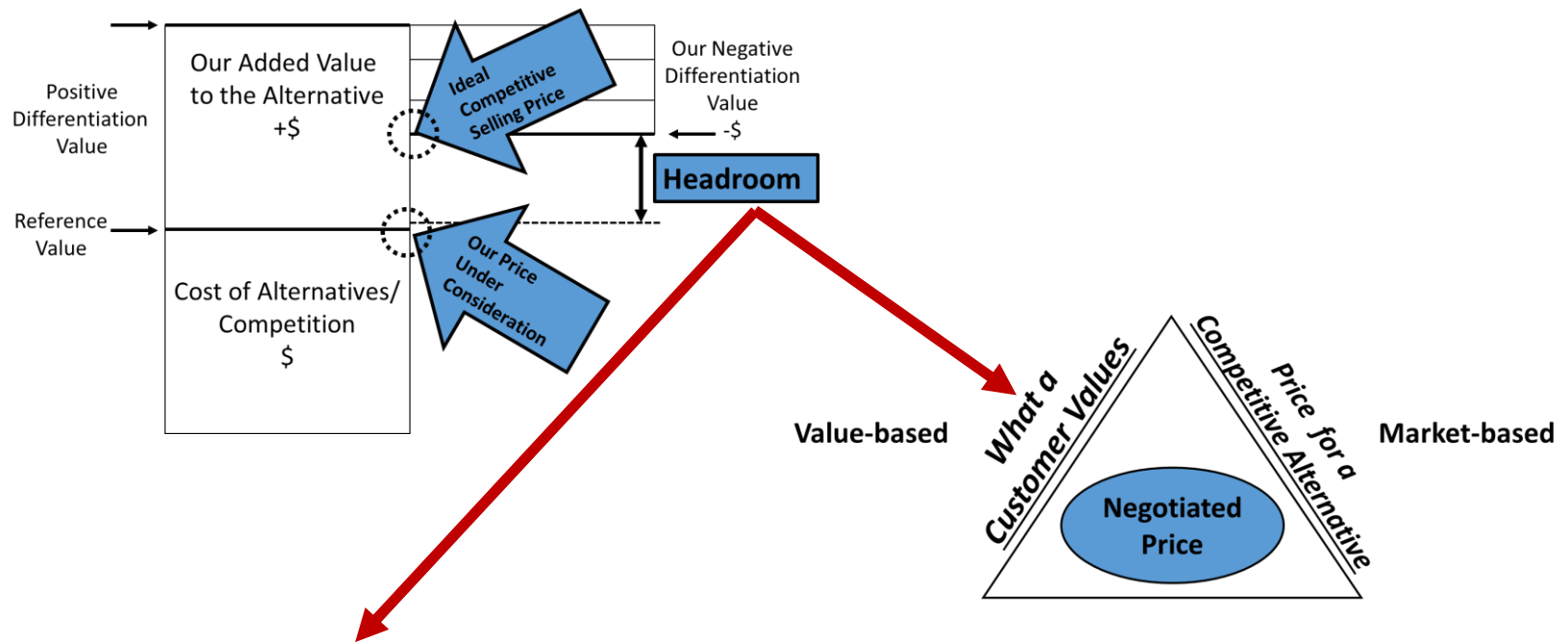
- Features
- **Benefits**



Competitive Value Price



Competitive Value Price: The Picture



- Created by a solid, logical, reasonable and simple methodology based on “price on what the market can bear and on customer value”

Pricing Process: Examples

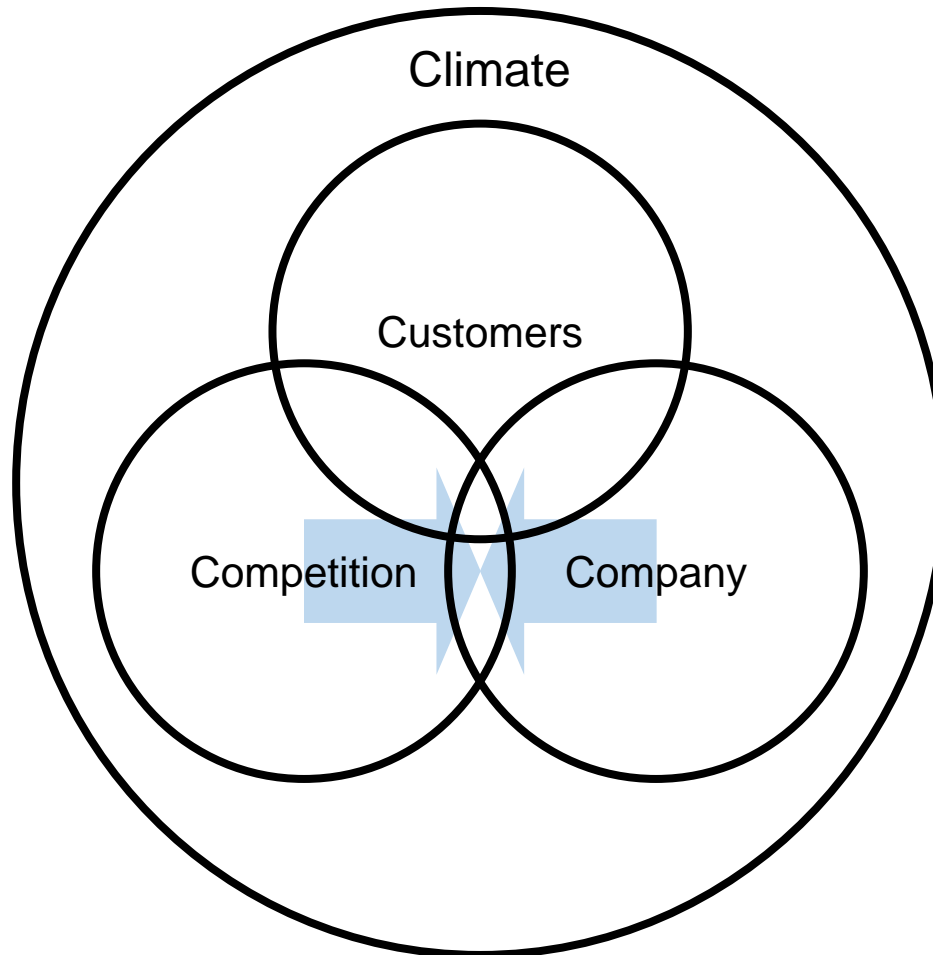
Country	Competitive Price (Local Currency)	Headroom (Local Currency)	Headroom %
Belgium	30,000	13,433	45%
Czech Republic	700,000	218,500	31%
Czech Republic	700,000	301,000	43%
France	50,000	88,554	177%
Germany	900,000	740,000	82%
Netherlands	90,000	70,297	78%
Poland	50,000	10,000	20%
Poland	520,000	354,400	68%
Slovenia	35,000	14,464	41%
UK	50,000	81,302	163%
UK	22,500	21,102	94%

Step 5. Increase Market Share

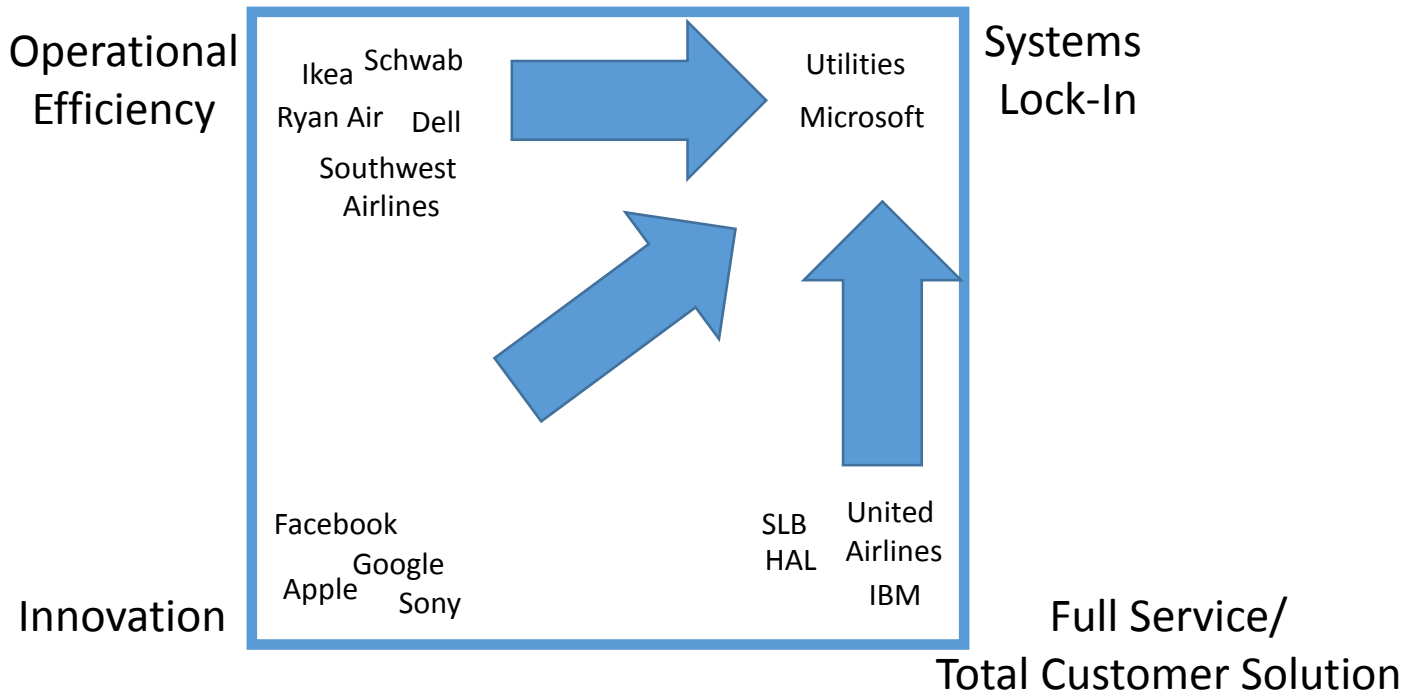
Step 5: Increase market share



Step 5: Increase market share



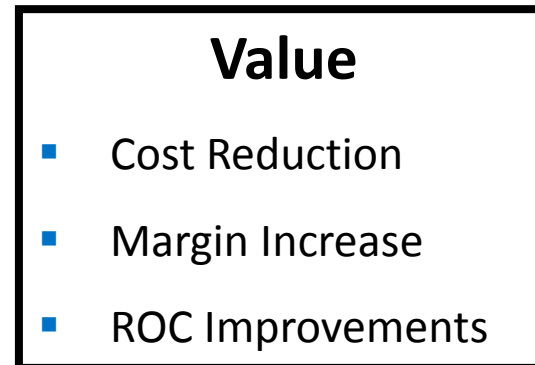
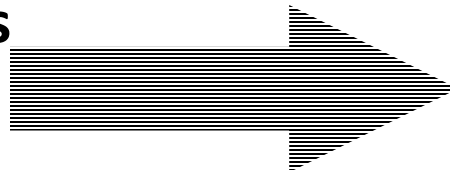
Company Strategy Drivers



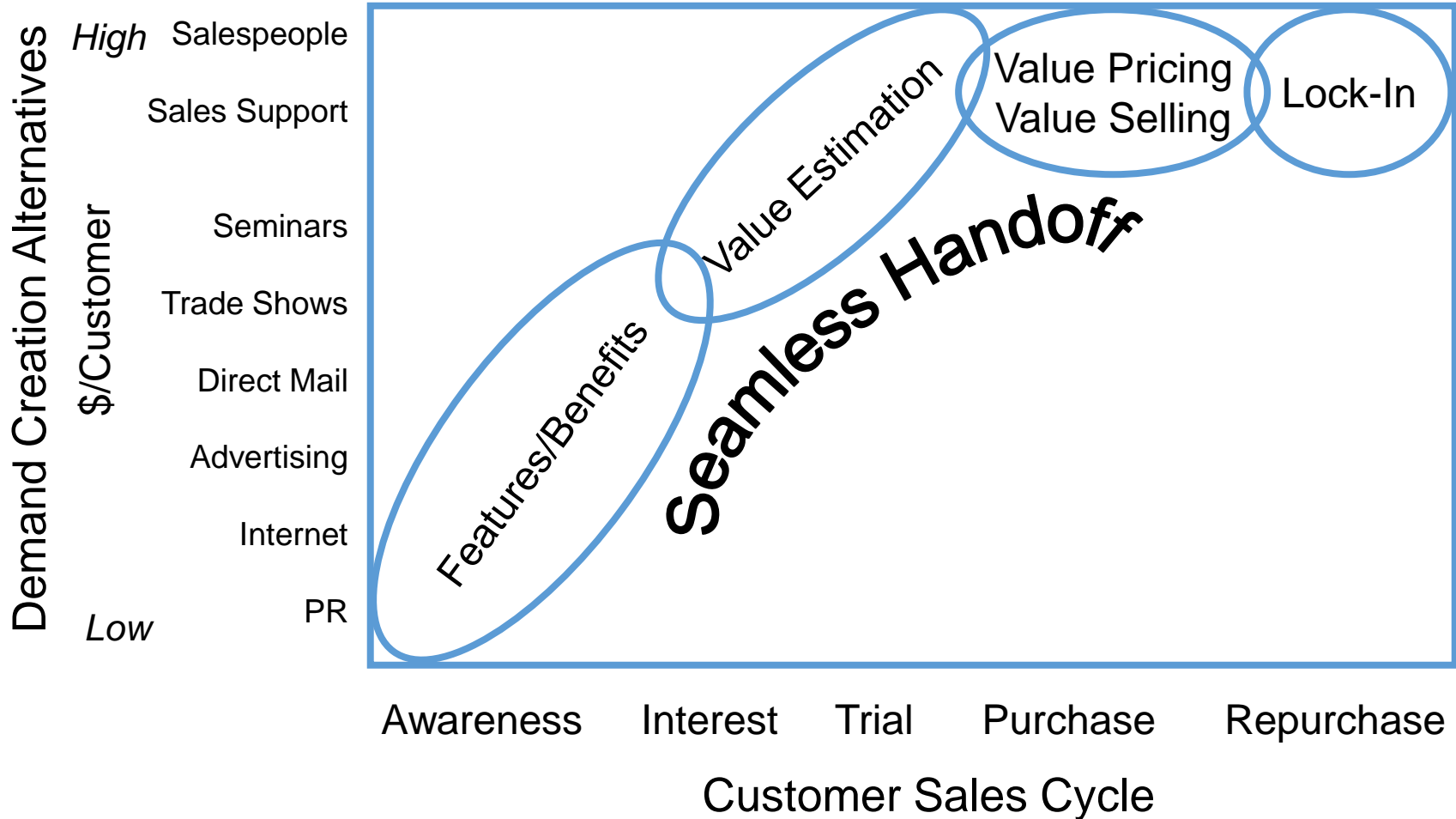
Borrow from Step 2: Competitive Positioning + Value

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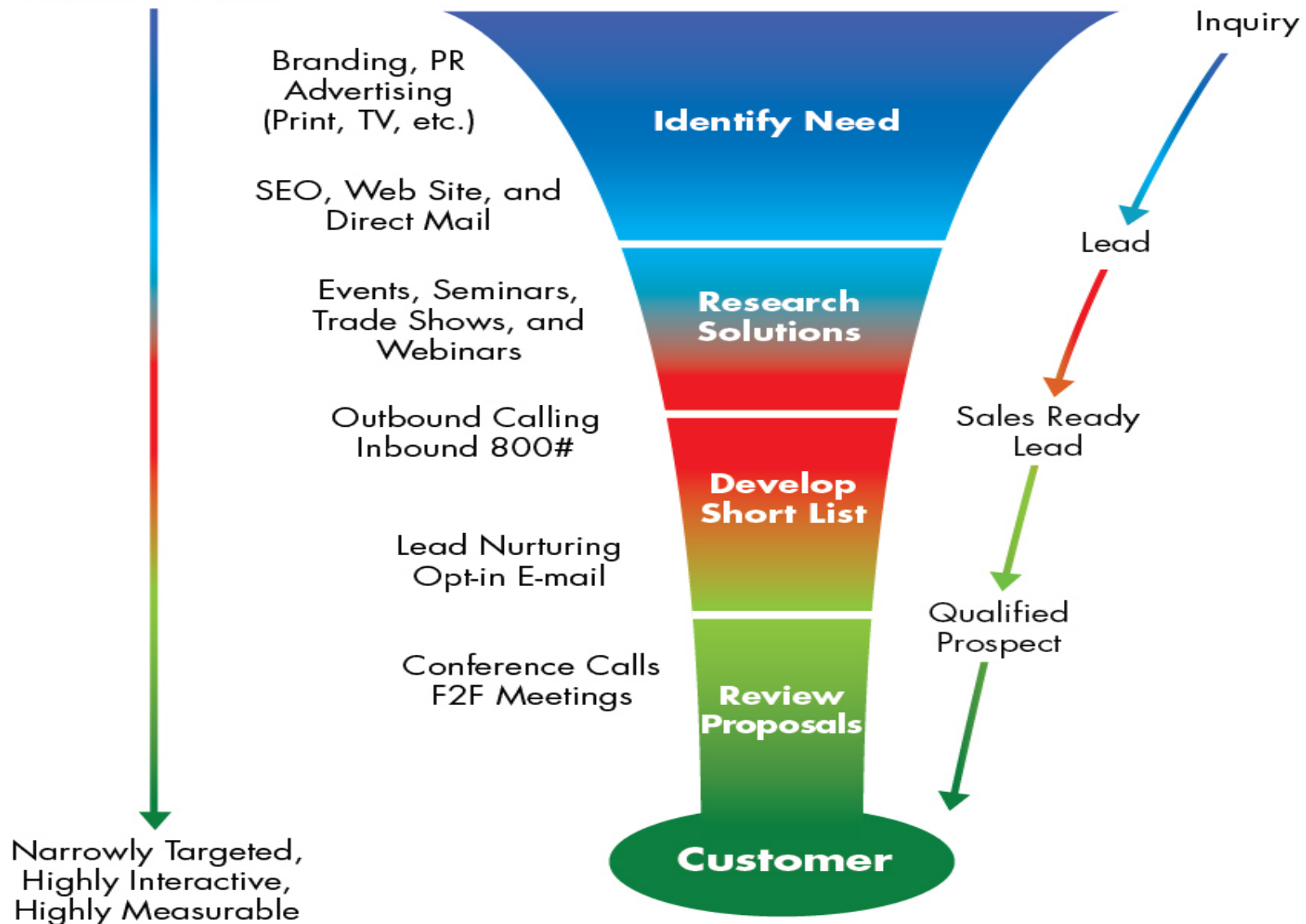


Increase Market Share From Mindshare to Marketshare



Broadly Targeted,
Less Interactive,
Less Measurable

Lead Generation Model



Sales Funnel

- Prospect
- Inquiry
- Lead
 - Types: Curious, Beginning of Process, Active Evaluation, Close to Buying Decision
 - Lead Qualification:
 - Need
 - Budget
 - Authority
 - Timing
- Proposal/Quote
- First Purchase
- Repeat Customer
- Past Customer
- **Lead generation is the key to sales success**
- **Benchmark the sales funnel**

Step 6 & Step 7: New Products & New Markets

Step 6/7:

Enter New Markets + Introduce New Products

First Steps

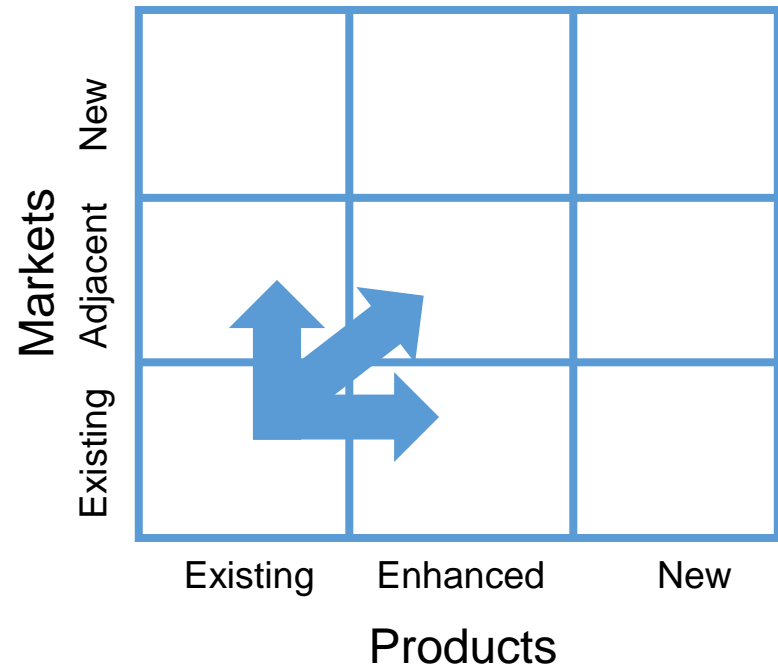
1. Take existing products to adjacent markets
2. Create enhanced products for existing markets

Secondary Steps

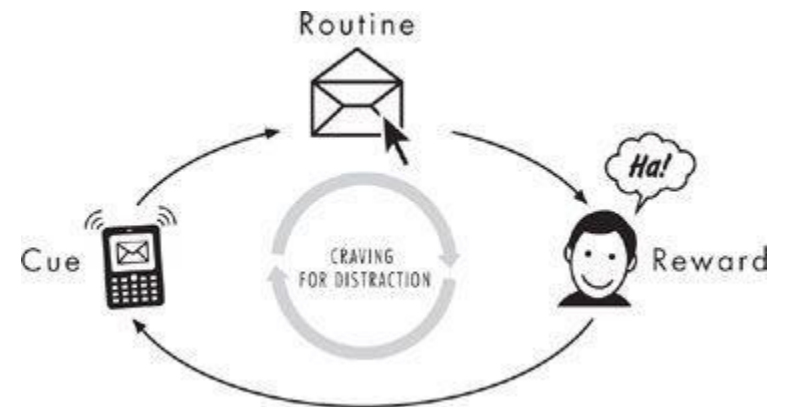
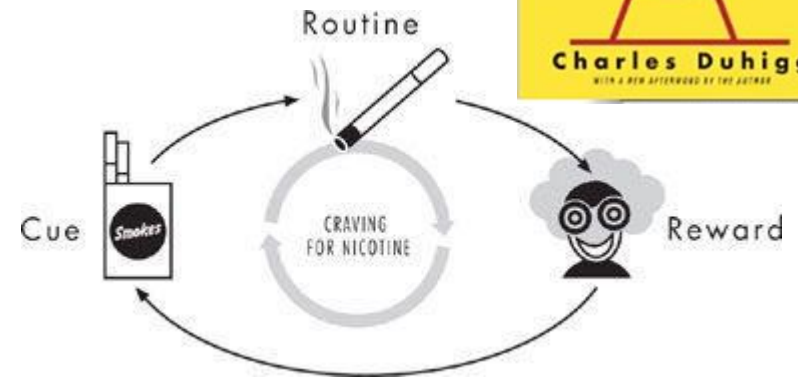
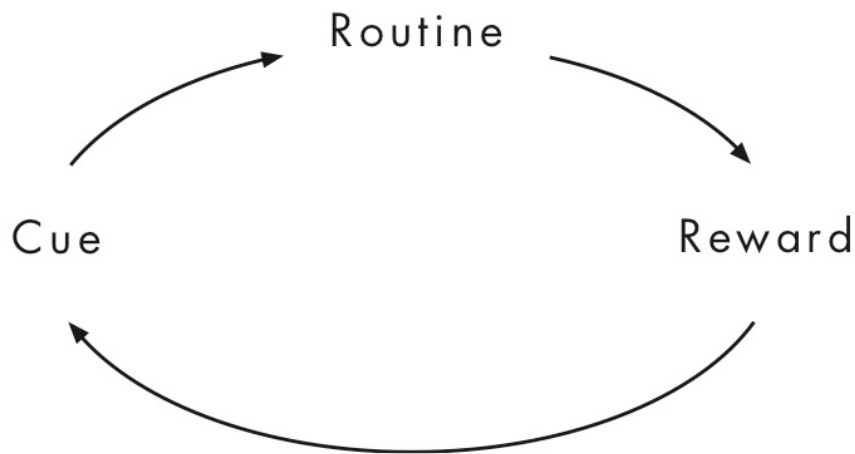
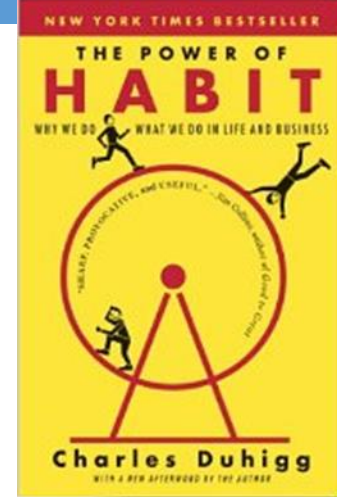
3. Existing products to new markets
4. New products to existing markets
5. Take enhanced products to adjacent markets

Tertiary steps

6. New Products to Adjacent Markets
7. Enhanced Products to New Markets
8. New Products to New Markets



Steps 6/7: Change Customers Habits



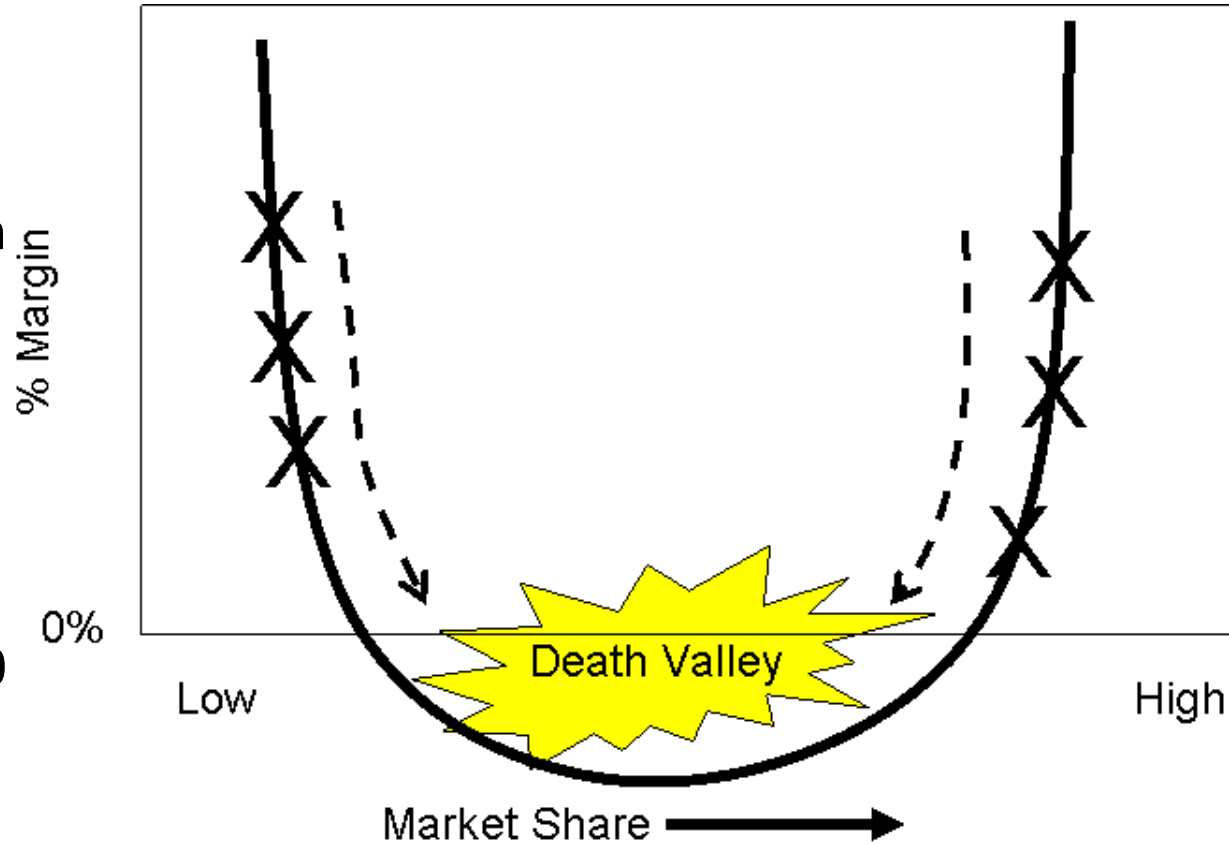
Pick Davids, Not Goliaths

■ Customers

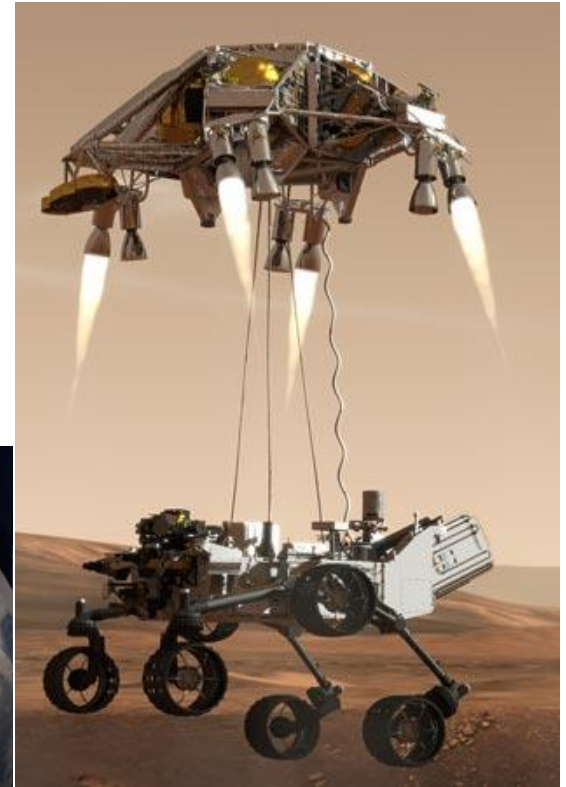
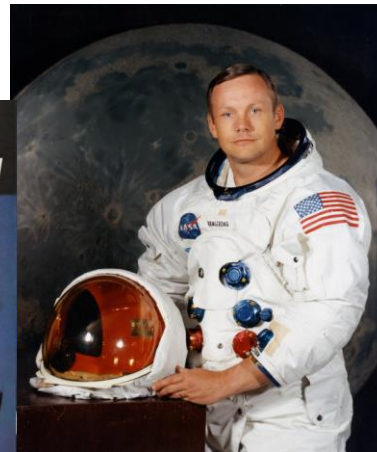
- Pick first customers who are closer to death valley
- Others don't have reasons to change habits

■ Competition

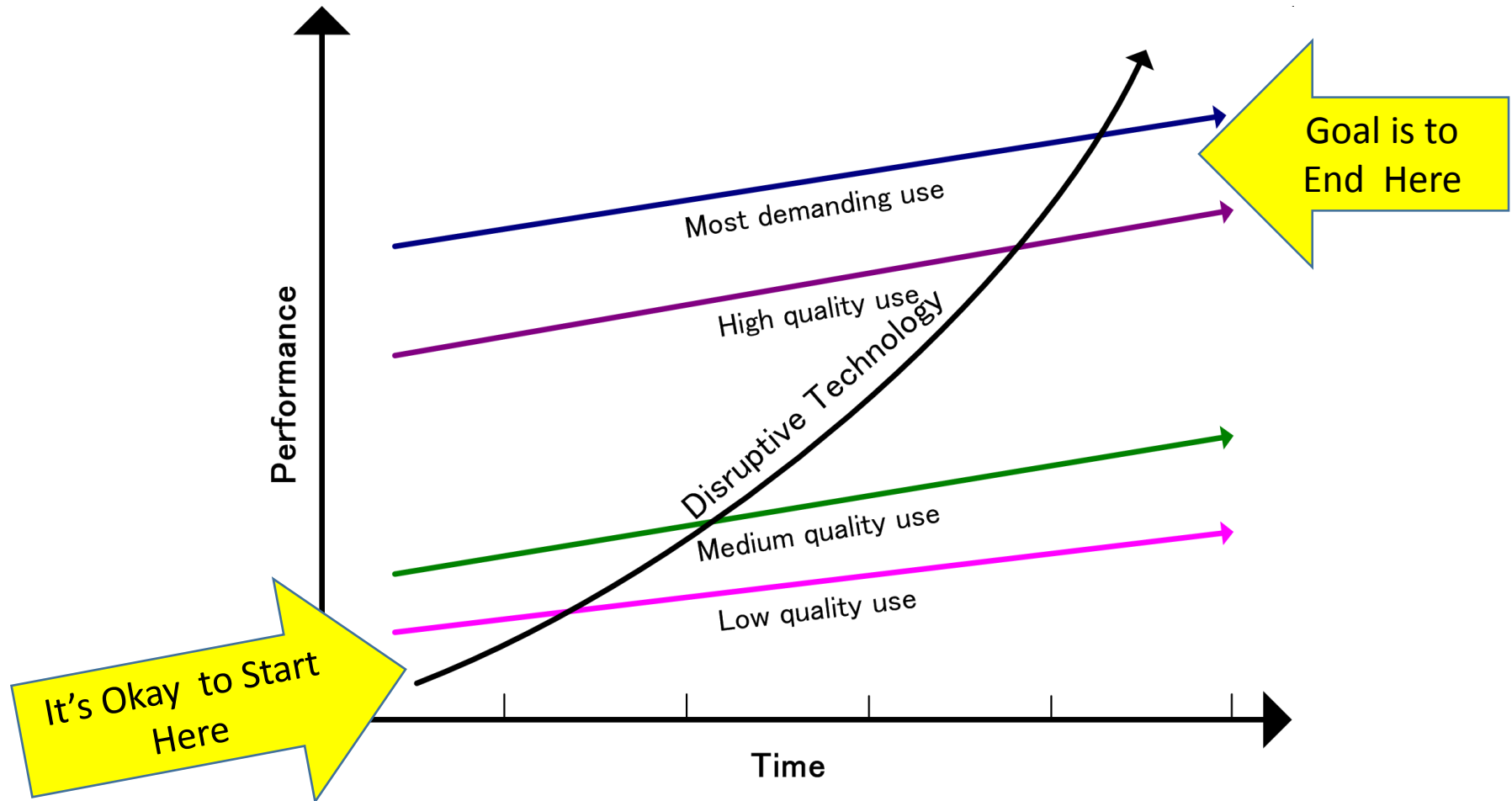
- Don't wake up 800 pound gorillas from their slumber



From Small Steps to a Giant Leap



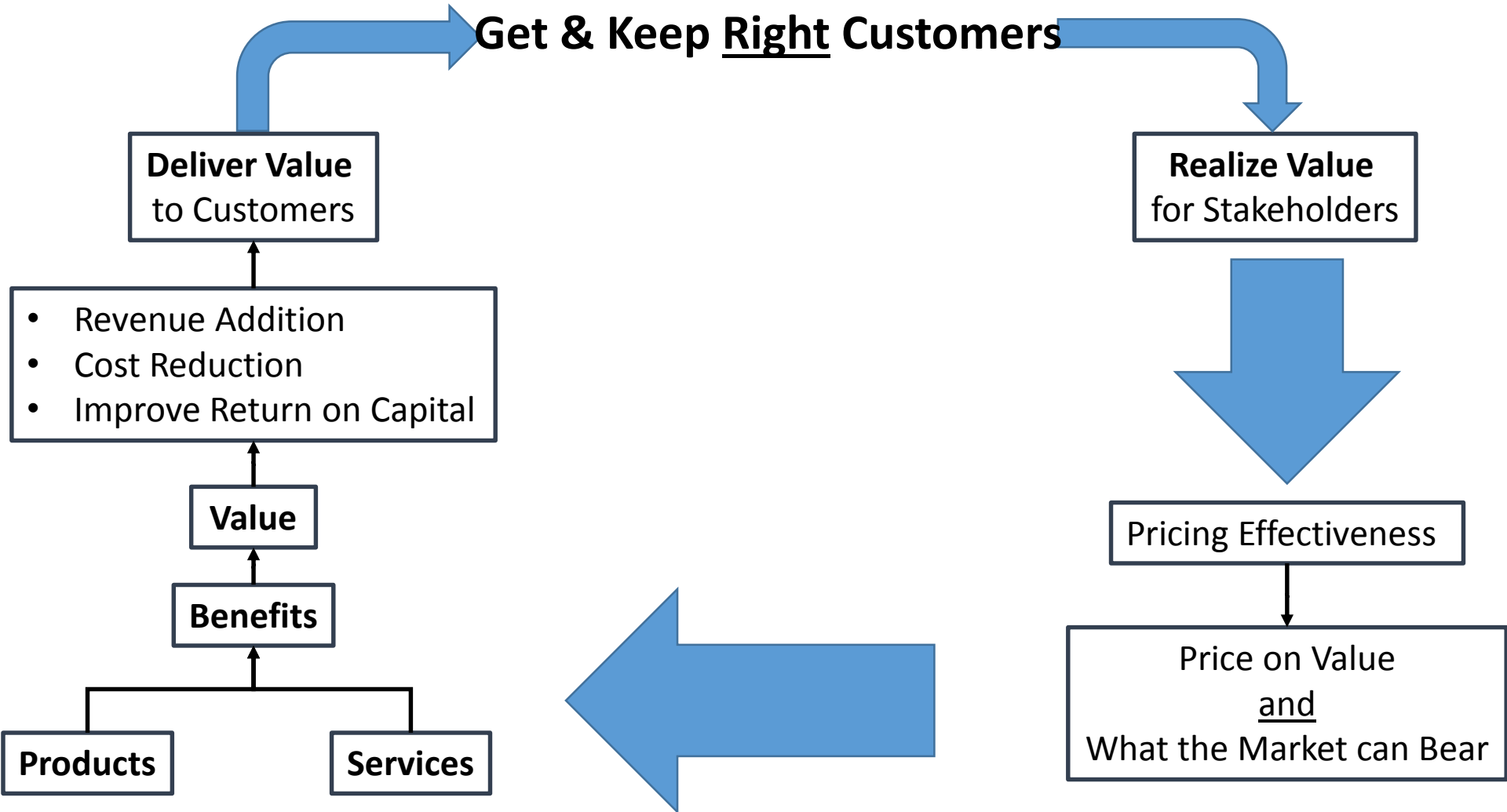
From Small Steps to a Giant Leap



7 First “Go-to-Market” Steps

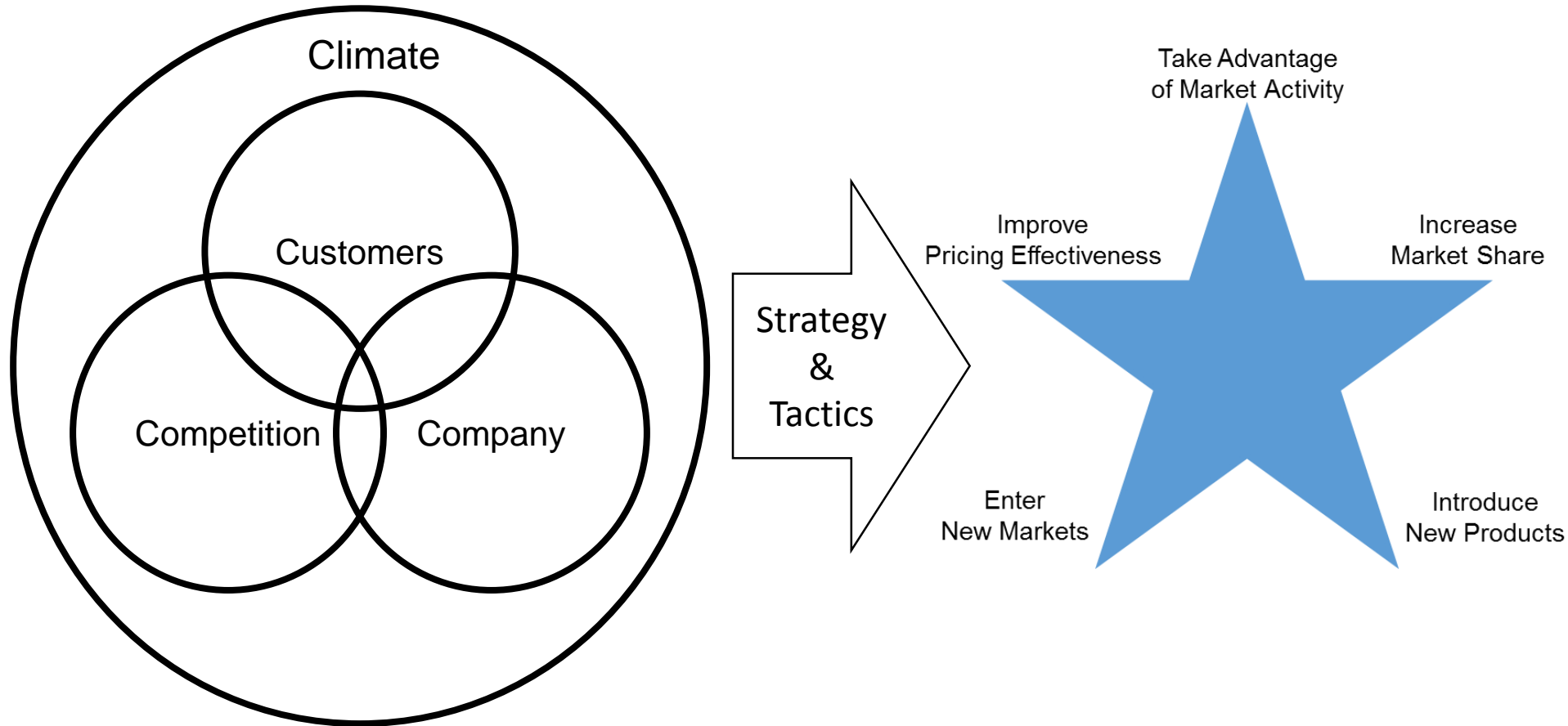
Without sacrificing your future value

Purpose of a Business



Go-to-Market Process

Where are we? Where can/should go? How do we get there?

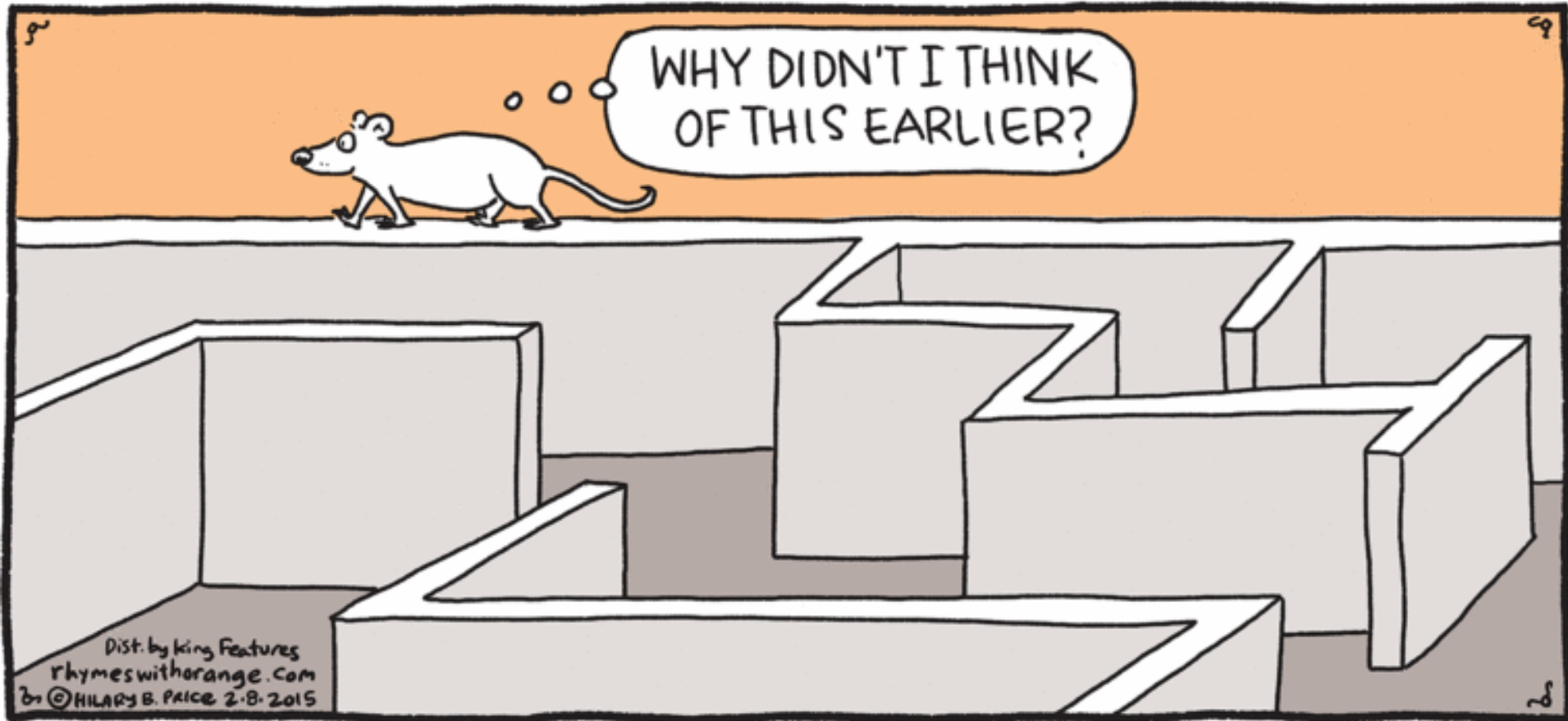


Seven First “Go-to-Market” Steps

1. Where’s the money?
 - With your customers
 - With your competition
2. Why do customers buy from you or your competition?
 - A **unique, trusted** source who delivers **value**



Good Luck!



Thank you!

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First “Go-to-Market” Steps

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