

REWARDING SALES EXCELLENCE

**SELLING INTANGIBLES:
SMOKE & MIRRORS OR COGENT VALUE PROPOSITION?**



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The concept of selling intangibles has become increasingly prevalent in today's business landscape. From digital services to intellectual property, intangible assets hold immense value, yet their intangible nature poses unique challenges for sales professionals. In this white paper, we delve into the realm of intangibles, dissecting their value propositions, and providing practical strategies for sales optimization.

In today's economy, the landscape of sales has shifted dramatically. With the rise of digital products, services, and intangible assets, sales professionals are facing a new challenge - selling intangibles.

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The Value in Intangibles

Understanding the Value in Intangibles

Intangible assets encompass a wide array of offerings, including intellectual property, professional services, brand reputation, and digital services to name a few. While they lack physical form, intangibles often possess intrinsic value that can significantly impact a company's bottom line. For instance, a strong brand reputation can enhance customer loyalty and drive sales, while proprietary technology can provide a competitive edge in the market. It's crucial for sales professionals to recognize and articulate the value inherent in intangibles, positioning them as indispensable assets to potential customers.

Enabling Revenue Optimization

To optimize revenue from intangible assets, sales teams must adopt a strategic approach that focuses on highlighting the unique benefits and advantages they offer. This entails understanding the customer's pain points and demonstrating how the intangible solution can address them effectively. Additionally, leveraging data analytics and market insights can help tailor offerings to specific customer needs, maximizing revenue potential.

Presenting the Intangible

Effectively presenting intangible assets requires a nuanced approach that goes beyond traditional sales tactics. Instead of focusing solely on features and functionalities, sales professionals should emphasize the broader impact and value proposition of the intangible. This may involve showcasing case studies, testimonials, or demonstrations that illustrate real-world benefits and outcomes. By painting a compelling narrative around the intangible, sales teams can capture the attention and interest of potential customers.

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Top 5 Key Points to Value in Intangibles

1. Brand Equity:

Highlight the strength and reputation of the brand, emphasizing trust and credibility in the market.

2. Innovation:

Showcase the unique features and capabilities of proprietary technology or intellectual property, demonstrating a competitive advantage.

3. Customer Experience:

Emphasize the seamless and intuitive nature of the intangible solution, focusing on enhancing the overall customer experience.

4. Scalability:

Illustrate the scalability and flexibility of the intangible asset, showcasing its ability to adapt to evolving business needs.

5. ROI:

Quantify the return on investment (ROI) of the intangible, providing concrete metrics and projections to justify its value proposition.



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Methods to Close the Sale



Closing sales deals involving intangibles requires a combination of persuasive communication, strategic negotiation, and relationship-building skills. Sales professionals should focus on establishing trust and rapport with potential customers, addressing any concerns or objections they may have, and clearly articulating the value proposition of the intangible. Additionally, offering flexible pricing models or value-added services can help sweeten the deal and incentivize purchase decisions.

Selling intangibles presents a unique set of challenges and opportunities for sales professionals. By understanding the inherent value within intangible assets, enabling revenue optimization strategies, effectively presenting the intangible, emphasizing key value points, and employing strategic sales tactics, organizations can unlock new avenues for growth and profitability in today's competitive marketplace. Embracing the intangible revolution is not about smoke and mirrors, but rather recognizing and harnessing the cogent value proposition they offer.

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Examples of Intangibles and Sales Methodologies

1. Brand Reputation:

- **Intangible Description:** Brand reputation refers to the perception and recognition of a company or product in the marketplace. It encompasses factors such as trust, credibility, and consumer loyalty.
- **Sales Methodology:** To sell brand reputation as an intangible asset, focus on storytelling and narrative-building. Highlight case studies and testimonials from satisfied customers to showcase the positive impact of your brand on their business. Emphasize the trustworthiness and reliability of your brand through social proof and industry accolades. Use data to quantify the ROI of investing in your brand, such as increased customer retention rates or higher customer lifetime value.

2. Intellectual Property (IP):

- **Intangible Description:** Intellectual property includes patents, trademarks, copyrights, and trade secrets that provide a company with a competitive advantage in the market.
- **Sales Methodology:** Position your intellectual property as a strategic asset that sets your company apart from competitors. Highlight the innovative features and functionalities protected by your patents or trademarks. Demonstrate how your IP enhances product performance or enables unique solutions to customer challenges. Use comparative analysis to show how your IP stacks up against rival offerings, emphasizing its superiority and value proposition.

3. Digital Services:

- **Intangible Description:** Digital services encompass software-as-a-service (SaaS), cloud computing, and other technology-based solutions delivered over the internet.
- **Sales Methodology:** Showcase the tangible benefits and outcomes that customers can achieve through your digital services. Provide live demonstrations or interactive simulations to illustrate the ease of use and functionality of your platform. Highlight customer success stories and case studies to demonstrate real-world results. Offer personalized consultations or trials to allow potential customers to experience the value of your digital services firsthand.

Examples of Intangibles and Sales Methodologies

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4. Employee Expertise:

- **Intangible Description:** Employee expertise refers to the knowledge, skills, and experience possessed by individuals within an organization.
- **Sales Methodology:** Position your team's expertise as a key differentiator and value proposition. Highlight the qualifications and credentials of your employees, showcasing their industry knowledge and track record of success. Offer thought leadership content, such as whitepapers or webinars, authored by your team members to establish credibility and authority in the field. Provide opportunities for potential customers to engage with your experts through consultations or workshops, demonstrating the depth of expertise available to support their needs.

5. Customer Relationships:

- **Intangible Description:** Customer relationships encompass the trust, loyalty, and satisfaction that customers feel towards a company.
- **Sales Methodology:** Emphasize the strength and longevity of your customer relationships as a competitive advantage. Highlight testimonials and referrals from satisfied customers to showcase the positive experiences others have had with your company. Offer personalized account management or customer support services to reinforce the value of your ongoing relationship with clients. Use data analytics to identify opportunities for upselling or cross-selling based on existing customer preferences and behaviors.

By applying the methodology presented for each of these examples of intangibles, sales professionals can effectively communicate their value proposition and close deals with confidence.

How to Use Sales Compensation to Deliver Tangible Sales Results in Intangible Sales



To design sales compensation effectively for selling intangibles, it's essential to align incentives with the unique challenges and opportunities presented by these types of products or services. Here's how sales compensation should be structured for selling intangibles based on the examples provided:

Brand Reputation:

- Sales professionals should receive bonuses or commissions tied to customer satisfaction metrics, such as Net Promoter Score (NPS) or customer retention rates.
- Additional incentives can be provided for securing testimonials or case studies from satisfied customers that highlight the positive impact of the brand on their business.
- Long-term incentive plans can be implemented to reward sales professionals for contributing to the long-term growth and reputation of the brand.

Intellectual Property (IP):

- Sales compensation should be structured to reward sales professionals for selling IP-based solutions at premium prices, reflecting the competitive advantage they provide.
- Commission structures can include tiered incentives based on the uniqueness or strategic importance of the intellectual property being sold.
- To encourage cross-selling and upselling of IP-related products or services, sales professionals can receive bonuses for bundling complementary IP assets together.

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Digital Services:

- Sales compensation plans should emphasize recurring revenue streams generated from digital services, such as software subscriptions or ongoing service contracts. Monthly Recurring Revenue (MRR) is an effective performance metric that can be tied to a tiered commission or bonus compensation structure. Annual Recurring Revenue (ARR) and Total Contract Value (TCV) are also metrics typical in selling digital services.
- Incentives can be tied to achieving specific adoption or usage targets (consumption models) for digital services, encouraging sales professionals to focus on driving customer engagement, utilization, and retention.
- To incentivize the sale of higher-tier digital service packages, tiered commission structures can be implemented based on the level of service sold.

Employee Expertise:

- Sales compensation should recognize the value of sales professionals' expertise in conveying the benefits and value of employee expertise to customers.
- Performance bonuses can be tied to the successful delivery of thought leadership content or educational materials authored by sales professionals, demonstrating their industry knowledge and credibility.
- Incentives can be provided for sales professionals who successfully leverage their expertise to secure consulting or training contracts with clients.

Customer Relationships:

- Sales compensation plans should reward sales professionals for nurturing and maintaining strong customer relationships over time. Incentives can be tied to customer satisfaction metrics, such as customer retention rates or repeat business from existing clients.
- To encourage proactive relationship-building efforts, sales professionals can receive bonuses for identifying opportunities for upselling or cross-selling based on insights gained from customer interactions. Utilizing variable commission rates to create a focus on difference types of customers (e.g.: industry verticals, new business/logos etc.) can influence and reward behaviour in prospecting and also reinforcing their efforts on a particular target market



IN CONCLUSION..

Overall, sales compensation for selling intangibles should incentivize behaviors that drive long-term value creation, such as building brand reputation, leveraging intellectual property, promoting digital service adoption, showcasing employee expertise, and fostering strong customer relationships. By aligning incentives with these strategic objectives, organizations can effectively motivate sales professionals to excel in selling intangible assets.



David Johnston, with over 35 years of experience in sales compensation and strategy, brings a wealth of knowledge and expertise to the field of intangible asset sales. As a seasoned professional, Dave has helped numerous organizations navigate the complexities of selling intangibles, driving revenue growth and market success. For more information or to review the status of your current program, reach out to Dave at djohnston@salesresourcegroup.ca or by phone at (416) 805-0208.



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