

NeGOTiate&WIN

 Katherine Collins

How a unified negotiations approach drives customer loyalty and more revenue for SAP.

Article summary

The software and IT industry is undergoing a massive transformation as customers look for new business models and a way to harness “digital transformation” to stay competitive in their markets. While large and small IT companies aim to generate business value through digital innovations, they are also challenged by more professional and trained negotiators. SAP’s global NeGOTiate&WIN program enables SAP salespeople to become more confident and comfortable negotiating, while improving profits and returns for SAP’s aggressive 2020 growth plan. This programme is delivered in partnership with Mercuri International.

The digital revolution is having a dramatic effect on the sales world. Listening to the customer, taking their concerns and strategic objectives on board, and using their feedback to identify the best possible solution has always proved to be an effective strategy.

However, sales success can also be achieved by avoiding signing a bad deal. More customers nowadays are very well equipped with professional and well-trained negotiators. If sales are not equally equipped with proficient skills and techniques this could lead to an unprofitable deal by making too many concessions, along with a high level of discount. Or, even worse, losing a deal.

“I personally have been in sales for a long time and seen many negotiation conversations; some were excellent but others not to the point,” says Rainer Stern, Global Vice President, Sales Acceleration and Leadership Programs at SAP. “

So, how does this align with day-to-day sales activity at SAP, and the way the company’s sales enablement function is supporting salespeople?”

The vision: more profitable deals and confidence in negotiating

First, a bit of background.... Over the past few years, SAP has sought to further intensify its leadership with an aggressive growth plan and fundamental changes to its core business – specifically, a shift from “on-

premise” to cloud software deployment. This includes offering a complete digital transformation roadmap incorporating machine learning, artificial intelligence (AI), Internet of Things (IoT), and advanced analytics technologies that help turn customers’ businesses into intelligent enterprises.

Along with this strategic shift came ambitious revenue goals for the year 2020, including €7.5 billion to €8 billion in cloud subscriptions and €26 billion to €28 billion in total revenue.

In Sales Enablement, we knew that to meet these goals, we would need to rely heavily on our Account Executives’ (AEs) ability to negotiate, as well as their facility to uncover needs and bring value to our customers (at a low cost to our organisation). This will – from a 2020 revenue standpoint – be pivotal to our success in the Digital Age.

To meet these challenges head-on, we developed the NeGOTiate&WIN programme to give AEs the skills and tools they need to negotiate with confidence, improve returns, and drive SAP’s success. Participants gain insights on how to clearly define an efficient negotiation process, become proficient in highly effective negotiation tools, and achieve new confidence when negotiating with customers.

One single model that sales can apply in complex situations

While the main goal was to implement a programme to support SAP’s aggressive revenue ambition and massively reduce discounts, they noted an additional challenge. “Over the last decade we built a network of training vendors teaching negotiations,” Stern explains. “By now we had more than ten vendors, teaching different negotiations techniques across the globe. We have been mandated by the SAP board to solve this challenge: one global provider, capable of delivering in local languages with one methodology.”

Following individual interviews with AEs and sales leadership across the five regions, the programme team put together a set of requirements to choose the right vendor to support this programme, including: global reach, a proven track record in teaching negotiation skills, and offering negotiations in 12 local languages. Additionally, it was important to select a vendor that could provide an easy-to-use framework that is immediately applicable to the needs of the sales organisation.

The NeGOTiate&WIN programme: a blended learning approach

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team that we would need a blended-learning approach,” Rainer explains. “Bringing sales together in one room for three or more days simply makes no sense.

“More importantly, we wanted to design a programme that had various elements that would provide a blended learning approach. These elements include traditional classroom training, virtual learning, the opportunity to practice ensuring behavioural change, a forum to exchange best practices, and a post-workshop coaching session.”

NeGOtiate&WIN is a blended learning programme designed to deliver maximum impact to our learners in a format that fits conveniently into their busy schedules. It’s also important to note that the programme was designed in response to a thorough analysis of SAP’s business performance and learning needs.

Our business and performance needs analysis included over 35 interviews with AEs and sales leadership and a close analysis of all KPIs and their relationship to revenue generation. The result was a list of KPIs management deemed vital to the success of our quota carriers and the subsequent impact they’d have on SAP’s 2020 revenue goals. These included:

- Reducing discounts
- Increasing revenue generation
- Increasing deal size

Our learning needs analysis focused on surveys and interviews with members of our target audience (AEs) to gauge the level of training necessary to boost negotiation skills. We also sought to identify the time available in their busy schedules to be educated on this topic.

With our analysis complete, we were able to take this information (from both analyses) and design the NeGOtiate&WIN programme. We chose to partner with Mercuri International, a professional services company specialising in negotiations, sales training, and performance training. Due to Mercuri’s global experience and ability to provide negotiations workshops in local languages, we chose this partner to work with both for executing the programme at a local level plus further enhancing it based on new studies and best practices.

At the heart of the programme – over the course of a two-day workshop – participants learn a four-phase negotiation process (“A Focus on Value”), gaining first-hand experience through role plays and coaching from skilled facilitators and negotiation coaches.

The results

So, what did the programme achieve? Without any doubt, improvements can be seen across all the KPI areas set at the very beginning when we designed and planned the programme. Measurements were put in place in relation to business metrics, participants’ satisfaction and behavioural outcomes, and satisfactory outcomes for the customer.

Participant satisfaction rates jumped significantly when comparing average pre-workshop and post-workshop outcomes for participants. Most notably the programme has seen 9.6% and 11.4% jumps in satisfactory outcomes for customers

and participants respectively. CRM pipeline data analysis reveals that the NeGOtiate&WIN programme has also made a significant financial impact on the organization:

- 22.65% reduction in anticipated versus achieved discount following training
- 37% reduction in discount when comparing last five negotiations before training to five after training
- 5.6% increase in revenue generation
- 5.6% increase in deal size

Moving forward

There is no question that acquainting and executing on a unified negotiations approach is key to SAP’s aggressive growth plans while also executing a “customer first” mentality, ensuring customers are getting the best and most out of their SAP investment.

To this end, SAP will continue to invest and roll out additional NeGOtiate&WIN workshops in 2019 and beyond. This will ensure a unified approach to how salespeople are negotiating with their customers, while reinforcing global targets to reduce discounts and concessions within deals.

In addition, the programme team will continue to track and evaluate measurable business outcomes, to ensure that the NeGOtiate&WIN programme provides the expected outcomes set by the executive leadership team.

We will continue to run the programme throughout 2019 and 2020 and anticipate exceptional business results that will help us to achieve our 2020 business goals.



About the author

Katherine Collins is a Senior Director of Global Sales Leadership programmes and has been with SAP for 15 years in sales and sales enablement. As a certified executive coach with 17 years’ experience in sales she specialises in creating and facilitating global sales leadership programmes.

For the past seven years Collins has focused on designing, developing and facilitating several sales and sales management leadership programmes for SAP’s top performers globally, including SAP’s award winning NeGOtiate&WIN programme, Digital Elite, and the Global Account Director Academy.

Collins also acts as an Executive Coach and Master Facilitator for global programmes offered for SAP’s other lines of business.