If IT companies seek to differentiate themselves from the competition, they must turn to consultative selling. Consultative selling is analyzing the needs and challenges of your customers and selling unique services that enable your customers to reduce costs, increase profits, and improve overall business performance.

The Art of Consultative Selling in IT provides a practical framework for becoming a successful consultative seller and shows how to use the blue ocean strategy to identify opportunities in areas where there is no competition.

The first section discusses the advantages of consultative selling and explores the concepts of blue oceans. In blue oceans, demand is created rather than fought over. Competition is irrelevant because the rules of the game are waiting to be established. The author explains how you can use consultative selling techniques to create your own blue oceans of unknown market space, where opportunities for growth are both rapid and profitable.

In the second section, the author defines the consultative selling framework (CSF). This framework is based on proven processes, best practices, and real-time case studies to make consultative selling a reality. It provides clear guidelines for understanding your customer's current landscape and challenges, owning its priorities, and helping it to achieve its short-term and long-term goals. The author explains how to use CSF to generate innovative ideas and present them to your customer through profit improvement or efficiency improvement proposals.

The book concludes with examples of several innovative business improvement ideas that you can present to your customers, including Agile project management, master data management (MDM), application portfolio rationalization, and business process management (BPM). The author discusses the benefits of each methodology and lists the trigger points to think about when deciding whether the methodology can add value to a particular customer.
The Art of Consultative Selling in IT
Taking Blue Ocean Strategy a Step Ahead
Venkatesh Upadrista
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For many, the art of selling is competitive—a matter of winning and losing in which one party achieves success at the expense of another. The art of consultative selling is something very different. Whether one employs these techniques as an internal advocate or an external consultant, consultative selling requires that both parties win. Moreover, victory is measured by the value that the consultative seller has delivered to the client and his or her organization. Bringing value to a client’s organization and to one’s own organization by reducing costs, increasing profits, and generally improving its business performance beyond expectations is the goal of a consultative seller. A consultative seller is someone who delivers genuine value to the client—value that transcends expectations.

Having worked as both his manager and teammate at Capgemini, I can say without hesitation that Venkatesh Upadrista has embodied the art of consultative selling. He has continually demonstrated his interest in and aptitude for bringing value to our customers. His approach is not only refreshing, but it pays off. Over the years, Venkatesh has deepened and broadened our relationships with the customers for which he was responsible—and because those relationships have grown, the business we do with the companies of those customers has grown as well. Consultative selling is his unique way of interacting with customers that involves bringing our experts to our customer in the process. These techniques take those customer relationships to the next level. And it has been a very rewarding journey for all involved.

Now Venkatesh has produced a book that articulates his practices, *The Art of Consultative Selling: Taking Blue Ocean Strategy a Step Further*. The approach he endorses is a unique concept that should be practiced by every sales executive in a service business. The book defines customer value, provides practical frameworks for customer interaction, and outlines in pragmatic steps how to create one’s own blue ocean by bringing value to customers. Consultative selling establishes an atmosphere of intimacy, which
promotes genuine collaboration with one’s customers in an effort to improve their business. This setting creates a unique symbiosis that brings value and profit to both parties—and this book speaks to it all.

Kaeso de Jager

Corporate Vice President and Sector Leader Financial Services Core Europe
Capgemini Financial Services Global Business Unit
Foreword

It is rare to find a book that combines the insights of a successful practitioner with the conceptual capability of a management guru. *The Art of Consultative Selling: Taking Blue Ocean Strategy a Step Further* by Venkatesh Upadrista does precisely that, making it a compelling read with lots of takeaways.

The core of Venkatesh’s approach is knowledge of customers: understanding their business, understanding their challenges, and mapping their business. The closely coupled outside-in and inside-out themes define his consultative selling framework. The blue ocean approach helps to create value and proactively develop business instead of getting into dogfights over requests for proposals (RFPs). When companies talk of thought leadership, it is with a view to propagate their own capabilities. Venkatesh seeks to be a thought leader for the customer to deliver benefits through innovation.

Venkatesh’s consultative selling framework seeks to add value not only to the customer but also to the service provider by providing feedback for keeping ahead of the technology curve, improving margins and profitability.

Most successful leaders, when asked, have difficulty articulating what makes them successful. Venkatesh is not only able to do that, he is able to step back and provide a perspective and framework that will be useful for any aspiring sales executive and for leaders who want to introduce the consultative selling framework in their organizations.

Ashok Soota

*Executive Chairman, Happiest Minds*
Acknowledgments

I have had the opportunity to interact with several CIOs over the last two decades of my experience in the IT industry and almost all had a similar concern to share, which is that their service providers were not bringing enough value to them. Contrarily, however, they always meet and some even exceed expectations on the job and they were contracted. I call this additional value innovation, which is nothing but a blue ocean.

This book is, in a way, an outcome of numerous such challenges I have heard from these senior executives. The successes I have had, the challenges I have heard, the extensive research and experiments I have carried out—all have a common thread, where due to lack of knowledge to bring innovation to the customer, organizations have failed to demonstrate the huge potential they have. Hence, organizations have always been criticized by their customers for not bringing enough added value or innovations. Personally, I have seen enormous success in the area of bringing value or innovation to my customers, which was the inspiration for me to construct this book. I thank all those people who have worked with me to achieve the common goal of bringing these efforts to success.

I am grateful to all the employers with whom I have worked. They have given me the rich experience that underlies this project. I am thankful to Kaeso De Jager and Ashok Soota for their time reading the book and providing very encouraging forewords, and to my acquiring editor from CRC Press for providing me with important advice on formatting the book and managing the project smoothly. I also appreciate the efforts of the editing team for giving my flow and expressions a facelift and guiding me through the manuscript development process.

Most importantly, I would like to thank my guide Siva for helping me to complete this project. I hope his blessings are always with me throughout my life. My special thanks to my family for supporting me in this project, for
giving up so many weekends and tolerating the late nights required to put this together, and for cheering me along through every step of writing this book.
Introduction

Since an organization wants to continue focusing on its core business processes while delegating noncore processes, it selects a service provider. Expectation from the industry is that every organization should be innovative in its core business processes to be the frontrunner in its industry.

In the IT services industry, a business that provides services is the service provider organization and the receiver of such services is called the service receiver organization. In such a case, personnel from the service receiver organization become a customer to the service provider organization. A person who sells his organization's services (in this case, a person or group from the service provider organization) is referred to as a sales executive (or a consultant). Once there is an agreement between a service provider and service receiver on the services to be performed by the service provider organization, a contract is signed.

A sales executive is the one who delivers services per the contract that is signed.

As a sales executive, bringing value to your customer means improving your customer's business performance, reducing its costs, or improving profits, over and above the contract you have signed. A consultative seller is the one who brings value to the customer over and beyond the contract he has signed; such an organization is referred to as an “innovative organization.” Your organization will not be called innovative if you just deliver what you have promised or even when you are delivering services at low cost or before deadlines, exceeding your contractual terms. Your organization will still be called a service provider because these are the basic responsibilities expected by a customer from his or her service provider.
A consultative seller is the one who

- goes beyond the contractual agreements, tries to understand customer challenges, and brings ideas to manage those challenges;
- strives to incorporate organizational best practices and industry best practices to improve customer business performance; and
- continually understands industry trends, analyzes them, adopts all of those that are relevant, and tailors them to bring value to the customer.

Therefore, in summary, you will be called a consultative seller if your customer's successes and failures become your successes and failures. The key difference between a sales executive and a consultative seller is that the former focuses on delivering based only on the contract his customer has signed with him (and his organization), whereas a consultative seller tries to bring additional value to his customer beyond the contract.

There are some benefits to being a consultative seller:

- You are working in an environment where there is minimal competition from your peer organization because you generate your own opportunities by selling unique ideas, which are profitable to your customer.
- With trust comes confidence. Being a consultative seller to your customer, you will be the first to be consulted on any business challenge faced by your customer, which means that you are your customer's first choice to solve its business problem, which can generate new business for you.

This goes hand in hand with the theme of the blue ocean strategy. Using the blue ocean strategy, sales executives identify opportunities in areas where there is no competition (i.e., the unknown market space, untainted by competition). In blue oceans, demand is created rather than fought over. Many opportunities for growth are both profitable and rapid. In blue oceans, competition is irrelevant because the rules of the game are waiting to be set. Blue ocean is an analogy to describe the wider, deeper potential of market space that is not yet explored.

Being a consultative seller, you create your own blue oceans.

It is quite easy to create your own blue oceans and several books in the industry mention creating blue oceans. However, until today, no real guidance existed in the industry to help a consultative seller create a blue ocean.
In a way, this book is targeted to help all such consultative sellers to create a difference with their customers by identifying opportunities that can benefit the customer, which thereby leads to creation of blue oceans, which are untapped by competition.

The book is divided into four sections. In the first section, we will discuss concepts of consultative selling and the advantages consultative selling brings compared to the traditional selling approach. We will also explore the concepts of blue oceans and how a consultative seller can create his or her own blue oceans with consultative selling techniques.

The second section of this book defines the consultative selling framework (CSF), which can be used as a guideline to engage in consultative selling and to be a consultative seller. CSF is a framework defined to bring together industry and organization services to a common place, thereby creating a platform for the sales executive to be a consultative seller.

The third section of this book defines a framework for rolling CSF across your customer’s complete organization, called the E-CSF methodology.

The final section of this book provides several examples that can be used to make consultative selling a reality. This section provides an overview of the most important and innovative offerings in the industry today that can be used as a guiding principle to deliver value to your customer.

Though the concepts defined in this book can be applied to any industry type, this book has been written based on the information technology industry.

This book is primarily addressed to IT managers with a special focus on the sales community (or consultants aimed at business development) of any service provider company. However, a senior executive (CIO, CTO, Business Unit Head) of a service provider organization has the same goal—to increase his or her company brand value in the industry and get more business, which makes this book interesting to them.

This book also serves as a reference to service receiver organizations. Reading this book, individuals from service receiver organizations will know what they should expect from their service providers.
THE BASICS OF INFORMATION SYSTEMS  
CONSULTATIVE SELLING
Chapter 1

The Art of Consultative Selling

Selling has been in existence from the time consumer products were in existence. Selling is a transaction that adds value to the buyer by meeting his or her needs and results in mutual benefit for the seller and buyer.

In the information technology industry, a seller sells his or her products or services for a profit to the buyer. A buyer procures and uses the product or services from the seller to make his or her core business more efficient, thereby improving profits. An organization that provided such services is a service provider organization and the receiver of such services is called the service receiver organization. In such a case, personnel from the service receiver organization become customers to the service provider organization. A person who sells his or her organization’s services (in this case, a person or a group from the service provider organization) is referred to as a sales executive (or a consultant). Once there is an agreement between a service provider and service receiver on the services to be performed by the service provider organization, a contract is signed.

**Definition: Service provider organization or service providers**

Service provider organization is the term referred to in this book as an organization that sells its products or services to other organizations.
Sales executives seek customer inputs on the services needed and provide their price quote on their service. Based on the service provider capability, experience, cost, and other influencing factors, the customer from the service receiver organization decides to offer a contract to the service provider. This is what had been typically happening for decades, which is called vendor selling; I refer to such selling as traditional selling.

Traditional selling has been in existence for decades. You sell your products and services to the customer, and this has been the job of any sales executive in the services industry. I call such kind of sales executive a traditional sales executive.

Definition: Traditional selling
Traditional selling is selling a product you make. In other words, personnel from a service provider organization try to match customer requirements with the products and services they have. In simple terms, a service provider organization sells its products and services to the customer.

Definition: Traditional sales executive
Traditional sales executives are ones that sell services that their organization offers. They do not care about understanding why a customer needs a certain service from their organization, nor have they tried to understand and tailor their services to make them more beneficial to their customer’s business. Such sales executives have been successful in the past because of a less competitive market, but such success is not guaranteed in the current and future market trends.
Several years back, the concept of consultative selling came into existence. Consultative selling said that you have to sell those services to your customers that can bring unique value to their business instead of trying to sell traditional services that your organization has developed.

Consultative selling is analyzing the needs and challenges of your customers and selling unique services based on which your customers can benefit by gaining higher market share in their core business, or that can reduce their operational cost or make them compete effectively and more efficiently in their market space. In the process of selling such unique services, you generate business without competition and increase your customers’ trust in you, thereby becoming a preferred service provider for any business prospects of your customers. In his article “The Big O—Outcome Selling” Tom Piscello mentions that buyers are expecting more of a value-added selling rather than traditional selling which implies that selling standard products or services is not an area of interest to the buyers. Buyers are more interested to know how their business can benefit from each of the services of a service provider. At the Forrester Technology Sales Enablement Forum, Forrester introduced an umbrella term to describe these practices named as “Outcome-selling” which is an approach where service providers design their value communications system to optimize the value their customers realize.” This concept closely related to consultative selling.

As opposed to traditional sales executives, where you are always aspiring to sell a product or service of your organization to your customer, consultative selling achieves new business in which your customer is investing in an initiative where both you and your customer make profits. A consultative seller’s first objective is to make profits for the customer and not himself. However, in the process, the seller ends up making his own profits.

I have come across several cases where a consultative seller has always been successful growing his or her business and customer confidence compared to traditional sales executives. The reason is obvious; traditional sales executives are only given the contracts that the customers believe their organization is capable of, whereas the consultative seller defines his or her own contracts.

I have to admit that several years ago when I first started my career in sales, I too operated as a traditional sales executive having very little knowledge about the concepts of consultative selling. However, shortly, as

* http://blog.alinean.com/2011/03/big-o-outcome-selling.html
† http://blogs.forrester.com/bradford_holmes/11-02-18-lessons_from_forresters_innagural_technology_sales_enablement_forum
I came to understand the competitive market and started losing business to my competitors, my thoughts about consultative selling broke the silence. Understanding what consultative selling means, I started to tune myself to the concepts of consultative selling and slowly realized the huge potential it carries. As soon as I started my journey into consultative selling, my trust with the customers increased several fold, and I was considered a brand ambassador by my customers for any business needs or challenges they had. This enabled me to gain several new contracts, made possible through my way of selling, being a consultative seller.

There is a large difference between traditional selling and consultative selling. The thought process of a consultative seller always is about making his customer successful, thereby making himself successful, whereas a traditional sales executive thinks about making himself successful by winning new deals, and if they are not realized, the traditional sales executive shifts his focus to other customers, leaving behind a huge potential business to his competitors.

In traditional selling:

- A product or service is sold at a price. In consultative selling, profit that customers can make via a service is sold as a service.
- The customer identifies a potential business opportunity for you, whereas, in consultative selling, you identify an opportunity for your customer and yourself.
- The customer asks for a service to mitigate a challenge he or she is currently facing or asks for a service to improve his or her current performance. In consultative selling, the seller identifies the customer challenge and suggests challenges to mitigate.
The customer thinks of improving performance of his or her organization and approaches the vendor. In consultative selling, the seller brings forward services that can improve performance of his or her customer’s organization.

The customer approaches a vendor seeking advice to improve his or her efficiency. In consultative selling, the seller advises the customer to improve his or her efficiency.

The traditional sales executive does everything to close the deal. In consultative selling, the customer insists on closing the deal to achieve the benefits quickly.

There are always two selling organizations most popular in the industry called hunting and farming.

In hunting, new customers are to be acquired. In this case, relationships are established with new customers. They seek opportunities to penetrate into this customer’s organization by trying to sell their services.

In farming, you are already in a relationship with a customer. You have been doing business with this customer in the past. Your objective as a farmer, in this case, is to make more business and increase your revenues by gaining new contracts.

A consultative seller can be successful in both hunting and farming, though in farming it is far easier to be a consultative seller because you know your customer’s business. The key objective of a consultative seller is to understand his or her customer’s current business, the technology landscape, their competition, and challenges and sell services that can help his or her customer to be successful.

Until this point, I had been asking you to do consultative selling or be a consultative seller, to differentiate yourself from your competitors. Several books and articles speak about the same concept of consultative selling.

Though the truth of success in sales is consultative selling, how do you identify opportunities to generate profits to your customers?

A consultative seller is a person who needs to have a complete understanding about his or her customer’s business, competition, needs, and challenges. He or she also needs to understand fully the capabilities of his or her organization, new services and products of the organization, and always needs to have an eye for detail on the propositions given by his or her organization to other customers in the same business as the customer, via his or her peers and other sales teams. The seller is the one who needs to keep
himself abreast on the latest trends and technologies and try to map these with his customer’s needs. Without these qualities, an individual cannot be a consultative seller. Let me explain a simple case study where we were able to apply the thoughts of consultative selling to improve efficiency of software delivery to our customer by bringing an idea to move from their legacy software development lifecycle to agile development. The story begins in early 2008, for a leading organization specializing in financial services (referred to as XYZ Financials) with market capitalization of $50 billion and an IT budget of $200 million per year. For decades, the organization has been executing in a distributed environment utilizing the waterfall model and has gained several advantages. Although projects were being delivered on time, teams were unable to adapt effectively to changing requirements in projects along with managing defects that occur during user acceptance testing (UAT) the final UAT, which many times are deferred to fix due to time pressures on production releases. This had been creating disturbances to the business users, but they have been living with this

---

**Definition: Waterfall**

The waterfall model is a sequential design process, often used in software development processes, where one phase of the project follows the other and there are no activities done in parallel. As an example, for development projects using waterfall model, teams first perform analysis of the requirements, then start with creating designs. Once designs are completed, development, testing and implementation is performed in order of sequence. in which progress is seen as flowing steadily downward (like a waterfall) through the phases of conception, initiation, analysis, design, construction, testing, production/implementation and maintenance.

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**Definition: Agile**

Agile is a software development methodology in which systems are built in increments, where requirements and solutions evolve through collaboration between cross-functional teams over a period of time.
challenge for years and these challenges have become part of their daily business.

During those days, one of my project managers who recently joined the team and understood this unique challenge came up with a proposition to mitigate this challenge. His idea was to adopt an iterative or agile development lifecycle in these projects, which would give several advantages to the customer. The model would overcome the current challenge of managing requirement changes more efficiently and would avoid defect leakage in the production environment. I liked this idea, brainstormed the merits and demerits of it, and finally concluded that it would generate acceptance and would be highly beneficial to our customer. We created a business case for the idea to be presented to our customer.

The idea was well appreciated by our customer, but they were afraid to make a significant change in their current way of working. Being a service provider, we understood their concern and created a phase-wise approach, allowing our customer first to be able to validate the success of this new model in an incremental way in one project and once the success was fully realized we would suggest moving toward an organization-wide change. This new way of working also posed a big challenge to my organization and teams because the agile way of working demands a mindset change from everyone working on the project. Though it was not easy, this was the only way we could bring value to our customer, so we went ahead accepting the risk jointly with our customer. This is what consultative selling is, where you not only think about your benefits but also take risks if your customer can benefit.

We started using agile for a new project called a transactional processing system upgrade. At the end of completion of the transactional processing system upgrade project in agile, we were able to achieve 40% fewer defects ratio apart from addressing changes to several requirements and the changes addressed were almost 30% more than the past projects. This was considered a significant success within my customer’s organization.

Table 1.1 is an example template I used to capture the idea and present it to my customer. Since, with this idea, I proposed to improve the efficiency in the process of my customer, I called it the efficiency improvement proposal.

In Table 1.1:

1. SL 1 asks to enter a brief description of your efficiency improvement proposal.
2. SL 2 asks to enter the problem statement based on which your efficiency improvement proposal was created.
The Art of Consultative Selling

Table 1.1  Efficiency Improvement Proposal for XYZ Financials

<table>
<thead>
<tr>
<th>SL</th>
<th>Key Area of Focus</th>
<th>Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Topic description</td>
<td>Agile implementation within XYZ Financials</td>
</tr>
<tr>
<td>2.</td>
<td>Problem statement</td>
<td>Projects are unable to adapt effectively to changing requirements along with managing defects that come up during the final UAT. Many times the fix is deferred due to time pressures on production releases. This is creating a competitive issue for business users.</td>
</tr>
<tr>
<td>3.</td>
<td>Solution preview</td>
<td>Adopt the agile development lifecycle in these projects, which would overcome the current challenge of managing requirement changes more efficiently and will avoid defect leakage to the production environment.</td>
</tr>
</tbody>
</table>
| 4. | Current approximate waste (in dollars) due to problem statement mentioned | A. Qualitative  
B. Change requests on production fixes approximately 20% more costly because full impact analysis has to be conducted in the release |

<table>
<thead>
<tr>
<th>Key Area of Focus</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.</td>
<td>Investment required (in dollars)</td>
</tr>
</tbody>
</table>
| 6. | Total savings if the solution is implemented (in dollars) | A. Faster time to market  
B. 20% fewer change requests for production bug fixes. Qualitative |
| 7. | Duration by when the savings are realized (in months) | Approximately 12 months for the first pilot project to be completed |
| 8. | First milestone of savings to be realized (in months) | Month 2 of project start (partial benefits will be realized) |
| 9. | Value of the first milestone of savings (in dollars) | A. Faster time to market  
Change requests savings to be defined at later stage |
3. SL 3 asks to enter the solution statement of your efficiency improvement proposal.
4. Since you are proposing a solution to improve efficiency in a particular subject matter area, SL 4 asks you to define in qualitative or quantitative terms the loss that your customer is currently incurring because of the current state.
5. SL 5 asks to define the investment that is required from your customer to implement the solution you have proposed.
6. The savings (qualitative) that your customer can achieve once your solution is implemented should be entered in SL 6.
7. SL 7 asks to enter the tentative timeliness (in months) by when you expect the customer to achieve the full benefits of the solution you proposed.
8. SL 8 asks to enter the first milestone date by when partial benefits can be achieved by your customer from the date you start to implement your proposed solution.
9. The benefits (qualitative) that your customer can achieve after the first milestone is achieved, should be entered in SL 9.

The efficiency improvement proposal (EIP) is the standard term that will be used throughout this book.

Let us now discuss another case study with a financial services organization (called ABC Financials) in which an initiative to rationalize the application was suggested called the application portfolio rationalization initiative.

**Definition: Efficiency improvement proposal/program**
An efficiency improvement proposal is an out-of-the-box proposal that will improve the efficiency of the current IT programs, processes, or operations. The proposal will provide indirect cost benefits and the benefits can be:

1. overcoming the existing challenges or improve/modernize the current applications/systems/processes;
2. align to the future business/organization strategies; or
3. adapt to the future industry standards.

In many instances, this proposal will not give a direct and immediate cost saving but will have a potential advantage in the future.
This organization has been maintaining its IT systems for several years with an overall new application development budget of more than $300 million year on year. Over time, environments evolved through several changes at the organizational level, with few mergers and acquisitions and introduction of new business processes. This resulted in a complex, inflexible, and costly heterogeneous IT environment with redundant processes and applications, information “silos,” and incompatible technologies. During one of our blue ocean strategy meetings with my teams, we analyzed at a high level the possible effects due to these challenges, and we were able to gauge more than $50 million wasteful expenditure toward managing these complexities. I quickly understood with my knowledge in the area of application portfolio rationalization that eliminating these duplications and inefficiencies could reduce IT spending for my customer by millions of dollars every year while at the same time improving the quality of service.

I engaged a subject matter expert (SME) in the area of application portfolio rationalization to validate my understanding, and we concluded that my understanding was correct. My SME indicated that there was a large

**Definition: Application portfolio rationalization**

Application portfolio rationalization is the act of streamlining the existing application portfolio with an explicit goal of improving efficiency, reducing complexity, and lowering total cost of ownership.

**Definition: Subject matter area/subject area and subject matter expert**

A subject area, or subject matter area, is a phrase used to define an area of specific expertise. An individual whose expertise is in a specific subject matter and has in-depth knowledge in a specific area is called a subject matter expert. As an example, Java technology is called a subject matter area and an individual who has extensive and in-depth knowledge in this area is called a subject matter expert. An accountant is a subject matter expert in the subject matter (domain) of accountancy, for example. In consultative selling, individuals from delivery teams with expertise in the specific subject area can be the subject matter expert in respective subject matter areas.
scope to reduce the IT spending for this organization by rationalizing their IT application.

I put together a team of SMEs, and gathered relevant similar experiences and case studies within our organization to create an approach for application portfolio rationalization, keeping in view the benefits that my customer could obtain from this initiative and proposed the idea to my customer. We had multiple rounds of discussions and thought the idea was well received, and the customer accepted that it would cut its costs. It was not immediately accepted for implementation because this involved a major change to the IT landscape of its organization.

After exactly eight months of proposing the idea, over a weekend at 6:45 AM (I still remember the time) I got a phone call from the CIO of ABC Financials that the idea on application portfolio rationalization we had proposed a few months back was presented to his board, and it was very well received by the board. However, he told me that though the initiative came from us, they had decided to invite all of their vendors to bid for this work. This was not very inspiring to me that other vendors were invited to bid for this initiative. However, I was very confident that we would win this business because of the capabilities we have.

Table 1.2 is an example template I used to capture the idea and present it to my customer. I call this profit improvement proposal because implementation of this idea will generate cost advantages to my customer.

In Table 1.2:

1. SL 1 asks to enter a brief description of your profit improvement proposal.
2. SL 2 asks to enter the problem statement based on which your profit improvement proposal was created, which should not exceed more than 50 words.
3. SL 3 asks to enter the solution statement of your profit improvement proposal, which should not exceed more than 50 words.
4. Since you are proposing a solution to improve profits in a specific subject matter area, SL 4 asks you to define in quantitative terms the non-value-added cost that your customer is currently incurring because of the current state.
5. SL 5 asks to define the investment that is required from your customer to implement the solution you have proposed.
6. The savings (quantitative) that your customer can achieve once your solution is implemented should be entered in SL 6.
<table>
<thead>
<tr>
<th>SL</th>
<th>Key Area of Focus</th>
<th>Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Topic description</td>
<td>Application portfolio rationalization</td>
</tr>
<tr>
<td>2.</td>
<td>Problem statement</td>
<td>ABC Financials evolved through several changes in past years, with few mergers and acquisitions and introduction of new business processes, which resulted in a highly complex, inflexible, and costly heterogeneous state with several redundant processes and applications, information “silos,” and incompatible technologies. This lead to several complexities to maintain and enhance new functionality and increased the total cost of ownership.</td>
</tr>
<tr>
<td>3.</td>
<td>Solution preview</td>
<td>We analyzed the possible effect due to these challenges and we were able to gauge more than $50 million (recurring year on year) in wasteful expenditures toward managing these complexities. Application portfolio rationalization can help eliminate these inefficiencies, which can reduce IT spending for ABC Financials by millions of dollars every year while at the same time improving the quality of service.</td>
</tr>
<tr>
<td>4.</td>
<td>Current approximate waste (in dollars) due to problem statement mentioned</td>
<td>Approximately $50 million year on year</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key Area of Focus</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Investment required (in dollars)</td>
<td>1. Cost to analyze the current application—hardware and software: one-time cost of approximately $0.5 million  \n  2. Cost to retire the existing application and move functionalities to other applications: one-time cost between $2 million and $4 million  \n  3. Cost to retire existing hardware and add upgrades: still to be assessed</td>
</tr>
<tr>
<td>6. Total savings if the solution is implemented (in dollars)</td>
<td>Approximately $50 million year on year</td>
</tr>
</tbody>
</table>

(Continued)
7. SL 7 asks to enter the tentative timeliness (in months) by when you expect the customer to achieve the full benefits of the solution you proposed.

8. SL 8 asks to enter the first milestone date by when partial benefits can be achieved by your customer from the date you start to implement your proposed solution.

9. The savings (quantitative) that your customer can achieve, after the first milestone is achieved, should be entered in SL 9.

Profit improvement proposal is the standard term used throughout this book.

Understanding the current landscape of the customer and suggesting ways to make them profitable is consultative selling, but this requires a great deal of analysis and understanding of your customer environment and organization. In addition, this model also requires a consultative seller to be knowledgeable on the different services of his or her organization and the industry or have a team that can complement this knowledge. As a consultative seller, this art should be acquired.

In summary, the prerequisite in the first case study is to have an understanding of agile and iterative models and their advantages without which this idea would not have been generated in the mind of my project manager.

Definition: Profit improvement proposal/program (PIP)

A profit improvement proposal is an out-of-the-box proposal that improves the efficiency of the current IT programs, processes, or operations. The proposal will provide direct cost benefits. A profit improvement proposal will demand a budget investment from the benefiting organization.
The prerequisite in the second case study is to have an understanding of application portfolio rationalization and when it has to be applied, without which this initiative would not have been proposed.

The moral of these case studies demonstrates that one needs to know the different trends, technologies, and innovations within the organization and in the industry and utilize them to the customer's benefit. This is what consultative selling is.

I have had conversations with several sales executives across the globe on this concept. Many of them expressed their apprehension with this model. They were of the firm belief that salespeople would never be able to keep themselves abreast of industry trends. They would also not be able to understand and have full knowledge of the services that the seller’s own organization has to offer. For a large organization, such knowledge is spread across different units and disciplines, and the new offerings in the IT industry are so vast that understanding and choosing the best fit for their customer is next to impossible. I do not fully agree with this argument because I am a firm believer that you cannot sell your organization without knowing fully about it and, as a person in the IT industry, you cannot be competitive until you understand what your industry has to offer. However, I understand that for a concept to be successful, it should be agile and easy to adapt to the audience for which the concept is prepared.

Based on this, I started developing a framework on consultative selling that allowed even an entry-level salesperson to do consultative selling. The framework is called the consultative selling framework (CSF).

In subsequent sections, this book will include an explanation in detail about CSF and discussion of some of the most popular and innovative offerings that exist in the industry today—if acquired, the knowledge will help any seller to begin the journey into consultative selling.

**Key Points**

- Consultative selling is analyzing the needs and challenges of your customer and selling unique services based on which your customer can benefit.
- A consultative seller always starts the selling process after understanding the customer’s business, thinking about the customer’s competitive market, understanding the customer’s challenges, and mapping the customer's business in relation to competitors.
In hunting, new customers are to be acquired. In this case, relationships are established with new customers. They seek opportunities to penetrate into this customer’s organization by trying to sell their services.

In farming, you are already in a relationship with a customer. You have been doing business with this customer in the past. Your objective as a farmer, in this case, is to make new business and increase your revenues by gaining new contracts.

A consultative seller can be successful in both hunting and farming.

An idea that can improve the efficiency of your customer business process is called an efficiency improvement proposal.

An idea that can generate cost benefits to your customer business process is called a profit improvement proposal.
Almost all senior executives think very carefully about the growth of their organization based on which short-term strategies and long-term strategies are defined. They understand that their industries offer many opportunities that can reduce their total cost of ownership and generate profits for their organization. For all such executives, the challenge is to differentiate the true opportunities from those that are obsolete in nature. In addition, many opportunities have arisen, but they have faded in the end because of the limitations they carry.

Such instances occur when you continually strive to leap ahead of the competition by focusing on a particular narrow concept, rather than maintaining a broader perspective. Although the concept may demonstrate benefits in some areas, the broader benefits that were achieved in the past might have been lost. Such cases have occurred in the software development (IT) industry, where new techniques and concepts emerge on a very frequent basis. This is one of the reasons why executives in the IT industry scramble in response to each opportunity—they lack the perspective to separate the truly important and mature developments from the temporary distractions and, most importantly, they are unaware how these techniques can be utilized to their benefit. By adopting a strategy that provides additional advantages without compromising the existing benefits, organizations can channel their efforts to maintain distinctiveness and battle for continuous improvements.
Therefore, in the information technology industry, who should help these executives respond or identify such opportunities that are beneficial to them and help them to define their short-term strategies and long-term strategies? A consultative seller is responsible for identifying such opportunities, and the reason is simple. An organization partners with a service provider because the former believes that the latter’s core business is software services, which is not its core business. An organization is always expected to be innovative with new ideas in its core area of business. A sales executive (in this case called a consultative seller), being the face of his or her organization, is the one who is accountable to bring forward opportunities that would benefit his or her customer.

A consultative seller in the process of bringing new ideas to his or her customer is creating his or her own blue oceans where there is no competition, in contrast to the red ocean.

Blue ocean strategy challenges an organization to move away from the red ocean where companies compete in the existing market space. In a red ocean, organizations compete head-to-head with other suppliers or competitors of a similar industry.

Typically, services that emerge from red oceans are the ones that your customers already know about; hence, competition is always involved.

Red ocean organizations:

- compete with similar services
- exploit existing demand

**Definition: Red ocean**

Red ocean is a market space where there is extreme competition between companies of similar nature to win business. The rules in this market are well defined and each company adopts similar approach to win business. Hence, this market space has aggressive competition thereby making it red and bloody. Typically, companies try to compete extensively with each other to gain higher market share in red ocean. With several service provider companies providing similar services, especially in the IT industry, this market is crowded and highly competitive.

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**Definition: Blue ocean**

Blue ocean is a market space in which business or demand, which is unknown to competition, is created. In this market space, there is zero competition since the business potential is unknown to competition. This market space is highly profitable since initiative, which can bring value to customers are identified. Since, blue oceans are areas, which are not yet explored, whichever company identifies it first wins it.

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- try to beat competition with other suppliers
- make value-cost tradeoffs (create greater value to customers at a higher cost or create reasonable value at a lower cost)

Unlike the red ocean, a blue ocean strategy demands that you create your own opportunities to create uncontested market space and consultative selling is the only way you can create your blue oceans.

Services that emerge from blue oceans are the ones that you, as a consultative seller, define to improve your customers’ business performance or provide cost benefits to their business. In the process of defining blue oceans via consultative selling, you leave very little chance for your competitors to be involved; hence, decision-making is in your favor in almost all cases.

Blue ocean organizations:

- do not compete because an idea to implement a service comes from one organization
- exploit demand that is unknown to other suppliers
- make competition irrelevant
- seek greater value to customers and simultaneously improve performance or lower cost to customers

I have created a simulation about one of my experiences that has given me the benefit of the blue ocean. This was a case study with RMG Corporation where we were in business along with two other major
competitors for several years. We had been competing with each other in the red ocean and trying to break into each other's contracts, and some of my competitors were even successful in breaking a few of them. Figure 2.1 illustrates the business trends and the competition in a red ocean, in terms of business and dollar value of each of the competitors. A lifeline is used in this context as a period over the course of our relationship with this customer.

If you observe the lifeline period, growth has been consistent in this red ocean until lifeline 5 for Organization A. After this period, there is a sudden business loss for Organization A and increase in business for Organization B. This was because RMG Corporation had decided to move part of the business done by Organization A to Organization B during this period. This is what happens in a red ocean, and the exact reasons for such a loss are unpredictable. In summary, the reason quoted by RMG Corporation in this case was that Organization B was more mature and experienced to execute projects in the domain than Organization A and with Organization B, they could achieve higher cost advantages because they were mature working with offshore teams, which Organization A was not. This was a perceptible impact, in my opinion, and can happen with any organization competing in the red ocean.

Though I do not shy away from competing in the red ocean (neither do I recommend that others do), my major focus at RMG Corporation was to tap blue oceans to create my own market space and be unique to my customer.
I wanted to keep myself away from my competitors in at least some areas, and this was possible only by creating blue oceans for myself, where I am the master of my own business and which I consider receipt of my success. In addition to creating untapped business potential for myself, I am also gaining customer confidence as an innovative service provider who thinks about customer growth and challenges.

Figure 2.2 is an illustration of business growth trends and competition in a blue ocean. It is evident that this blue ocean has zero competition. During the creation of blue oceans via innovations, I was also able to increase trust with my customer apart from business, and there was a very steep increase in the value, customer trust, and business I was delivering.

A combination of a blue ocean and a red ocean has made me the front-runner in both customer satisfaction and business value as depicted in Figure 2.3.

In this case study with RMG Corporation, I was competing with other organizations at a similar level in terms of business in a red ocean. However, I have provided additional value to my customer as a service provider via blue oceans. The moral of this case study is to make you understand that in today’s world being a service provider to your customer who can bring value...
The Art of Consultative Selling

over and above the contract via blue oceans is the only way to increase trust and confidence with your customer and be unbeatable by your competitors.

There had been several innovative techniques demonstrated by the industry to identify blue oceans, but one needs to have a deep understanding of these techniques to identify blue oceans. A consultative seller gains that knowledge by following the key trends and patterns of success that exist within his or her organization and in the industry.

Consultative selling revolves around the following three key principles as discussed next:

Blue ocean “over” red ocean.
Customer profits “over” your profits.
Customer organization knowledge “over” breaking a contract.

That is, while there is value in the items on the right of “over”, as a consultative seller, you value the items on the left of “over” more.

**Blue ocean over red ocean:** This principle solicits you to concentrate on the blue ocean and create business opportunities for yourself, which are unique and involved with no competition, rather than putting your full force on breaking deals with your competitors. Though as a seller you are

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**Figure 2.3** Trends and competitive landscape in a combination of a blue ocean and a red ocean at RMG Corporation.
required to focus on the red ocean, more emphasis for a consultative seller is toward creating blue oceans in parallel.

**Customer profits over your profits:** As we already discussed, a consultative seller always concentrates on improving efficiencies of his or her customer business or improving profits to his or her customer. In the process, the consultative seller earns his or her customer’s business, thereby leading to a win-win situation for both parties.

**Customer organization knowledge over breaking a contract:** A consultative seller’s main motto is to understand his or her customer’s business and gain knowledge of his or her organization’s services and those in the industry, based on which he or she can identify blue oceans, which are untapped by competition. Unlike traditional sellers who spend most of their time trying to find ways to beat their competition in the red ocean and break a contract to achieve their targets, consultative sellers are always in the process of understanding their customer’s needs and challenges to create a market space for them and achieve their targets.

The transition from product-focused selling to benefit-focused selling is called consultative selling and is the direct result of market changes. Increased competition and a customer’s greater access to information and sophistication began the shift of power in a sales call from the salesperson to buyer.

The objective of this book is to make the formulation and execution of blue ocean strategy as systematic and actionable as possible. Only then can individuals and organizations step up to the challenge of creating blue oceans in a smart and responsible way that is both opportunity maximizing and risk minimizing. In today’s market space, no company—large or small, incumbent or new entrant—can afford to be a riverboat gambler.

**Key Points**

- Red ocean is a market space where there is extreme competition between companies of similar nature to win business.
- Blue ocean is a market space in which business or demand, which is unknown to competition, is created.
- In blue oceans, competition is irrelevant because the rules of the game are waiting to be established. Blue ocean is an analogy to describe the wider, deeper potential of market space that is not yet explored.
Consultative selling revolves around the three key principles: blue ocean over red ocean, customer profits over your profits, and customer organization knowledge over breaking a contract.
Today, the global atmosphere favors organizations that have proven specialized skills when it comes to introducing new services or products within their organization. Such organizations are continually introducing high technology systems and services that give them a competitive edge. Because of heavy competition, and with a view to having a greater market share, these organizations offer the services for which they are best suited instead of trying to experiment in new areas where they do not have expertise so that they do not lose a competitive edge. They keep up-to-date on new technology and processes in order to maintain a gap between themselves and their competitors because no company, however friendly or collaborative, likes to lag behind in state-of-the-art technology or processes. However, processes and technologies do not create a distinction between developed and developing organizations or make an organization unique. By their very nature, processes are beneficial to organizations for socioeconomic development and the leading organizations try to obtain the best of these.

Organizations are comprised of people; adapting to the organizational changes and understanding the full potential of their own organization can only happen if individuals have a real desire to understand their organization or they create people around them who are part of these changes and are motivated to understand these changes. However, knowing the changes and understanding the expertise your organization carries does not make a
difference unless individuals act on these changes to their clients’ benefit. CSF is defined to tap such capabilities and bring them forward to your customer in a controlled way.

CSF is built on the core value of bringing ideas to your customers that can benefit them, which helps every consultative seller to build his or her own blue oceans and make competition irrelevant. Until now, there had been no definite framework that consultative sellers could use to create their own blue oceans, and the objective of CSF is to enable such a framework. However, with CSF, consultative selling now becomes competitive because the framework is easy to implement, and those who adapt CSF foremost are ahead in the race.

CSF is a blue ocean ideology, which emphasizes defining markets that are unexplored and that can create business value to your customer.

CSF is based on the principles of the plan-driven development model and the empirical process control model. A plan-driven development model is defined as a model in which a well-defined and formal approach is followed to make an idea implementable. Plan-driven development mandates predictable and detailed planning, including a monitoring process to control the project. CSF follows the plan-driven development model for creating basic minimal blocks of predictable factors, which form the foundation for CSF. The definition of the core building blocks of CSF and the governance defined around these blocks follows the plan-driven development approach.

An empirical process model is defined as a model in which projects are executed without a structure or plan. The model exercises control through frequent inspection and adaptation, and provides for continuous changes based on past learning. Contrast this with the plan-driven development model, which mandates accurate planning and well-defined structure and is a model that supports frequent changes to a project. The empirical process control model for CSF is followed during planning and implementation of the building blocks of CSF.

While planning and defining a structure is considered an important aspect of any project success, there is a need to support and accommodate changes in plans quickly and easily based on the customer’s needs and new information. Hence, CSF adopts a combination of the plan-driven development model and the empirical process control model.

In CSF terms, a concept that can benefit your customer is called an idea. There can be several ideas that bring value, but the ones that are considered relevant for your customer’s business by a consultative seller are called “innovations.” An innovation is presented to the customer by translating it to
a profit improvement proposal or an efficiency improvement proposal. Once the customer accepts it for implementation and the benefits are realized, it is called a realized innovation. Each such innovation is a blue ocean for the consultative seller. In this book, we will use the terms innovation and blue ocean interchangeably.

CSF consists of three core building blocks, as illustrated in Figure 3.1. The framework was developed from several patterns, good practices, proven processes, procedures, and real-time case studies to make consultative selling a reality.

**Inside-Out Theme**

The inside-out theme is based on the fundamental concept that a unique idea that can benefit your customer can be determined by understanding your customer's business and its competitive landscape, applications, systems, and challenges. The reason this is called an “inside-out” theme is because, as a consultative seller, you first understand your internal
customer's organization and bring ideas from outside that will bring value to your customer.

The four principles of the inside-out theme are defined as:

1. Understand your customer's business and realize its competitive landscape.
2. Understand your customer's technology landscape.
3. Understand your customer's challenges and own its priorities.
4. Make the customer's short-term and long-term goals a reality.

For service providers who have worked with a particular customer in the past, the inside-out theme can be quite beneficial and deliver quick results because knowledge exists within your teams that can be utilized to achieve results on the four principles of the inside-out theme.

The inside-out theme mandates that a consultative seller needs to understand the core fundamentals of his or her customer business apart from knowing the challenges, strategies, and goals. Based on this, the consultative seller thinks about how he or she can make the customer successful.

Outside-In Theme

The next CSF principle in consultative selling mandates that a consultative seller understands his or her organization's full capabilities in terms of the services it offers and how it differentiates itself from its competition. It also mandates a consultative seller always to be ahead in keeping himself attentive concerning the industry trends in both technology and business within the purview of his customer business and technology landscape.

The reason this is called an "outside-in" theme is because, as a consultative seller, you bring ideas from outside your customer's organization that will bring value to your customer. Bringing ideas from outside your customer’s organization can be ideas from within the service provider organization or from the industry.

The two core principles of the outside-in theme to a consultative seller are:

1. Understand your organization's strengths fully.
2. Keep abreast of the industry trends (i.e., business and technology).

Though the first principle is relatively easier to achieve, for the second principle to become a reality, a consultative seller needs to spend time to
understand the direction the industry is going or depend on his organization to keep himself abreast of the industry trends in subject matter areas of his customer's business.

Though mastering the outside-in theme is not an easy job, keeping a team of experts around you, as a consultative seller, and utilizing their knowledge to generate ideas can make this theme achievable. This concept brings delivery teams into folds of CSF because in many cases individuals delivering projects are the ones who become experts in respective subject matter. Although the basic concept of consultative selling mandates that a consultative seller understands his or her organization and industry capabilities and trends fully, it is not always possible for every consultative seller to master this art and the outside-in theme makes this a reality for these consultative sellers.

**Ideas Are Generated from a Combination of the Inside-Out Theme and the Outside-In Theme**

With a combination of the inside-out theme and outside-in theme, a consultative seller will be able to identify ideas that can benefit his or her customer. The principles of the inside-out theme and outside-in theme are simple, and ideas that are shortlisted by a consultative seller are called innovations. Each such innovation is classified into either a profit improvement proposal or an efficiency improvement proposal.

**The Innovation Factory**

Finally, the next interesting subject in CSF is called the innovation factory, where the innovations are presented to your customer via a profit improvement proposal or efficiency improvement proposal and are implemented once chosen by the customer.

The innovations that are generated from the inside-out and outside-in themes come to the fore in this segment.

The innovation factory consists of three phases:

- innovation validation
- innovation selection
- innovation implementation
From my personal experience, a combination of outside-in and inside-out themes generates several ideas translating to innovations if these themes are well organized. A consultative seller needs to ensure that ideas are thoroughly analyzed before they qualify to be called an innovation.

An innovation is then translated to a profit improvement proposal or an efficiency improvement proposal, which is then presented to the customer in the innovation validation phase.

The consultative seller presents all innovations to his or her customer in the innovation validation phase, and each of these innovations is validated against the benefits it can achieve and corresponding risks are assessed. The output of the validation phase results in one or several innovations being selected for implementation by the customer in the innovation selection phase.

**Innovation implementation** is a phase where an innovation is converted into a project plan, and then designed and developed. The benefits proposed for a specific innovation via a profit improvement proposal or efficiency improvement proposal become the acceptance criteria for the project. The primary goal during the implementation phase is to build the solution components' code and documentation against the acceptance criteria. This is the phase where benefits are realized based on the value propositions that are proposed in the profit improvement proposal or efficiency improvement proposal.

Though from a distance CSF may look simple to implement, it requires a great deal of discipline and commitment from you as a consultative seller, your teams, and even your customer. It is very easy to derail the agenda of this initiative because there are multiple brains working together, but thinking separately.

**Key Points**

- CSF is a blue ocean ideology, which emphasizes defining markets that are unexplored and which can create business value for your customer.
- CSF is based on the principles of the plan-driven development model and the empirical process control model.
- A plan-driven development model is defined as a model in which a well-defined and formal approach is followed to make an innovation implementable.
- An empirical process model is defined as a model in which projects are executed without a structure or plan.
CSF consists of inside-out theme, outside-in theme, and innovation factory.

The four principles of the inside-out theme are to realize your customer's current landscape, understand its challenges, own its priorities, and make its short-term and long-term goals a reality.

The two core principles of the outside-in theme are to understand your organization's strengths fully and keep abreast of the industry trends (i.e., technology and business).

The innovation factory consists of three phases called innovation validation, innovation selection, and innovation implementation phase.
Chapter 4
Getting into the Details of the Inside-Out Theme

All organizations today are worried about competition in the industry because almost all competing companies provide similar products and services. To get ahead in the race, any project discussed with a customer is accepted without paying attention to the details of what the customer actually wants. Even if there is only a narrow match of the service provider organization services to the customer needs, they are sold aggressively to the service receiver organization. One of the core reasons for this is because all of these organizations are in competition in the red ocean, and everyone wants to maximize their business without thinking about the side effects of such an act. Winning a contract in a red ocean is quite difficult to predict because the factors determining the win cannot be determined easily and, most of the time, predictions go wrong in a red ocean. Some organizations win contracts in a red ocean by quoting to customers that they have everything the customer needs, some with the good work they have done in the past, some with relationships, some with their organization's brand value, some win because of a major cost advantage they provide to their customer, and so on. However, the success of such a win in a red ocean is never consistent and permanent. I have come across several cases where an organization has won a major deal in the first year and, in the second year, these contracts were transferred to another provider; the reason for such a shift is not known in many cases. Although success can be demonstrated initially, the failures emerging from competing in a red ocean always affect long-term growth, sustainability, and customer relationships.
One such case study was for a major bank in the United States located in Minneapolis called MMM Financials where I was the sales executive. MMM Financials had multiple service providers as software providers, and we were the smallest in terms of business. All of my competitors had very good relationships at the executive level and as a service provider we were struggling to establish the same level of intimacy with the customer. During those days, service provider consolidation was on cards, where our customer wanted to cut down its number of service providers. Being a sales executive, my major concern during that time was to retain my current business in this organization, and it was proving quite difficult for me because we were competing in a red ocean where my competitors were quite strong. As a company, we were also not part of our customer’s core business processes, which made us even weaker to retain our business and be untouchable. As a service provider, consolidation was being orchestrated; the only way I thought to retain my position in this organization was by doing something different from my competitors because I was not fully confident that I would be able to win my business in this red ocean. The consultative selling technique had taught me very little by then about how to do something different. However, I embarked on a journey to understand the different services that my organization offered apart from understanding the industry trends in my customer area of business. I was able to map several offerings of my organization and industry to my customer’s benefit and started to bundle them as services. I named this theme “innovation beyond contract.” With help from my subject matter experts in each subject matter area, I started creating and brought forward several innovations to my customer out of which it considered a few to be stepping stones for its future business growth. This initiative started to reap results in terms of gaining customer intimacy because I started working on my customer’s problems and thought of its business benefits rather than my own. Slowly, we started being considered a “thought leader” in its business by several of my customer’s executives. The service provider consolidation wave started, and everyone began to differentiate themselves in the red ocean with their own organization’s unique techniques. My key differentiator to my customer during that time was being a “service provider of innovation” and made it successful. This theme generated a great deal of interest and confidence from my customer and allowed us to be retained during service provider consolidation. It came to a point where we were asked by MMM Financials to be a key consulting service provider along with a major consulting firm in its service provider consolidation process because of the knowledge we had demonstrated about its business. This experience has
given me full confidence that consultative selling is the only way to retain and grow your business because with your customer growth comes your growth. Once you have proven your skills in bringing value to your customer, irrespective of the competition you have, you are always the frontrunner in gaining new business.

Setting up the inside-out theme is an important milestone to make consultative selling a reality. In this theme, the following key agenda items are continually under attention and discussion:

1. Challenges in the current environments, both from the business and technology landscape.
2. Short-term and long-term goals of your customer from the technology and business side.
3. How your customer’s competitors differentiate from your customer.

For the inside-out theme to be fully functional there is a need to have the key set of subject matter experts as part of this theme who constantly strive to bring value to these agenda items and come up with propositions that can address them.

**Governance of the Inside-Out Theme**

In CSF, everyone needs to understand his or her role and the duties he or she is expected to perform. Unlike other frameworks, where roles are defined and assigned based on the discretion of individuals and supervisors, every CSF role is based on the knowledge and experience level of individuals in their respective area of expertise. Each role in the CSF has a well-defined responsibility, and every role within the CSF ensures that only individuals experienced in their subject matter are part of the team to make consultative selling a reality.

As illustrated in Figure 4.1, a consultative seller is the leader for this initiative, and he or she has a team with expertise in their respective subject matter to bring forward ideas related to the inside-out theme.

A “talent group” is a group that specializes in, and has expertise in, a specific subject matter area. As an example, one subject matter area could be architecture, where a talent group is created with key architects who form part of this group and bring ideas to the table with respect to the new architecture.

Another example of a talent group is the design talent group that explores new design patterns that can benefit a specific design standard of
the customer technology landscape or analyzes specific design patterns that they know are hindering the performance of a specific set of applications and suggests an alternative.

A third example could be on the business side, called the Internet banking talent group, which constitutes subject matter experts in the Internet banking area who bring forward ideas from the industry and their organization to enhance the customer experience of your customer Internet banking domain.

From my experience, based on the size of a particular business and the customer spread on domain and technology, a consultative seller needs to set up his or her talent groups.

In CSF, there is a need to have a lead for each talent group and he or she should be the one with expertise in the subject matter of the specific talent group.

As an example, an enterprise architect can be a lead for an architecture talent group who understands the customer technology spread, its systems, and application and who will be able to assess and bring forward the technology challenges that your customer is facing. He or she will be the person who can map the services coming from the outside-in theme to your customer technology portfolio and provide a recommendation about what would bring value to your customer business from a technology viewpoint.

In another example, a business analyst in the business intelligence domain can be the lead for the business intelligence talent group, and he or she is the one who understands the customer business and its current competitive situation in the market and brings forward the gaps that your customer has against its competitors. He or she is the person who maps your customer business portfolio with services coming from the outside-in theme.
or industry trends, and provides suggestions on how your customer can be more competitive in its market space in this particular subject matter area.

My experience has taught me that you need to have a high performing core team to make any initiative successful. You can fail based on one individual, but you need an army of competent people to make yourself successful. This is core to succeeding in CSF. The third level of governance is defined in CSF, which is called the “core team.” This is a team of high potential resources who are working on specific tasks or projects in a respective subject matter area and who can bring new ideas and potential challenges to the table within their subject matter area and span of control, which is analyzed further together with the talent lead.

The setup of the inside-out theme governance should be followed with a well-defined structure that can generate a tangible output. From my experience, this team of the inside-out theme should meet every 20 days to discuss ideas; I call this the “speak and act” board. There are two key activities of this board: The first activity is to discuss the as-is situation of your customer business and technology landscape and compare these with the industry trends, its competitors, and come up with ideas that can improve your customer performance.

The second activity is to understand the current challenges from the business or the technology landscape and discuss ideas/strategies that can mitigate these challenges. The subject matter to choose in a specific inside-out theme is dependent on the talent group and the subject matter area.

The key responsibility of the talent group lead along with the consultative seller in this context is to filter each idea that is generated from the inside-out theme based on the value and relevance each provides and selecting those that can bring value to your customer, which can then be translated to be called innovations.

**Tangible Decisions from the Inside-Out Theme**

A consultative seller always needs to ensure that there is a tangible output generated from the speak and act board and discussions in the board are not derailing the agenda of this board. Since the theme of this board is to discuss several broad topics, it is quite easy to derail the agenda. As the chairperson of this board, a consultative seller should take all necessary steps to ensure that discussions are meeting the objective of the board.
Scaling Up the Inside-Out Theme

Based on the size of your customer's organization and the span of business services and technology landscape it has, you need to determine the optimal level of talent groups for your inside-out theme. As an example, for a small customer organization, initially, two talent groups may be sufficient—one talent group that can identify opportunities in the technology area and another talent group to identify opportunities on the business side. There may also be instances where a small organization is complex both in the technology landscape and in terms of its business services it offers to its clients. For such organizations, you may have to deploy multiple talent groups. It all depends on the scale of your customer’s organization. It is the responsibility of the consultative seller to deploy an optimal level of talent groups and core teams around it, which can make CSF a success.

Key Points

- The success of winning new business in a red ocean is never consistent and permanent in contrast to the blue ocean, where you define your own rules to win business.
- In the inside-out theme, key agenda items that are under attention and discussion are challenges in the current environment, the short-term and long-term goals of your customer from the technology side, and how competitors differentiate from your customer in their business.
- A “talent group” is a group that specializes in, and has expertise in, a specific subject matter area. As an example, one subject matter area could be an architecture talent group where there are key architects who are part of this group and bring innovations to the table with respect to the new architecture.
- There should be a lead for each talent group, and this should be the one with expertise in one or multiple subject matter areas.
- The speak and act board is a board constituted of a set of core teams and talent group leads; the agenda of this board is to meet every 20 days and discuss innovations in respective subject matter areas.
- The speak and act board generates several innovations; some of them are selected that you determine can be of potential benefit to your customer.
Many sales executives today live with the limitations defined by their organizations in terms of the services their organization offers and have very limited control to influence their organization to bring new services into their organization's envelope. The main reason for this is because several new services, or offerings, tend to be emerging in the market space, and the acceptance of these services as a standard by organizations is in doubt. This leads to a situation where investments in new services are always thought about carefully by traditional organizations and are deferred to later dates until they emerge as proven. This injects a negative side effect into such organizations and, in many cases, they are left behind in the competition.

There are also several other organizations that take risks exploring new services based on the analysis they do across the markets, and if they believe a particular concept has potential, they begin investing in the subject matter area, which differentiates them from the competition as being an innovative company.

As an example, in 2014, social media, analytics, and cloud services (SMAC) are creating a big wave in the information technology industry with many organizations tending to adapt these technologies to be closer to their customers and gain greater market share. However, SMAC concepts came into existence several years ago and although during those days these were considered emerging technologies, there are a few organizations that have already invested in these services, which today are differentiating themselves from
their peers. Traditional organizations have started building capabilities now, and I bet they have already lost a large segment of business to their peers.

A consultative seller can break such silos in his or her traditional organization by demonstrating to the organization via consultative selling skills that a new service he or she thinks has potential is already acknowledged by some of the customers. This becomes true for a consultative seller because he or she always looks into different areas within the industry that bring value to the customer. In this journey, a consultative seller becomes influential to his or her organization to move from a traditional organization to an innovative organization.

The outside-in theme brings forward a design to bring your organization full capabilities to be utilized by your customer. In this theme, the following key agenda items are constantly under attention for each subject matter area by one or more groups within the organization:

1. Existing services within your organization that can benefit your customer.
2. New or emerging services within your organization that can have a potential benefit to your customer.
3. New industry offerings or emerging trends that are being explored by your organization.
4. References where existing, new, or industry emerging services are being implemented or explored by other customers of your organization.

Setting up the outside-in theme needs to be very carefully thought through because several of us will be enthusiastic to bring together several subject matter experts from different subject matter areas and set up several talent groups to understand existing and new services within each subject matter area. However, with a large group and multiple subject matter areas, it is always easy to get out of control, especially while setting up CSF. In the beginning, a consultative seller should be sure to select a few focused subject matter areas to create talent groups that would be of interest to his or her customer, to make the outside-in theme concrete and generate results.

**Governance of the Outside-In Theme**

The governance of the outside-in theme is one of the stepping-stones to make CSF a success. The empirical process model should be applied in this theme consistently because establishing the governance of this theme cannot
be accurate from the start. There is a need to frequently inspect and adapt, and continuously make changes to the governance based on past learning to make it fully functional.

Although you follow the empirical process model here, the basic concept of the outside-in theme mandates that you select a few subject matter areas where your customer is doing business (domain area) and another few in the technology landscape of the customer to create talent groups for each of these subject matter areas.

As illustrated in Figure 5.1, a consultative seller is the leader for this initiative and is the one who should organize the themes with well-defined governance. He or she should create a team for each subject matter area that constitutes individuals with expertise in respective subject matter areas to make the agenda of the outside-in theme a success.

A talent group is a group that specializes in and has expertise in a specific subject matter area.

Similar to the inside-out theme, the outside-in theme should have a lead for each talent group and, in almost all cases, the lead of the outside-in theme should be the same person as identified for the inside-out theme and with expertise in the specific subject matter area. This signifies that, for each subject matter area identified in CSF, you should have an inside-out theme and an outside-in theme defined.

The talent group for the outside-in theme constitutes respective groups within your organization with expertise and who are responsible to build expertise in the respective subject matter area. I call these groups subject

![Figure 5.1](image_url)  
*Figure 5.1  Outside-in theme setup (the speak and act board of the outside-in theme).*
matter groups or subject matter center of excellence (COE). The main objective of these groups, or COEs, is to deliver solutions and tools in their respective subject matter area of expertise, build new skills, and explore new industry trends, tools, and technologies that can benefit their subject matter area. As an example, a practice that is dedicated to Java skills is called a Java group or a Java COE.

The team of the outside-in theme should meet every 20 days separately to discuss the existing services offered by the subject matter groups and new services being explored apart from the tools and techniques that can benefit your customer. I call this meeting the speak and act board for the outside-in theme.

The other activity of this board is to bring forward the ideas discussed in the inside-out theme and seek advice from the subject matter groups on the services that can be correlated with the themes of the inside-out theme. The reverse is also true, where subject matter groups bring forward their services after understanding your customer business, and propose those services that can benefit your customer's business. In both cases, ideas coming from this board can become innovations in CSF.

As an example, in one of my assignments, I was doing business with a major bank named CMD Financials in the United States. We were its service providers in the Internet banking domain, and the major technologies involved were Java and mainframes. We were also doing business to manage its enterprise data. Though we were present in other domains such as infrastructure and risk management, we were considerably small in these domains.

Based on the subject matter areas of business I was doing with CMD Financials, I chose to set up three talent groups for the outside-in theme. Figure 5.2 is an illustration of the setup of the outside-in theme for this case study.

One talent group, called the Internet banking business talent group, was dedicated to Internet banking. Another was about the technology landscape where I created a Java and mainframe talent group, and the third one concerned enterprise data called the enterprise data talent group. I started with these three talent groups as an initial setup. Once leads were identified for each talent group, I was able to engage the respective subject matter groups from my organization. For Internet banking, I engaged the "Internet banking" business group, for the Java and mainframe area, I was able to engage both the "Java and mainframe COE" and for enterprise data, I was able to
engage the “enterprise data” group. This formed the complete team of talent groups for this customer.

Similar to the case study above, a consultative seller needs to ensure that appropriate talent groups are identified, and the correct teams are deployed around each of the talent groups based on his or her customer's area of business.

**Tangible Decisions from the Outside-In Theme**

In the outside-in theme, there are several parties involved in the speak and act board and, in many cases, teams are distributed. The key agenda of the consultative seller concerning this board is to ensure that ideas coming out of this theme are correlating with the output of the speak and act board of the inside-out theme. The most important job of a consultative seller in the outside-in theme is:

1. To fully understand the key topics in the inside-out theme and prepare for the outside-in theme to ensure that ideas discussed in the inside-out theme correlate to the services discussed in the outside-in theme
2. To ensure that new services being discussed are in line with the business and technology landscape of your customer
If these two aspects are not taken care of, it is always very easy to disrupt the whole agenda of this board.

Once ideas are generated from the speak and act board of the outside-in theme and mapping is done with your organization or industry services, the next key activity is to analyze and select ideas that would interest your customer, which are called innovations.

The Final Step

The speak and act board of the inside-out theme and the outside-in theme generates several ideas and a few of them are selected that you determine can be of potential benefit to your customer, which are called innovations.

The next step in the process is to define either an efficiency improvement proposal or a profit improvement proposal for each of these innovations to be presented to your customer.

**Definition: Profit improvement proposal**

A profit improvement proposal is an out-of-the-box proposal that improves the efficiency of the current IT programs, processes, or operations. The proposal will provide direct cost benefits. A profit improvement proposal will require a budget investment from the benefiting organization.

**Definition: Efficiency improvement proposal/program**

An efficiency improvement proposal is an out-of-the-box proposal that will improve the efficiency of the current IT programs, processes, or operations. The proposal will provide indirect cost benefits that can:

1. overcome the existing challenges or improve/modernize the current applications/systems/processes;
2. align to the future business/organization strategies; or
3. adapt to the future industry standards.

In many instances, this proposal will not give a direct and immediate cost saving but will have a potential advantage in the future.
This step requires a thorough understanding of the services proposed as innovations. A detailed analysis needs to be performed to assess the risk involved in each of the ideas, and if you determine that the risk is worth taking by your customer against the benefits it can achieve, it becomes an innovation to be taken forward to the next phase.

The Empirical Process Model for the Outside-In Theme

As discussed earlier, there is a need for frequent inspection and adaptation and for continuous changes on the speak and act board of the outside-in theme; these changes are based on the effectiveness of output generated by the current board. In some cases, you may need to increase the number of participants on the board to make it more effective and, in some cases, there is a need to reduce the number of participants if not all members are seen to be actively involved.

There may also be a need to add more talent groups to the CSF, split the existing talent groups from one to many, or merge a few talent groups into one. The consultative seller is responsible for organizing this theme and deploying an optimal level of talent groups that can generate the desired output. In the end, the main objective of the consultative seller is to ensure that speak and act boards are generating results, and all members of each board are effectively contributing to the initiative.

Understanding the importance of consultative selling, several organizations today are trying to prepare their sales team by injecting technical and business knowledge in their new and existing services, which they feel will benefit respective customers. There are several means by which such organizations are trying to do it. Some do it via newsletters, some by conducting special knowledge events, and some by organizing solution sessions. The end goal is to inject knowledge that will enable teams to bring innovations to their customers. Such organization measures definitely help generate innovations. However, these measures can be treated as a supplement to the outside-in theme rather than a substitute.

Key Points

- The outside-in theme brings forward a design to allow your organization's full capabilities to be utilized by your customer.
In the outside-in theme, key agenda items that are constantly under discussion are existing services within your organization, new or emerging services, new industry offerings or emerging trends, and references where existing new or industry emerging services are being implemented.

A talent group is a group that specializes in and has expertise in a specific subject matter area.

Similar to the case of the inside-out theme, the outside-in theme should have a lead for each talent group and, in most of the cases, this lead should be the same person identified for the inside-out theme and with expertise in the specific subject matter area.

The talent group for the outside-in theme also constitutes respective groups within your organization with expertise and is responsible for building expertise in a specific subject matter area. I call these groups subject matter groups or the subject matter center of excellence (COE).

The team of the outside-in theme should meet every 20 days to discuss the existing services offered by the subject matter groups and new services being explored apart from the tools and techniques that they believe can be beneficial for your customer via the speak and act board for the outside-in theme.
Chapter 6

The Innovation Factory

In the inside-out theme, we discussed how different initiatives that can add value to the customer are discussed, and these ideas are then mapped with the organization and industry services in the outside-in theme. A key aspect in the outside-in theme is to map the services of your organization, or from the industry, to the themes of the inside-out theme. This makes the innovation engine sustainable, and new areas are explored repeatedly at the same pace the industry is moving.

CSF unites the fundamentals of idea generation and people capabilities together with the organization and industry services, to make consultative selling a reality. Although there are many skeptics in the industry regarding the success of consultative selling, several experiences have proven that, with the right practices and a structured approach, CSF can provide numerous benefits to consultative sellers to differentiate them from their competitors and gain customer confidence, thereby growing their business. Ultimately, consultative sellers via CSF are creating their own blue oceans where competition is not present and in the process, creating a trademark within their customer’s organization of being a thought leader in their business, thereby presenting them to be the frontrunner, even in the red ocean. CSF was developed on the same concept to make consultative selling a success.

The topics we discussed in the inside-out theme and the outside-in theme create a foundation for success for consultative selling. The innovation factory is the next crucial element in CSF. It is where innovations are validated, selected, and implemented, and benefits realized by the customer.
Let us look at the construction industry. Have you ever wondered how a house is built? What are the initial steps taken by the architect to ensure that the ceilings and the walls hold up? What keeps the rain out?

It begins with a thorough plan of the house, which requires the owner to have a very specific mental image of a “typical house”—a structure on its own piece of land, generally with a lawn and plants outside with 10 to 12 windows. Inside, there should be rooms such as the kitchen, living room, bedrooms, and bathrooms. Without this basic information, an architect will not be able to define the plan. Once the architect has these basic points available, he or she draws the plan of how many support pillars are to be raised, the height of each pillar, the basement linings, and all else, then arrives with the finalized plan. Consider that after the support pillars are raised, you want to add or remove rooms or want to change the layout. In this case, modifications cannot be made without altering the layout plan, which proves costly most of the time. However, at any point in time, you can make changes to the look and feel, for example, to have a pitched roof instead of a normal one, walls covered with decorations, doors with steel finish rather than a wooden one.

Composing a plan or framework of poor architecture leads to project failures. However well you adopt the tools and processes in such a project, marginally low quality architecture can lead to failure. During many of my experiences and research, I have assessed the basic patterns of bad architecture that lead to high rework efforts when you realize that the architecture is not scalable enough for the project. These cases lead to extreme frustration, not only for management, but also for the team who is part of this project. Hence, it is essential that you follow the concept of plan-driven development to develop the basic blocks in CSF, which should not be altered, and follow the empirical process model for the rest. These are the basics on which a CSF framework is developed.

CSF is built on the principle of plan-driven development where only the most obvious and predictable factors are planned, and these define the three building blocks of CSF (i.e., inside-out theme, outside-in theme, and innovation factory), which cannot be altered at any point in time. Now, organizing each of these blocks in a beneficial manner is dependent on the customer with whom you are working, the size of the organization, the domain of your customer, the technology landscape, and so on, which can undergo continuous changes per the empirical process model followed in CSF. This means defining the optimal level of talent groups and identifying the correct individuals and groups for the outside-in and inside-out theme to deliver results effectively.
CSF is based on the core principle of bringing innovation to your customer, which is the core fundamental of consultative selling.

The innovation factory is a key block within CSF that will make consultative selling a reality. The innovation factory consists of the following three phases:

- Innovation validation
- Innovation selection
- Innovation implementation

Until now, with a combination of the inside-out theme and outside-in theme, several innovations have been defined, and profit improvement proposals and efficiency improvement proposals have been generated. The next steps in the process are validation and acceptance from your customer before beginning implementation and realizing the benefits.

**Innovation Validation**

The innovation validation phase is a key element in the innovation factory theme, where all innovations emerging from a combination of the inside-out theme and outside-in theme are converted to proposals.

The innovation validation phase is represented by the “executive decision board,” a board chaired by the consultative seller. Members of the board include the key decision makers from your customer’s organization including the CIO and CTO of your customer’s organization.

Typically, this board assembles every 45 days to discuss new topics of innovation apart from validating the progress of the innovations, which were accepted in the last board meeting.

In the innovation validation phase, new profit improvement proposals and efficiency improvement proposals that the consultative seller has identified within the period are discussed. The merits of each of these proposals are brainstormed in correlation to the customer organization needs and benefits that can be achieved, and validation is performed on each of these.

**Innovation Selection**

In the innovation validation phase, all profit improvement proposals and efficiency improvement proposals (i.e., innovations) are validated on their
merits and demerits. The idea selection phase is a phase in which innovations are shortlisted and selected for implementation.

Typically, the innovation validation and innovation selection phase can go hand in hand if decision makers from the customer’s organizations can perform both validation and selection of the innovations.

There are several tools and techniques to select the best innovations from the list proposed by a consultative seller. Though I will not explain the details in this book, following is a list that can be utilized to your benefit:

- Delphi method: Explore innovations or gain consensus with remote group
- Force-field analysis: Explore forces for and against an innovation
- Concept screening: Compare options against a baseline benchmark
- Negative selection: Sort out the “definitely not” first
- The Kipling method (5W1H): Ask simple questions for great answers
- NUF test: Check if the innovation is new, useful, and feasible
- Six thinking hats: Examine innovation from different viewpoints
- Voting: Democratic casting of votes for the best innovation

The usage of one or two of the above techniques becomes important where there are several participants in the executive decision board each carrying a different viewpoint on the proposed innovations.

**Innovation Implementation Phase**

The innovation implementation phase commences by converting the selected innovation (i.e., the selected profit improvement proposals or the efficiency improvement proposals) into a project and a project takes shape during the implementation phase.

This phase involves the construction of the actual project per the benefits that were promised in the profit improvement proposal or the efficiency improvement proposal. Similar to any project, the result of the project is known and, in this case, the end goal is to achieve the benefits as promised in the proposal. The sponsor of this project is the consultative seller and his or her main responsibility in this phase is to ensure that the project is being executed per the defined plan and that intermediate milestones are generating the results mentioned in the profit improvement proposal or the efficiency improvement proposal.
The project plan and schedule are created keeping in view the milestones that have been agreed on in the PIP or EIP along with the duration that has been agreed on for this project to be completed. It is not considered different from a regular project and will have all the elements of a regular project such as milestones, SLAs, etc. tied to it.

At the end of the implementation phase, the result is evaluated according to the list of benefits that were promised in the PIP or EIP based on which it is determined successful. This phase is considered complete when all benefits as mentioned in the PIP or EIP are realized. It is the responsibility of the consultative seller to provide periodic status updates to the customer in the executive decision board on each of the PIP or EIP that are in the implementation phase.

I always recommend following the iterative and incremental development methodology during the implementation phase of a PIP or EIP, which:

1. Will help to demonstrate intermediate results to the executive decision board
2. Allows the development team to take advantage of the learning originating from both the development and use of the system because the system will be developed through recurring cycles (iterative) in smaller portions of time (incremental)

The process begins by defining and implementing subsets of the requirements and iteratively enhances development until the complete system is developed.

**Key Points**

- CSF unites the fundamentals of idea generation and people capabilities together with the organization and industry services to make consultative selling a reality.
- The innovation factory consists of three phases, namely, innovation validation, innovation selection, and innovation implementation.
- In the innovation factory theme, innovations are validated, selected, and implemented, and benefits are realized by the customer.
- In the innovation validation phase, ideas emerging from a combination of the inside-out theme and outside-in theme are converted to either a profit improvement proposal or an efficiency improvement proposal called innovations.
The innovation selection phase is a phase in which innovations are shortlisted and selected for implementation.

The innovation implementation phase commences by converting the selected innovation (i.e., the selected profit improvement proposals or the efficiency improvement proposals) into a project.

At the end of the implementation phase, the results are evaluated against a list of benefits that were promised in the PIP or EIP to be considered for an innovation to be successful.
Chapter 7

Bringing All the Pieces Together—Uniting CSF

All of us want to be part of a winning team. In a running competition, the gold medalist may have beaten the silver medalist by a mere 0.001 of a second, but we, the great majority of the viewers, treat the gold medalist as the differentiator in the class. Here, the winner’s confidence and hard work make the difference. In contrast, a soccer team has success when the entire team performs with a winning spirit and represents a winning agenda. If any one of the team fails to perform, the entire team loses. Only a motivated and skilled individual can be a winner, displaying the winning spirit within him or her to others and inspiring the entire team to win.

In today’s world of downsizing, doing more with less, and working smarter not harder, teamwork is more important than ever. No group of people or individuals working in isolation can do better than several key individuals working together can. In fact, one definition of a winning team is one in which, “the whole is greater than the sum of the parts.” Synergy is essential but elusive. The best team attracts the coolest people.

The information technology industry and success in any engagements are always centered on people. It is not about knowing how to write code but knowing and analyzing how to write a better software product. I have personally experienced that it is better to have motivated, actuated, and skilled people on the teams, communicating and working toward the goal using little process (processes that are useful for the project) than to have a well-defined process used by unmotivated individuals.
In consultative selling, it is both a running competition and a soccer game. As a consultative seller, you need to ensure that you are always showing a difference to your customer in relation to your competitors, with innovations via CSF, and the team that is part of CSF should be motivated and skilled, and perform in a winning spirit to achieve the winning agenda of consultative selling, similar to a soccer game.

The primary object of CSF success is to gain and sustain the commitment of being innovative and focused toward customer growth. Commitment occurs when the consultative seller, including the CSF team, has brought the winning spirit into the field. In addition, buy-in occurs when there is a critical mass of desire to support the initiative, as well as confidence in its ability to succeed. You realize that commitment is present when you have a stable and motivated team and have the support from the stakeholders at large. When both these elements are present, CSF gains significant momentum to succeed. As a project, it stays positive despite any fallbacks initially. Keeping the individuals and the project in high spirits is a top priority for the consultative seller. When commitment from individuals vanishes, the project's energy level declines, and there is a significant chance that the project will turn unmanageable. It then runs the risk of not meeting the agenda of CSF. Therefore, to gain and sustain positive energy, a consultative seller needs to identify the right kind of people and keep their momentum going during the tenure of bringing innovations to his or her customer. You want an effective team but also a sustainable one. Otherwise, the fruits of burnout will include stress, which in turn leads to failure.

In the previous chapters, we discussed how the inside-out theme and outside-in theme should be set up, what the different elements that make these themes successful are, and how the governance of these themes should be organized. We also discussed the different phases of innovation factory.

**What Comes First—The Inside-Out Theme or Outside-In Theme?**

Refer to Figure 7.1, which depicts the CSF framework. In a CSF framework, the first box on the right at the top is the inside-out theme and the second one on the left is the outside-in theme. I always get questions on which theme should be set up first and how the governance between these two themes should work to be highly efficient in communication and to generate results.
Although these are termed two separate themes and each theme has separate agendas to achieve, both of these themes in CSF must work together very closely to generate the right set of innovations. If there is even a little gap between these two themes in terms of data sharing and collaboration, the whole concept of generating innovation will be lost. To ensure that there are enough handshakes between these two themes, the governance of the inside-out theme and the outside-in theme should be alike with the same set of people being the talent group leads for both of the themes in a respective subject matter area.

Refer to Figure 7.2, which depicts the handshake between the inside-out theme and the outside-in theme. The figure depicts how governance of the speak and act board team should collaborate; this is possible by having one talent lead heading both the inside-out theme and outside-in theme for a specific subject matter area.

Once this handshake is in place, by having one expert leading a specific subject matter area, the ideas coming from the inside-out theme can be easily mapped to the services that are discussed in the outside-in theme. The opposite is also true where the new services discussed in the outside-in theme

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**Figure 7.2** The consultative selling framework.
The theme can be validated against your customer’s current business and technology landscape and all applicable services that can benefit the customer can be brought forward as innovations.

Engaging Your Customer in Outside-In and Inside-Out Themes

Until now, we have been discussing the concept of CSF without customer involvement in the inside-out theme and outside-in theme. I call this working in “silos.” The term silos, in a CSF context, comes into the picture when members of the inside-out theme and outside-in theme work in a vacuum, without connecting with the customer subject matter experts in the respective subject matter area, which occurs when ideas coming out of these themes remain invalidated until late in the process.

Having customer personnel in the inside-out theme and outside-in theme is not ideal, at least during the initial days of setting up the governance. However, once these two themes are up and running, it becomes essential to involve key subject matter experts from your customer’s organization to be part of the speak and act board of the inside-out theme and outside-in theme. The chairperson of CSF is a consultative seller. Having customer personnel who have been working in the customer’s organization (service
Bringing All the Pieces Together—Uniting CSF

receiver organization) on these boards for a long time can be very beneficial to this board because, in most cases, they can determine the applicability of a certain idea in their respective subject matter much sooner than individuals from the service provider organization. After all, these are individuals who, day-in and day-out, manage the business and technology of their organization in some way or the other based on their role and area of expertise. In the subsequent chapters, we will discuss in detail the right places where you need to start involving members from your customer's organizations in CSF.

The second advantage of customer personnel being part of the team is because they can influence directly or indirectly their organization concerning innovations brought forward by personnel from the service provider organization, which they believe can benefit their organization but about which the executive team is still skeptical.

Apart from having customer subject matter experts in the speak and act board, you are also recommended to invite some of the subject matter experts to be part of the executive decision board, which can help your customer executive team to make decisions faster.

**Talent Group Lead Being the SME during Project Implementation**

Working closely with the teams of the outside-in and inside-out theme, a talent group lead along with the consultative seller prepares the PIP or EIP for each innovation. As discussed earlier, the talent group lead is the one who masters a specific subject matter area and is the person who has extensive knowledge in the subject matter. He or she is the one who is also a major influencer for an idea to be translated to innovation and further to a PIP or EIP. He or she is expected to understand fully the concept of the proposed innovation in his or her subject matter area and the benefits it can generate. Without this knowledge, the talent lead will not be able to add value in CSF.

Further, a talent lead is required in the innovation implementation phase of the innovation factory to provide expertise and guidance to the teams during the course of the project execution and assess from a subject matter perspective if the project is going in the right direction in line with the benefits that are mentioned in the PIP or EIP. In several of my experiences, running the innovation implementation phase without talent leads' active involvement in the project will not generate desired results. Though the
expertise and guidance can be temporary, during the start of the project it is very essential and periodic assessment is mandatory. The talent lead will not focus on project management activities such as scope management and time management but will ensure that the project is functionally and technically being executed as defined in the PIP or EIP.

**Measuring Success of CSF**

Most people have an intuitive appreciation for what success is, but defining it and measuring it is a bit more difficult. If you are from Arkansas, success is a small town not far from the Missouri border. If you are an actor, Tom Hanks is a success while Tom Arnold is not … or is he?

If we define acting success in terms of critical acclaim, Tom Hanks wins over Tom Arnold every time. If we define acting success as steady, above-average pay for work that you enjoy, then Tom Arnold is quite successful, too.

Projects are not so very different from actors. To measure success, we must first define it. CSF defines success in four different areas:

1. **Theme density**: Number of ideas vs. those converted to innovations, which determines the success of the inside-out theme and outside-in theme.
2. **Innovations density**: Number of innovations accepted by the customer vs. proposed, which determines if your innovations are the ones that your customers think will benefit them and that determine your knowledge of your customer environments and business.
3. **Benefit realization**: The quantitative benefits (i.e., cost savings) realized by your customer in a profit improvement proposal or the qualitative benefits your customer has realized via an efficiency improvement proposal.
4. **Customer satisfaction**: The qualitative assessment of your customers on the value you are bringing to them. This does not include the commitments you have made via the regular contract on project delivery.

**Theme Density**

The CSF formula for determining the theme density is by calculating the number of innovations proposed to the customer divided by the total number of ideas generated in a combination of the inside-out theme and
outside-in theme for a defined period (can be three months, or six months, or one year). It is a simple formula as defined below.

**Theme density** = Total number of ideas converted to innovations ÷ total number of ideas

From my personal experience, you can consider this theme successful if you observe a pattern that the theme density is increasing over the period. You can also create a benchmark to measure success for this theme.

As an example, refer to Figure 7.3 where you can observe that the number of ideas that are converted to innovations is increasing over the period. I consider this a successful result.

Figure 7.4 depicts another example where you can observe that theme density is inconsistent, and most of the ideas being discussed in the inside-out theme and outside-in theme are not converted to innovations. This trend indicates that the inside-out theme and outside-in theme are not generating the expected results, and one of the reasons could be that the ideas discussed in the inside-out theme and outside-in theme are not relevant for your customer business, and hence, are being rejected. There is a need to make a detailed analysis in such cases on the governance and agenda of both these themes and make improvements.

**Innovation Density**

The CSF formula for determining the innovation density is by calculation of the number of innovations accepted by the customer divided by the number
The Art of Consultative Selling

of innovations proposed to the customer for a defined period (can be three months, six months, or one year). It is a simple formula as defined below.

**Innovation density** = Total number of innovations accepted by the customer ÷ total number of innovations proposed to the customer

You can consider this theme successful if you observe a pattern that the innovation density is increasing over the period.

Refer to Figure 7.5, where you can observe that the innovation density score is increasing over the period; I consider this a successful result.
Figure 7.6 is a depiction of another example where you can observe that innovation density is inconsistent, and your customer is rejecting most of the innovations proposed. This trend indicates that you, as a consultative seller, are not proposing innovations to your customer that can benefit its business. This brings a major concern about the success of CSF and needs to be analyzed very carefully by the consultative seller because it leads to a negative side effect on the customer relationship in the area of generating innovations to your customer. Your customer is spending time with you discussing innovations that are not relevant to them (because they are being rejected), and if such a trend continues, then there is a significant chance that your customer interest in your concept of bringing innovation could be lost at any time.

**Benefit Realization**

A consultative seller in the executive decision board presents each of his or her innovations via profit improvement proposal or efficiency improvement proposal. One of the core elements in the proposal is the benefit you claim that your customer can realize after successful implementation of an innovation. One of the main responsibilities of the consultative seller in this area is to measure the benefits of each of the innovations and present those to the executive decision board. This gives your customer the confidence in the innovations you are proposing because each of the innovations being proposed by you is generating tangible value as promised. As an example, if one of your profit improvement proposals suggests a cost saving of $X in the first milestone and $Y at the end of project, then the consultative seller
should ensure that these savings are being measured periodically in terms of dollar value and presented to the customer.

**Customer Satisfaction**

When we have a great food experience at a new restaurant, we usually want to go back. Positive evaluations result in greater customer satisfaction, which leads to customer loyalty and product repurchase. *Mission accomplished.*

Measuring customer satisfaction is incredibly important for any business and any initiative. A satisfied customer is one who will continue to buy from you, seldom shop around, refer other customers, and in general, be a super-star advocate for your business.

The success of the number of innovations (blue oceans) created by you is a direct measure for you to be called or be considered a consultative seller. CSF measures customer satisfaction in three broad areas called the innovation density, repurchase measurement, and loyalty measurement.

1. **Innovation density:** This is a quantitative measure where you can self-assess your success as a consultative seller. As your innovation density increases, in parallel, you are creating more blue oceans and increasing your trust and confidence with your customer.

2. **Loyalty measurement (affective, behavioral):** Example question: Would you recommend our company to your peer organizations as an innovative company? Will you reference us to new customers as an innovative company? This single question measure is the core net promoter score (NPS) measure. Customer loyalty reflects the likelihood of repurchasing products or services based on the value you are providing as being a company that continually strives to bring more value to your customer. Customer satisfaction is a major predictor of repurchase; in consultative selling, this will strongly influence your explicit performance evaluation as being a company that goes out of its way and thinks about customer profits rather than its own.

3. **Intentions to repurchase measurements (behavioral measures):** Example question: Do you intend to continue with us bringing innovations? When wording questions about future or hypothetical behavior, consumers often indicate “purchasing this product would be a good choice” or “I would be glad to purchase this product.” Behavioral measures also reflect the consumer's experience with customer relationship representatives.
Satisfaction can influence other post-purchase/post-experience actions such as communicating to others through word of mouth and social networks. The experiences described in this book took an unusually long period to evolve, as a perfect solution to create blue oceans must be dealt with very carefully. After understanding the techniques described in this book, some have argued that CSF relies heavily on people, and they assume it must be more costly. However, by definition, CSF is intended to create very lean governance and the time it takes to make CSF a success is not unwieldy. It requires a few hours of dedication from the CSF team and basic discipline to run the agenda of each board per the definition. The result of CSF provides a consultative seller with a platform to create several blue oceans, as well as promising long-term sustainability in his or her customer relationship and business.

**Key Points**

- As a consultative seller, you need to ensure to your customer that you are always creating a difference with innovations, and the team, who form part of CSF, should be motivated and skilled and perform in a winning spirit to achieve the winning agenda of consultative selling.
- Though the inside-out theme and outside-in theme are two separate themes in CSF, and each has separate agendas to achieve, both of these have to work very closely to ensure that handshaking is occurring to generate the right innovations.
- To ensure that there are enough handshakes between the inside-out theme and outside-in theme, the governance of the inside-out theme and outside-in theme should be alike with the same set of people being the talent group leads for both themes.
- Having customer personnel in the inside-out theme and outside-in theme is not recommended during the initial days of setting up the governance, but once the themes are up and running, it becomes essential to involve key subject matter experts from your customer’s organization to be part of the speak and act board of the inside-out theme and outside-in theme.
- The talent group lead is required to be part of the team that is implementing a specific PIP or EIP in his subject matter area to provide expertise and guidance to the teams during project execution and assess from a subject matter perspective if a project is going in the right direction.
ENHANCING CSF FOR GREATER RESULTS (THE E-CSF METHODOLOGY)
Chapter 8

Getting into the Details—E-CSF

The success of a project is often dependent on the people, processes, and capabilities that cut across multiple disciplines. To make this success consistent across other projects that are of a similar nature, similar people, processes, and capabilities need to be adopted. However, leaping from a small success to an organization-wide success is never easy. Businesses that have tried organization-wide adoption often experience failure in their efforts. The reason for this is a lack of proper and consistent integration among defined disciplines and processes. The result is sub-optimization and confusion, as well as potentially unnecessary expenditure. There is a need for collaborative efforts with incremental and planned adoption to integrate any new concepts, methodologies, or processes across an organization.

Many individuals who adopt innovative concepts successfully are very happy with the value they have achieved and they try to replicate this success across the organization as extensively as possible. Without the right organization-wide framework for adopting a new concept across an organization, turning such small-scale victories to large-scale successes generally is complex. Many times, they lose the essence of value along the way, which derails even the most wisely developed policies.

Understanding the challenges and benefits of realignment and transformation, all executives today want to see successful results. Based on a successful outcome, they then adopt the strategy across the organization in an incremental way by multiplying these successful results. The reason to realize this incremental success is not because they lack the desire to achieve
organization-wide results at once, but because they want to make changes continually based on past learning and incrementally reach a stage where the success is certain, such that they avoid the burnouts of failures. This is an empirical process model and is the same approach followed within CSF. An empirical process model is applied continually in CSF to ensure that what is learned from the past is used to make CSF themes fully functional and to generate the desired results.

The enterprise-wide CSF methodology is based on the fundamental concept to validate the success first, and based on the benefits achieved, provide an incremental strategy to multiply the success across your customer's organization. An enterprise-wide CSF methodology is also referred to as an E-CSF methodology. As the name indicates, it is an approach for adopting CSF across any enterprise.

Before beginning to understand the E-CSF methodology, it is important to understand some of the fundamentals of how a new concept is adopted across an enterprise. We also need to know which entities within an enterprise are responsible for rolling out such initiatives and making them a success.

Any mature organization that desires long-term success tries to find new ways of managing its organization more efficiently. Decisions on adopting a new concept are never centralized with a certain group of individuals for their benefits. Only concepts affecting a large number of individuals are considered for validation. If the concept is determined to provide value and affects the overall organization, the responsibility for managing such a change is handled by the executive office, often lead by the CIO, CTO, or CFO. Through decisions in an organization, broad changes are made by the executive office; it is never done in isolation from the rest of the organization because adoption of change should benefit all entities of an organization in a very consistent manner. The executive office takes the overall responsibility for rolling out a proven concept after validating its success in parts.

As illustrated in Figure 8.1, every organization has different business units (in several organizations, business units are referred to as domains), which are controlled by the executive office, and a proven idea to be implemented at an organizational level is cascaded from the executive office downward. Although all organizations operate locally within their domains, they are expected to be aligned with the strategies and goals of the executive office.

In CSF, the core responsibility of the consultative seller is to bring innovations to his or her customer, and if your customer appreciates the unique differentiation you are bringing to them, it is very easy for a consultative
seller to extend his or her footprints across other domains where his or her presence is small or negligible.

Figure 8.2 is a depiction of the approach in which a consultative seller can set up CSF across the customer's organization in an E-CSF context. Though the executive office is an influencer to adopt a concept across its organization, in CSF, the bottom-up approach is highly effective. In a bottom-up approach, the domains that are benefiting from a CSF framework cascade this success to the executive office and influence the executive office to set up CSF in other domains based on the benefits they have already realized. A consultative seller promises to demonstrate success in the domains where CSF is implemented and then collaborates with the executive office to make E-CSF a reality.

Multiplying the success of CSF across your customer's organization requires very careful thought, and it should prove beneficial to your customer's organization more than to yourself. An enterprise-wide CSF adoption is based on the same fundamental concept and is the formula of success for CSF adoption across an organization. The methodology provides the foundation to validate the success first, and based on the benefits achieved, provides an incremental strategy to multiply the success across your customer's organization for the benefit of your customer. As the name indicates, it is a methodology for bringing innovations across all domains of your customer's
organization in a controlled manner irrespective of your business presence in a specific domain.

Figure 8.3 is a depiction of a case study of KLM Corporation, where an E-CSF has been implemented that will give you inspiration concerning the approach that must be followed to roll out CSF across an enterprise. A consultative seller should always keep in mind that he or she should never use E-CSF to begin competing in the red ocean. The core principle of consultative selling, CSF and the E-CSF methodology, is to ensure that you bring value to your customer beyond the contractual agreements you have with them and in the process, you create your own blue oceans.

Figure 8.3 is a demonstration that we were in business with KLM Corporation in domain 2 and domain 3 and were their primary service provider. I started implementing CSF in domain 2, and we were able to identify eight innovations (blue oceans) of which five innovations were successfully implemented in 6.8 months, achieving a total cost savings of approximately $4 million for the customer. The span of influence came from domain 2 to
the executive office and with support from the customer, I implemented CSF in domain 3.

The next area of focus for us was to establish CSF in domain 1 where we were not their service providers in development and testing. We had several of our business analysts and technical architects present in this business unit performing activities such as defining the operational concepts, defining architecture, gathering requirements from business users, and converting to functional requirements as depicted in Figure 8.4, which forms the upper part of the V-model in the software development lifecycle. Phases inside the dotted lines in Figure 8.4 were under our scope of work.

The knowledge we had in the business domain combined with our organization’s capabilities gave us the opportunity to create talent groups targeting business improvements. After setting up the inside-out theme and outside-in theme for domain 1, we were able to analyze the market and competitive trends of our customer in subject matters of domain 1 and brought forward several innovations that can enhance our customer
competitive edge in the market. We were quite successful in establishing CSF in this domain.

The next step in the process was to analyze where we could contribute to the success of KLM Corporation in domain 4, domain 5, and domain 6. These were the business units where our business presence was zero, which indicates that we know very little about the technology and business landscape of these domains. However, at a high level, we were aware of the work being performed in these domains, which were in the area of infrastructure management, enterprise data management, and finance and risk. We had very little knowledge on the applications, systems, and projects being undertaken in these business units. My intentions were never to capture new business in these domains via my consultative selling techniques. In contrast, I want to provide innovations that can be beneficial to my customer in these domains, which can help me to create my own blue oceans. After analyzing these domains carefully and the areas where we can add value to these domains, CSF was implemented in these domains starting with domain 4, demonstrating success in this domain and then moving to the next two domains (i.e., domain 5 and domain 6). Our CSF strategy in these domains was to be in a consultative mode to bring new ideas to improve our customer technology and business landscape. The outside-in theme was the core for setting up CSF in these business units where we were able to position and bring forward emerging innovations from the market, some to name as a cloud offering for infrastructure management, infrastructure as a service, hardware as a service, and software as a service. Though these innovations
have emerged from my organization, I acknowledged that, in principle, implementation of these services may have to be done by our competitors. However, I never shy away from bringing these innovations to my customer. In the process of bringing these innovations to domains where we were not present, with an open mindset, I increased my communication and trust with stakeholders from these domains and started being recognized as a thought leader in their area of business.

The Enterprise CSF Methodology

The enterprise CSF, also referred to as E-CSF, is an approach for adopting the CSF across your customer’s organization. The success of the E-CSF is derived by defining an incremental strategy to roll out CSF from one domain of the customer’s organization to multiple domains based on the presence you have within the domains. This is called the E-CSF adoption strategy.

As illustrated in Figure 8.5, the E-CSF methodology is a three-phased approach to rolling out CSF across an enterprise. The three stages are:

A. **Localized**: In this phase, you establish CSF in domains you are present at large and where there is enough knowledge within your teams. This stage also mandates that your organization is actively creating assets and offerings, and understands about the new industry trends in these domains.

![Figure 8.5 Enterprise CSF.](image)

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*Figure 8.5* Enterprise CSF.
B. **Sub-globalized**: In this phase, you establish CSF in domains where you have little business to do but your organization has major capabilities in the subject matters of these domains.

C. **Globalized**: In this phase, you establish CSF in one or multiple domains where you currently have no business to do but your organization has major capabilities in the subject matter of these domains. This stage asks not to create innovations in the downstream areas where competition is doing business, and if you come across an innovation in the downstream area, first you need to consult your customer before even taking the next step. The reason is that it gives a sense of competition if you try to enter into your competitor’s area of business. In principle, the focus of CSF in these domains should be maintained at a strategic level and bring innovations that can benefit the future business or way of working. This would avoid conflicts and help you not to step into the red ocean. Downstream work is defined in this context as the work that is performed by your competitors in these domains.

A consultative seller should be confident that there would be enough value brought to the customer after setting up CSF for sub-globalized and globalized phases. He or she should have done enough analysis within the organization on the knowledge it carries within the sub-globalized and globalized domains; otherwise, the value coming out of CSF implementation (in domains that are classified under sub-globalized and globalized phases), will lead to relationship burnout. In the end, if a particular concept is not generating value to the customer, it leads to customer dissatisfaction, which is a clear sign of failure.

**Key Points**

- The enterprise CSF, also referred to as an E-CSF, is an approach for adopting the CSF across your customer’s organization.
- E-CSF is a three-stage approach to rolling out CSF across an enterprise.
- In the localized phase of E-CSF, you establish CSF in domains where you are present at large and where there is enough knowledge within your teams, and your organization is actively creating assets and offerings, and understands the new industry trends in these domains.
In the sub-globalized phase of E-CSF, you establish CSF in domains where you have little business to do but your organizations have major capabilities in the subject matter of these domains.

In the globalized phase of E-CSF, you establish CSF in one or multiple domains where you currently have no business to do but your organizations have major capabilities in the subject matter of these domains.
Chapter 9

The E-CSF Implementation—Getting to the Roots

Transformation is a key initiative that is an attempt to align the people, processes, and technology of an organization with goals to improve the performance and quality of its work. Many organizations strive to change their business models in order to achieve excellence within their organization's business and to compete in their market to be the frontrunners. The beginning of a transformation can easily lead to feelings of frustration because of a lack of knowledge of a specific subject matter and the nature of change in general. However, once the benefits gained from the transformation become apparent, stress is reduced.

Before we begin our E-CSF journey, it is important to understand the principles on which the E-CSF is founded. Transformation to E-CSF is primarily to bring your organization's capabilities to be utilized by your customer, which demonstrates your success. It is not an entry point to gain more business in a red ocean but is a methodology to allow you to be a consultative seller, thereby allowing you to create blue oceans where competition is not present. In this journey, you begin to be considered a thought leader in this respective area of business and will be uniquely identified against your peer organizations by your customer. This is one of the core principles applied by few organizations that have started a few years back in the industry, and these have grown to an extent where they are today competing against organizations that have been doing similar business for decades. In some cases, such new organizations are beating their long experienced peers in terms of business growth.
Embodying on the E-CSF journey requires a high level of rigor and passion to excel in consultative selling with a clear principle in mind not to target the red oceans. New business will flow to you in the process because your customer can see significant potential in you and your organization’s capabilities via the process of CSF because they come to know your organization’s strengths fully.

Adopting E-CSF across an enterprise also requires a cultural and structural change; however, the benefits are worth the initial investment for any organization. All business transformations follow a continual, incremental strategy, and the E-CSF is no exception.

At the core of a company-wide CSF rollout is E-CSF, the methodology that combines innovations, best practices, industry trends, and many more that are brought to the benefit of your customer.

As described earlier, E-CSF consists of a three-phased approach as described next:

A. The localized phase, in which you establish CSF in domains where you are present to a great extent and where there is enough knowledge within your teams.
B. The sub-globalized phase, in which you establish CSF in domains where you have little business to do.
C. The globalized phase, in which you establish CSF in one or multiple domains where you currently have no business to do.

**The Localized Phase**

The E-CSF implementation begins with the localized phase, which is the first step in the journey of the E-CSF methodology. In this phase, consultative sellers bring innovations to their customers within the domains where their major business is present. I call these local domains. Because this is the first step to implement CSF in your customer’s organization, the key aspect to be taken care of by the consultative seller is to select a domain within his or her existing portfolio of local domains where there is relatively high customer acceptance apart from a good delivery and relationship record to implement CSF. During initial CSF implementation, there is a need to continually inspect and adapt changes on the inside-out themes and outside-in themes for each talent group and in the process of making these changes, there is a need for a high level of confidence, support, and trust from your customer.
As depicted in Figure 9.1, the first step for a consultative seller is to set up CSF themes in a domain with relatively high customer intimacy and a proven record of accomplishment in delivery.

Once CSF governance is fully up and running and is delivering results in this domain that should be measured via the CSF measurement principles of theme density, innovation density, benefit realization, and customer satisfaction, the next steps in the localized phase is to scale up the CSF framework across the other domains of your business presence.

As depicted in Figure 9.2, the governance of the localized phase follows the CSF way of implementation, which we discussed in earlier chapters.

A consultative seller should ensure that CSF implementation is fully successful in stage 1 before moving to stage 2 of implementing CSF in other domains. The seller should ensure that the inside-out theme and outside-in theme are set up with the right set of motivated and knowledgeable resources and that outputs from these themes are generating the right innovations for the customer before implementing CSF in stage 2.

The E-CSF localized stage provides a consultative seller with the first step in creating blue oceans. This phase also creates a foundation of success for CSF implementation.

**The Sub-Globalized Phase**

Until now, in the localized phase, you have implemented CSF and demonstrated success in domains that are local to you (i.e., domains where you are present to a great extent and have high customer intimacy, trust, and a proven record of accomplishment in delivery). The prime motivation of the E-CSF localized stage is to create an atmosphere of acceptance concerning
the advantages of CSF in the minds of your customer by demonstrating results of CSF.

This process utilizes the “pull” model. Individuals within your customer’s organization are motivated toward the success of CSF.

The next stage in E-CSF is the sub-globalized phase, where, after achieving successful CSF results in the localized stage, a consultative seller shows his or her desire to do more and bring value to the customer in other domains where his or her organization is contributing to the business of these domains in a minimalistic way.

Similar to the approach of the localized stage and as depicted in Figure 9.3, in the sub-globalized phase, the consultative seller should adopt CSF first in one domain rather than trying to adopt CSF in an organization-wide way across all identified domains of the sub-globalized stage. The consultative seller should choose a domain where, in relative terms, he or she has good customer intimacy and a track record in delivering results compared to other domains of the sub-globalized stage. This is the starting point to secure CSF implementation in the sub-globalized phase.

Once CSF governance is fully up and running and delivering results in the domain selected for stage 1, which can be measured via the CSF measurement principles of theme density, innovation density, benefit realization,
and customer satisfaction, the next step is to scale up CSF implementation across the other domains of the sub-globalized phase; this is stage 2.

E-CSF mandates that in stage 1, what has been learned is applied continually, and improvements are demonstrated, managed, and tracked until the point where your customer considers stage 1 successful.

As depicted in Figure 9.4, the governance of the sub-localized phase is no different from the localized phase.

A consultative seller should ensure that CSF implementation is fully successful in stage 1 before moving to the next stage of implementing CSF in other domains. He or she should ensure that the inside-out theme and outside-in theme are set up and fully functional and generating visible and measurable results. One of the important factors to be taken care of while establishing the governance of the sub-localized phase is to ensure that the seller adopts CSF only in domains where his or her organization is mature enough in the subject areas of the domain and can bring innovations that can benefit the customer.

**The Globalized Phase**

In relative terms, success in the localized phase is quite easy to achieve followed by success in the sub-globalized phase. This is because your organization has a presence and is doing business in the domain identified for the localized phase and sub-globalized phase. Another reason is that there is a certain level of customer trust in you within these domains.

In the globalized phase, you are entering into domains where you do zero business and have very few customer relationships. This means that the level of acceptance from customer stakeholders of these domains is very low.
As a consultative seller, you need to choose your focus areas very carefully such that your first success is demonstrated in the quickest possible way. The stakeholders in these domains are not likely to wait for successful results. You need to make sure that stakeholders from domains of the localized phase and sub-globalized phase give continual feedback on the success of CSF to the stakeholder from domains of the globalized phase. This creates the initial level of trust, but in the end, results will matter the most.

In the globalized phase, where, after achieving successful results of CSF in the localized stage and sub-globalized phase, the consultative seller shows his or her desire to do more and bring value to the customer in domains where his or her organization is currently not contributing to the business of these domains.

Similar to the approach in the localized phase and sub-globalized phase and as depicted in Figure 9.5, in the sub-globalized phase, the consultative seller should adopt CSF in a domain where he or she is most confident of being successful. The selection of a domain can be based on the relative customer relationship in the domain against other domains, type of business done in the domain, your organization’s capabilities in this domain, etc. This is the starting point to secure CSF implementation in the globalized phase.
Once CSF is delivering results in one domain, which should be measured via the CSF measurement principles, the next step is to scale up the CSF framework across the other domains of the sub-globalized phase, in an incremental way, which is achieved in stage 2.

E-CSF does not mandate that a consultative seller should implement CSF in all domains of your customer’s organization. It asks you to analyze and implement CSF in areas where you, as a consultative seller, are confident that your customer can benefit from the initiative.

As depicted in Figure 9.6, the governance of the globalized phase is similar to the localized phase and sub-globalized phase.

A consultative seller should ensure that CSF implementation is fully successful in stage 1 before moving to stage 2 of implementing CSF in other domains. He should assess the benefits that the customer can achieve by deploying CSF in other domains based on which CSF should be adopted.

### Identifying Domains for Localized Phase, Sub-Globalized Phase, and Globalized Phase

Until now, we discussed adopting CSF in different domains of your customer’s organization based on the categorization of the localized phase, sub-globalized phase, and globalized phase. We have also discussed the two stages in which CSF implementation should be commenced in each of these phases.

When I discussed this concept with a few sales executives, they expressed their concern and inability to classify domains into the localized phase, sub-globalized phase, and globalized phase and, further, into stage 1 and stage 2. Though there is no rule of thumb to make this classification, in
this section, I have given a simple case study that can be used as a reference for making the classification.

Classification of your customer domains into the localized phase, sub-globalized phase, and globalized phase can be made by analyzing the following parameters for each domain:

- Business done by your organization vs. your competitors
- Customer trust and intimacy in each domain
- Customer satisfaction in delivery in each domain
- Your organization's knowledge in the domain

Before getting into the details of the classification, a consultative seller needs to have a full understanding of the different domains in his or her customer's organization.

**Business Done by Your Organization vs. Your Competitors**

This parameter asks a consultative seller to classify in absolute terms the business (in terms of revenue) that is being managed by his or her organization in each of the domains of the customer's organization. You also need to
understand the IT spent for all of your competitors and the IT spent for your
customer's own staff, which is also referred to as the in-house IT development
costs.

Figure 9.7 depicts a sample template, which I have used in my experi-
ences to capture the dollar value spent by my customers on service pro-
viders, which includes my organization and my competitors, including the
money spent by customers for their in-house development. In-house de-
velopment is the term used when organizations develop applications using
their own staff.

**Customer Trust and Intimacy in Each Domain**

For each of the domains of your customer's organization, you need to rate
your organization in terms of the trust your customer has in you. This will be
an important parameter based on which you can determine how fast you can
achieve acceptance in a specific domain by implementing CSF and how much
support you can expect from your customer during continual improvements.

Figure 9.8 depicts a sample template, which I have used to capture cus-
tomer trust in me for each of the domains of my customer's organization.

**Customer Satisfaction in Delivery in Each Domain**

Customer satisfaction is a measure of how products or services delivered by
you have met or surpassed your customer's expectations. For all domains
where you are actively delivering products or projects, ratings from each of the projects should be accumulated to arrive at the successful results and customer satisfaction in each domain. In some cases, customer satisfaction surveys are conducted at the domain level to gauge the satisfaction of stakeholders for each domain, which can also form an input for this parameter.

Figure 9.9 is a depiction of the sample template, which was used to capture my customer satisfaction in the delivery in each of the domains where I was doing business with my customer.

Your Organization’s Knowledge in a Domain

This is one of the key parameters to be assessed by a consultative seller, in which you map and rate your organization’s capabilities in each subject matter of each of your customer domains. A domain may encompass multiple subject matter areas and in such a case, your organization’s knowledge in each of the subject matter areas should be assessed to arrive at a cumulative score in knowledge for a specific domain.

Figure 9.10 is a depiction of a sample template to capture organizational knowledge in each of the domains of the customer’s organization.

Bringing the Parameters Together for Analysis

We discussed the different parameters that can be used to arrive at conclusions concerning the classification of domains into the localized phase, sub-globalized phase, and globalized phase and subsequently defining which
domain of each phase should be categorized into stage 1 and stage 2 for CSF implementation.

In this section, with a simple case study, I will explain the methodology I have used to arrive at this classification. This case study was with a major financial services company in the United Kingdom called TIM Financials, with business spanning across private banking, investment banking, and asset management areas. We were doing major business with them in the domain of investment solutions, wealth planning, investment strategy, and equity sales. We were not a major IT service provider of TIM Financials in domains of equity capital markets, fixed income, and equity trading, but we were doing a little business in the areas of software architecture and design and development for some projects. Retail services, prime securities services, and trading services were the domains where we had zero presence in terms of business.

I took the first step of planning my E-CSF strategy by capturing the IT spent by my customer on each of the service providers that were in business for each of the domains. The output generated from this exercise is depicted in Figure 9.11.

In some of the domains, I had limited knowledge on the IT spent by my competitors; here, I had to make some predictions to arrive at a dollar value.

The output of this exercise gave me a percentage of my business presence in each of the domains as depicted in column E of Figure 9.12. I excluded the IT spent by my customer on in-house development.

This information was sufficient for me to make a classification on the different domains to be categorized under the localized phase, sub-globalized phase, and globalized phase.

<table>
<thead>
<tr>
<th>Business Lines/Domains</th>
<th>Investment Solutions</th>
<th>Wealth Planning</th>
<th>Investment Strategy</th>
<th>Equity Capital Markets</th>
<th>Fixed Income Capital Raising</th>
<th>Equity Sales</th>
<th>Equity Trading</th>
<th>Retail Services</th>
<th>Prime Securities Services</th>
<th>Trading Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total IT Budget of your customer (In million dollars)</td>
<td>$20.50</td>
<td>$2.65</td>
<td>$14.11</td>
<td>$8.86</td>
<td>$8.95</td>
<td>$3.50</td>
<td>$10.10</td>
<td>$14.81</td>
<td>$6.01</td>
<td>$9.90</td>
</tr>
<tr>
<td>Total IT Budget spent in-house by your customer (In million dollars)</td>
<td>$4.90</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$3.00</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$0.00</td>
<td>$2.00</td>
<td>$1.00</td>
<td>$6.00</td>
</tr>
<tr>
<td>Total IT Budget for you in this domain (In million dollars)</td>
<td>$10.60</td>
<td>$2.65</td>
<td>$5.11</td>
<td>$0.76</td>
<td>$1.00</td>
<td>$0.50</td>
<td>$1.10</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Total IT Budget of your competition (In million dollars)</td>
<td>$5.00</td>
<td>$0.00</td>
<td>$7.00</td>
<td>$5.10</td>
<td>$7.95</td>
<td>$1.00</td>
<td>$9.00</td>
<td>$12.81</td>
<td>$5.01</td>
<td>$3.90</td>
</tr>
</tbody>
</table>

Figure 9.11 IT spent by TIM Financials on each of their service providers.
I classified:

- the investment solutions domain, wealth planning domain, investment strategy domain and equity sales domain to the localized phase because I had considerable presence in these domains in terms of business;
- the equity capital markets domain, fixed income domain, and equity trading domain to the sub-globalized phase because we were developing some of their applications and were present to a small extent in these domains; and
- the rest of the domains into the globalized phases, which were the retail services domain, prime securities services domain, and trading services domain.

By now, I was able to achieve the first step in classification of domains to the different E-CSF phases. My next task was to input a rating for each of the domains in terms of customer trust, customer satisfaction in delivery (for domains, we were delivering projects and products), and my organization’s capabilities in each of these domains, which is illustrated in Figure 9.13. I have considered using ratings between 1 and 5, with 5 being the highest.

Based on the value entered in each of these areas of customer trust, customer satisfaction in delivery, and my organization’s domain capabilities, for each domain I calculated the weighted average rating as depicted in Row J of Figure 9.14.

The data collected up to this point was sufficient for me to do an analysis and arrive at a conclusion about assigning a stage to each of the domains.
As illustrated in Figure 9.15, I selected to implement CSF in the investment solutions domain first, which in E-CSF terms is stage 1. Though my business presence in the wealth-planning domain was more than in the investment solutions domain, the reason to select the investment solutions domain for stage 1 is because my customer's trust in me in this domain was high compared to the wealth-planning domain. Based on this fact, I was confident

Figure 9.13  Rating of each domain in areas of customer trust, customer satisfaction in delivery, and my organization’s domain capabilities.

<table>
<thead>
<tr>
<th>Business Lines/Domains</th>
<th>Investment Solutions</th>
<th>Wealth Planning</th>
<th>Investment Strategy</th>
<th>Equity Capital Markets</th>
<th>Fixed Income Capital Raising</th>
<th>Equity Sales</th>
<th>Equity Trading</th>
<th>Retail Services</th>
<th>Prime Securities Services</th>
<th>Trading Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Intimacy</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>5</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>My Organization</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

Customer Intimacy (Scale of 1 to 5) - 5 being highest
Customer Satisfaction in Delivery (Scale of 1 to 5) - 5 being highest
My Organization Knowledge in the domain (Scale of 1 to 5) - 5 being highest

Figure 9.14  Weighted average rating of each domain.

As illustrated in Figure 9.15, I selected to implement CSF in the investment solutions domain first, which in E-CSF terms is stage 1. Though my business presence in the wealth-planning domain was more than in the investment solutions domain, the reason to select the investment solutions domain for stage 1 is because my customer's trust in me in this domain was high compared to the wealth-planning domain. Based on this fact, I was confident

<table>
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<tr>
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<th>Equity Sales</th>
<th>Equity Trading</th>
<th>Retail Services</th>
<th>Prime Securities Services</th>
<th>Trading Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>My Business Presence</td>
<td>67.95%</td>
<td>100.00%</td>
<td>42.20%</td>
<td>12.97%</td>
<td>11.17%</td>
<td>33.33%</td>
<td>10.89%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Cumulative Weighted</td>
<td>3.00</td>
<td>2.00</td>
<td>4.00</td>
<td>4.67</td>
<td>3.67</td>
<td>3.00</td>
<td>2.67</td>
<td>1.00</td>
<td>2.33</td>
<td>0.67</td>
</tr>
</tbody>
</table>

Figure 9.15  The weighted average rating in each domain based on individual ratings of customer trust, customer satisfaction, and my organization’s capabilities.
in getting higher and faster customer acceptance on CSF in the investment solutions domain. Based on this, my other domains for the localized phase such as wealth planning, investment strategy, and equity sales automatically fall into stage 2.

My next step in planning is to categorize the domains of the sub-globalized phase into stage 1 and stage 2. I choose equity capital markets for stage 1 because my customer satisfaction, delivery rating, and organization capabilities were higher in this domain compared to other domains. Based on this, the fixed income capital-raising domain and the equity-trading domain automatically fall into stage 2.

The last step in my classification is to categorize domains of the globalized phase to the two stages. Here, I choose the prime securities services domain for stage 1 because my organization's capabilities in this domain were very high, and I was certain to bring several innovations from my organization and industry to my customer with this knowledge. Based on this, the retail services domain was chosen for stage 2. I did not implement CSF in the trading service domain because my organization did not have enough capabilities in this domain, and I was sure that I would not be able to bring enough value to the business in this domain.

Although there is no simple mathematical formula to categorize domains into different phases of E-CSF and subsequently assign stages to each domain, this case study gives a reference model in which such a classification can be performed. The judgment of a consultative seller is a key to making this classification successful.

All of the techniques and guidelines discussed contribute greatly to the performance of any organization to generate innovation that can benefit its customer's organization, which is the only way for a consultative seller to excel in his or her duties. However, it is a fact that organizations have failed, and continue to fail, to secure enduring benefits because of a lack of a disciplined, transparent, and consistent approach to managing changes. As a consultative seller, it is essential to bring the right discipline to the teams and have precise expectations from your customer to make E-CSF a success. Once your customer realizes the benefits of CSF, you will always be treated as a thought leader and a brand ambassador in your field.
Key Points

- E-CSF consists of a three-phased approach in which the first phase is called the localized phase, the second is called the sub-globalized phase, and the third is called the globalized phase.
- In the localized phase, a consultative seller brings innovations to his or her customer within the domains where his or her major business is present, which are called local domains.
- In the sub-globalized phase, a consultative seller brings innovations to the customer within the domains where he or she has minimal presence.
- In the globalized phase, a consultative seller brings innovations to the customer within the domains where he or she has zero presence.
- There are two stages called stage 1 and stage 2 in the localized phase, sub-globalized phase, and globalized phase.
- A consultative seller should ensure that CSF implementation is fully successful in stage 1 before moving to stage 2 of implementing CSF in other domains.
- Classification of your customer domains into the localized phase, sub-globalized phase, and globalized phase can be made based on the business done by your organization vs. your competitors, customer trust and intimacy with you in a specific domain, customer satisfaction in delivery for domains where you are working with them, and your organization’s knowledge in a specific domain.
SOME EXAMPLES OF MOTIVATION TO MAKE CSF REALITY
Chapter 10

Agile Methodology

An interesting topic to me in today’s process excellence world is Agile Methodology. The reason is that I have written a lot on this topic in several forums and books.

Agile is a software development methodology in which systems are built in increments, where requirements and solutions evolve through collaboration between cross-functional teams and over a period of time. Agile methods generally promote a lightweight project management process that includes frequent monitoring and adapting a transparent leadership philosophy that encourages teamwork, self-organizing, and self-accountability. In addition, a set of good practices allows for rapid delivery of high-quality software, and a business approach that aligns development with business needs and the organization’s goals.

The reason why many projects adopt agile is when:

1. A product has changing or unknown requirements to be managed. The main reason why the agile methods are called “Agile” is because the methodology is designed to accommodate changes. Work is done in short “iterations” (or sprints) of only a few weeks, and the transition from one iteration to the next includes taking stock of what may have changed since the iteration began and how to adopt these changes.

2. A product wants faster time to market. Research suggests approximately 80% of today’s market leaders were first to market. Using Agile, a

product can be developed in increments and as soon as the increments are ready, they are released in the market to be used by the customers.

3. Higher quality. A key principle of agile development is that testing is integrated within the development sprints enabling defects to be identified early in the process. This allows the product owner to make adjustments if necessary and gives the product team early sight of any quality issues. It also prevents defects from creeping into production thereby leading to a high quality product in the production environment.

4. Higher visibility. User involvement as soon as part of the system is ready is the mantra of Agile. In Agile development, business users are part of the team and are encouraged to validate the system after each set of requirements are developed and tested. This provides excellent visibility for key stakeholders, both of the project’s progress and of the product itself, which in turn helps to ensure that expectations are effectively managed.

5. Better risk management. Small incremental releases made visible to the product owner through its development cycle help detect any issues or requirement mismatches early in the process, thereby allowing response to change. The clear visibility in agile development helps to ensure that necessary decisions can be taken at the earliest possible opportunity, while there is still time to make a material difference in the outcome.

Although Agile has been around for quite some time, many have misunderstood the concepts and have assumed and promoted the model as being successful only in a collocated environment. In my personal experience, Agile can be used very successfully in both collocated and distributed environments, and the choice of the environment is based on the nature of the project and the customer need. Several organizations have reaped the benefits and are successfully operating with Agile using combined outsourcing and off-shoring strategies. This chapter provides an overview of Agile as one of the drivers for achieving enormous benefits that are not limited to cost benefits and productivity improvements, but also enable high customer satisfaction and quality software. With this inspiration, a consultative seller will be able to identify opportunities in his or her customer organization to implement Agile to provide benefits to the customer.
Definition of Collocated Agile*

Collocated Agile is a model in which projects execute the Agile Methodology with teams located in a single room. The methodology requires that the complete team be in close proximity to each other to improve coordination between the members. Collocated Agile teams have proven that the real power of project success lies not in administration, but in the acumen, chemistry, loyalty, and dedication between the collocated teams.

I recall the words of one of my teachers: The reasons why people get along are:

1. They work for the same boss and share common impressions.
2. They have a common goal and share common interests.
3. They share similar views on things.
4. They feel they are at the same level of intelligence.
5. The chance that one talks to the other is inversely proportional to the distance between their seats. That is, if the distance between the individuals is doubled, communication drops by a factor of two. If it is doubled again, communication drops by a factor of four.

The best collocated teams will take advantage of all of these factors.

Although the above considerations about a collocated team are accurate, as a manager, you will be able to manage points 1, 2, and 5 by having the teams work for the same person, sharing a common goal, and keeping the teams together; but the other two factors are strengths and weaknesses within each individual. If the individuals on the team do not get along, the whole point of collocation is defeated and, if not managed properly, you may end up with a productivity loss rather than a gain.

I have personally heard many stories about conflicts within a collocated team that have led to a drastic drop in team motivation and productivity, thereby leading to project failures.

Definition of Distributed Agile*

Distributed development is a fact for many organizations. In today’s environment, where everyone is focused on controlling costs, distributed development has played a very crucial role in meeting these demands. As software development has trended toward global distribution, many organizations have shown an interest in blending Agile with distributed development strategies, but they are skeptical about the challenges that would be faced in terms of communication, culture, and team collaboration.

Distributed Agile, as the name implies, is a model in which projects execute an Agile Methodology with teams that are distributed across multiple geographies.

Although Collocated Agile approaches today have successfully guided project execution, they have moved the industry backward, defeating the overall advantage of the cost controls gained by off-shoring. There has been a perception in the industry that Distributed Agile cannot be done successfully. This was mainly because success stories in Distributed Agile were not publicized. There is also very little literature in the industry about applying the principles of distribution to a successful Agile implementation.

Many of my customers were skeptical about the success of Distributed Agile because they did not understand how to execute Agile projects in a distributed environment. I had the opportunity to interact with several such customers and demonstrate, with multiple case studies, that Distributed Agile has been successful provided the right methodology is in place to address all the challenges of distributed development. On the other hand, I have encountered many mature organizations where distributed development has been at the core of their business fundamentals; they readily adopt emerging industry good practices. Partnering with such organizations has given me an edge in demonstrating the success of Distributed Agile.

Applying Agile in CSF

As a consultative seller, you need to understand the benefits of adopting Agile in projects as opposed to other software development life cycle methodologies.

Agile is best suited when:

1. A project has unknown requirements or likely changing requirements and adapting to changes is essential in a project, that is, when clients want to change the scope of the project and they are not clear of what the final product should look like.
2. When the product is intended for an industry with rapidly changing standards and requirements.
3. When faster time to market is key for project success. With Agile, you will be able to release project functionality in increments, thereby achieving faster time to market.

Applying Collocated Agile in CSF

Once consultative sellers choose to propose an idea of adopting Agile in their customer environment, the next step is to validate which model of Agile will give higher value to the customer. This means a choice between Collocated Agile and Distributed Agile should be made.

Collocated Agile should be chosen when:

1. You and your teams are new to the customer and building initial trust is very essential to success.
2. Cost is not a driving factor for the customer in the project.
3. Time zone, language, and cultural differences associated with global teams are determined as hindrances for successful completion of a project.
4. Customer is new to the offshoring or nearshoring model.

I have personally seen many statistics and done some research within my own teams that demonstrated that the right collocated team sees at least a 10% productivity improvement by sitting together, but a careful analysis needs to be done by a consultative seller to bring forward the best idea to his or her customer that can generate the utmost benefit.
Applying Distributed Agile in CSF*

Distributed Agile comes with several advantages and the most important being cost reduction. However, to be successful in a Distributed Agile environment, there are several factors to be assessed or else it can easily lead to failures.

Distributed Agile should be chosen when:

1. Cost reduction is one of the parameters that your customer desires.
2. There is high trust from the customer on you and the teams. This is achieved when you have worked with the customer in the past with a good delivery and relationship track record.
3. The customer is experienced working in a distributed model and accepts the advantages of distributed development.
4. You have a highly skilled, motivated, and experienced team.
5. Time zone, language, and cultural differences associated with global teams are not considered major obstacles for success of the project.

Conclusion†

During one of the surveys conducted by the DH2A Institute in 2010, 85% of the respondents stated that their teams were distributed. Furthermore, 40% of the respondents stated that they use Agile in collocated projects, while 30% of the respondents said that they were currently using Agile in a distributed environment because of the benefits and success they accomplished with Distributed Agile.

From an analysis of these results, it was clear that although collocated teams are considered a recipe for success with Agile, the results do not imply a failure with Distributed Agile, if there is proper guidance to overcome the challenges of distributed teams.

Although I agree with the fact that nothing can replace a true “face-to-face” discussion, my goal with Distributed Agile is to overcome the challenges of “non-face-to-face” coordination with a mix of technology and good practices to come very near to eliminating these inefficiencies.

Although many organizations have tried to apply Agile values and principles to distributed development to solve some of their issues, few of them have succeeded with their self-tailored processes, while others are still struggling to apply Agile values and principles to distributed projects. There are few methodologies existing in the industry that were developed to overcome all such challenges and to provide a consistent and easy to use methodology for Distributed Agile development.

Key Points

- Agile is best suited for projects having changing requirements and higher time to market needs including detecting defects early in the process, which can generate a high-quality product.

- Collocated Agile is a model in which projects execute the Agile Methodology with teams located in a single room. The methodology requires that the complete team be in close proximity to each other to improve coordination between the members.

- Projects executing in a collocated environment provide several benefits to organizations by bringing people together, but the environment also tends to have a huge impact on project costs when compared to distributed development. Collocated Agile methodology also has a similar impact on project costs when compared to Distributed Agile development.

- Distributed Agile is a model in which projects execute an Agile Methodology with teams that are distributed across multiple geographies.
In statistical terms, the purpose of Six Sigma is to reduce process variation so that virtually all of the products or services meet or exceed customer expectations. This is defined as being only 3.4 defects per million occurrences.

Six Sigma is a set of techniques and tools for process improvement. Motorola developed it in 1986, coinciding with the Japanese asset price bubble, which is reflected in its terminology. Six Sigma became popular in 1995 when Jack Welch made it central to his business strategy at General Electric.

It is a quality improvement program that looks at processes with a view to analyzing process steps, determining what process elements most need improvement, developing alternatives for improvement, and then selecting and implementing one or several.

In broader terms, Six Sigma has the following basic three agendas:

- process improvements
- process design or redesign
- process management

The objective of process improvement is to identify the root cause of any deficiency existing in the process and then to eliminate such deficiencies when sufficient evidence is established to support the root cause. Such deficiencies typically affect a department or the whole organization, which has led to several production losses.

With several organizations, I personally have experienced where the existing processes have become so complex with several inefficiencies that it is difficult to repair such inefficiencies and developing a new design process is considered better than repairing the process. The **process design and redesign** terms typically come from this concept. However, in some cases, it is still a wise idea to identify the inefficiencies and repair the existing process to mitigate the inefficiencies.

Although with process improvements you tend to plan designing or redesigning the process, generally managing such a change is quite challenging because it requires a fundamental change to the way a specific department or an organization works as a whole. **Process management** consists of defining the process, guiding through the change, and measuring the performance against the key process indicators that are defined for the change.

Six Sigma relies on a variety of qualitative and quantitative tools, emphasizing the use of data and statistical analysis within a method called DMAIC, an acronym for the names of its five phases (define, measure, analyze, improve, and control). Six Sigma projects are typically selected for their potential savings in improving any process, whether it is in production, management, administration, engineering, or services.

Six Sigma projects follow two project methodologies inspired by the plan-do-check-act model,* which goes hand in hand with the three basic themes of Six Sigma.

- **DMAIC** is used for projects intended to improve an existing business process.
- **DMADV** is used for projects intended to create new product or process design.

The DMAIC project methodology has five phases:

- **Define** the system, requirements, project goals, and voice of the customer.
- **Measure** the performance of the current “as-is” process.
- **Analyze** data to investigate and verify cause-and-effect relationships.
- **Improve** or optimize the current process based on the analysis output.

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Control the future state, which will ensure correction of any deviations from the target (desired) state before they result in defects.

The DMADV project methodology, known as Design for Six Sigma (DFSS), features five phases:

- Define design goals that are consistent with your customer demands and the enterprise strategy.
- Measure and identify characteristics that are critical to quality, product capabilities, production process capability, and risks.
- Analyze data with the objective to develop and design alternative solutions that can provide benefits.
- Design an improved alternative best suited for analysis in the previous step.
- Verify the design, set up pilot runs, implement the production process, and hand it over to the process owner.

Although Six Sigma has proven that it can generate several benefits, for any type of industry—be it manufacturing, banking, or retail—without understanding how and when to apply the techniques in an organization can lead to large disasters.

Several case studies have demonstrated dollar value benefits to organizations by applying Six Sigma techniques in their organization; some are mentioned next:

1. Savings of $5 million in planned capital investment by using existing space more efficiently for a major manufacturing company in the United Kingdom.
2. Reduced time to report lab test results to the patient by more than 67% for a major hospital in India.
3. Reduced cost by half a million dollars year on year on processing of internal claims for a major IT company in the United States.
4. Reduced staff walking distance by 30 miles per day.
5. Reduced sub-subcontractor hiring and increased employee hiring, thereby saving $4.4 million in compensation year on year.
In the software development industry, some of the benefits realized by customers are:

- Reduced waste in the software development lifecycle, thereby improving time to market and cost of software development;
- Improved quality: reductions in defects and rework by 34% for a major bank in the United States; and
- Improved productivity: better utilization of staff based on appropriate skill sets provided a productivity boost of 29% in the first 3 months for a major pharmaceutical company in the United States.

Applying Six Sigma to software development makes project or product development transparent to all stakeholders. Counting defects is not always a clear indication of the success of software projects. This is one of the reasons that you can deliver a project with zero defects in production but the customer satisfaction can be very low. A project is based on several factors, such as time-to-market, usability, rich look and feel, and for each project, there will be different success factors. These key success factors are considered the goals for the project and understanding them is essential for a project to be called successful. Six Sigma can be a tool to analyze those success factors based on which you can design your process to measure success.

**Applying Six Sigma in CSF**

There are several areas where a consultative seller can identify opportunities for applying Six Sigma and a careful analysis should be performed on each opportunity to identify potential areas that can benefit the customer, a few of which are listed here:

1. You realize that your business users are not happy with the software developed by the IT department. This is generally a very broad remark, making it difficult to understand where the problem is exactly. Six Sigma comes into play here to do a statistical analysis and mine this 50,000-foot level remark into ground level realities, which further can
be analyzed to arrive at alternatives that can mitigate this challenge by defining a clear success goal. Ideas generated from this analysis can become innovations in CSF terms.

2. You understand from one of your customer departments that reviews done on work products are not fully standardized, resulting in late discovery of defects, which are thereby proving costly for your customer to fix. Six Sigma can play a role here to understand the current process in terms of review and rework to suggest an alternate review process for SDLC that will improve the defect containment effectiveness and achieved productivity savings.

3. You understand from your CIO that business users are not happy with the software developed. However, as a service provider, you receive a very good customer satisfaction rating from the IT department. Six Sigma techniques can play a major role here in understanding the goals of the business users and if these goals are being translated to the goals of each project being developed by you as a service provider. Identifying gaps in the process of goal setting can determine the root cause of business user dissatisfaction, thereby allowing the definition of an approach that can solve this issue.

4. You are challenged by your customer to change its existing release management process. The customer is of the opinion that the current process is not scalable enough to manage the release in a timely and efficient manner. With Six Sigma techniques, you can mine the challenges existing in the current release management process and provide recommendations to repair or redesign the existing process.

**Key Points**

- The purpose of Six Sigma is to reduce process variation so that virtually all the products or services meet or exceed customer expectations.
- Six Sigma is a set of techniques and tools for process improvement. Motorola developed it in 1986, coinciding with the Japanese asset price bubble, which is reflected in its terminology.
- Six Sigma follows the three themes named Process Improvements, Process Design or Redesign, and Process Management.
- The aim of Process Improvement is to identify the root cause of any deficiency existing in the process and to eliminate such deficiencies.
Sometimes simply improving existing processes is not enough; therefore, new processes will need to be designed or existing processes will need to be redesigned. This is termed Process Design or Redesign.

Process Management consists of defining the process, guiding through the change, and measuring the performance against the key process indicators that are defined for the change.

Six Sigma projects follow two project methodologies inspired by the plan-do-check-act model; one is called DMAIC and other is called DMADV.

DMAIC stands for Define, Measure, Analyze, Improve, and Control.

DMADV stands for Define, Measure, Analyze, Design, and Verify.
Every CIO’s top agenda is to spend his or her budget in the most successful way that would ultimately generate profits to the business. Every year, while defining budgets for their organization and while planning where their money should be spent, the two areas of focus are:

1. What are the new projects to be started and corresponding to the budgets?
2. What should be spent toward maintaining our existing systems?

One area that I have noticed, which has not always been in the top agenda of CIO lists on their spending, is to think about how to improve the performance of their existing systems, which ultimately affects the bottom line of their budget. The reason why some executives are ignorant about this fact is that they lack the knowledge on how to improve the performance of their current systems. In many cases, business demands take priority and because of this people make compromises on the data layer consistency, since they have to deliver results quicker to the business: it is still possible to create a working product without having consistent data.

One such area of reducing the costs of your customer organization is related to master data management (MDM).

In summary, MDM contains several processes, governance, policies, standards, tools, and techniques that consistently define and manage critical data of any organization to provide a single point of reference.*

A management information system is a system that provides information needed to manage organizations and business effectively. This involves managing the entire organization and business data to make the operations of the organization smooth, consistent, and successful.

There are several areas where the correct optimization of information data can save several millions of dollars to organizations.

Over the past several years, organizations have built many applications, each catering to the requirements of a particular business unit. In several instances, each application maintains its copy of data and in some cases interacts with data of other applications to retrieve, store, or exchange information. As a result, over a period of time, the information architecture of most organizations looks more like “spaghetti” where each application talks to other applications when needed. As depicted in Figure 12.1, several applications duplicate the data by maintaining their own copies, although some of them still try to reuse the data available from other applications.

The requirements of a well-defined information management strategy mandate creation of well-documented, trusted, and continuously accessible data by complying with the data standards, which enables data reuse in the most consistent way. Avoiding duplication and reusing data not only makes the data management simple but also reduces the number of costs to organizations by reducing maintenance overhead.

Figure 12.2 depicts what is called an ideal and well-defined data model. If you observe the figure carefully, no data is duplicated across applications and each application interacts with others to retrieve or send data. This indirectly saves many maintenance costs.

As a rule, information management applies to the data of the whole enterprise. However, it is also delinking itself for specific data that is local to an application and concentrates on data that can be used by several shared businesses/applications. In both cases, the data should conform to the enterprise definition standards.

Information management principles are based on the following:

1. Use the right source of data.
3. Protect data and manage data quality.
4. Secure data.
5. Create data owners.
The information management strategy is to build, manage, and control data as an enterprise asset at the enterprise level, thereby maximizing its value, accessibility, and security.

MDM is not just the summation of all the reference data but also, as a whole, a set of applications and processes including customer data integration, product information management, and business process management. To build and implement an MDM environment, identifying the core business entities of the organization is necessary. The business entities include customers, members, suppliers, financial, geographic location, product detail, and any other reference data specific to the organization.

It is not fair to say that organizations do not try to manage the data in a consistent and reliable way. For other executives, they become so occupied planning their future business that reducing costs in their existing systems takes a back seat. Both the cases are not good and it is the responsibility of the Consultative Seller to help such executives manage their costs effectively in this situation. Over a period of time, such exceptions become so complex...
that it is difficult to go back to the desired state where data is consistent and clean. In some cases, mergers and acquisitions are the reason why each company your customer acquires comes with its own customer master, which is difficult to integrate with your organization master data in the short term.

From my experience, organizations try to clean up their master data for consistency every 5 to 10 years with a desire to manage data in the most effective way by having a single point of reference.

**Applying MDM Concept in CSF**

While MDM is most effective when applied to all the master data in an organization, in many cases, the risk and expense of an enterprise-wide effort are difficult to justify. It is always recommended to start with a few key sources of master data and expand the efforts once success has been
demonstrated and lessons have been learned. If you start small, you should include an analysis of all the master data that you might eventually want to include, so you do not make design decisions or tool choices that will force you to start over when you try to incorporate a new data source.

For a consultative seller, a few of the trigger points where MDM concepts can be applied as an innovation are listed here:

1. Your customer organization is deciding upon mergers or acquisitions.
2. Your customer organization is deciding to sell part of its business to others. In this case, your customer organization may end up retaining data or applications for business that will not be its core after separation and applying MDM concepts beforehand can help reduce the cost of data management and storage in the future.
3. During the process of developing or maintaining applications, your team believes that there are different sources of master data that are being used in projects, making it time consuming and complex to use. This is an indication that the data is not consistently managed.
4. Your customer approaches you about the need to enhance its data quality standards.

MDM comprises a set of processes that consistently define and manage the non-transactional data entities of an enterprise (also called reference data). MDM has the objective of providing processes for collecting, aggregating, matching, consolidating, providing quality assurance, storing, and distributing such data throughout an organization to ensure consistency and provide control in the ongoing maintenance and use of this information.

Having a comprehensive single version of the truth (data) is the backbone of many important corporate decisions over a period of years.

MDM is not only storing but also maintaining the master data of an enterprise. To have an integrated MDM environment, one needs to understand, study, catalog, and assess the data and metadata of all the key business units of the enterprise. Master data management is a comprehensive method of enabling an enterprise to link and harmonize its critical sets of reference data.

The Link between MDM and Big Data—A Short Summary

The main difference between big data and master data is that master data constitutes structured transaction data to support critical business process
management across the enterprise, which contains information about customers, products, services, partners, employees, accounts, and such. Big data constitutes additional unstructured data from a variety of sources, such as social media, social networks, Web server logs, and sensors. In a way, master data can be considered a subset of big data. Big data sizes are constantly moving targets.

With the right big data analytics platforms in place, an enterprise can boost sales, increase efficiency, and improve operations, customer service, and risk management.

**Key Points**

- Master data consists of structured transaction data to support critical business processes management across the enterprise, which contains information about customers, products, services, partners, employees, accounts, and such.
- Master Data Management consists of a set of processes that consistently defines and manages the non-transactional data entities of an enterprise.
- Management Information System is a system that provides information needed to manage organizations and business effectively. This involves managing the entire organization and business data to make the organization operations smooth, consistent, and successful.
- Master data in a way can be considered as a subset of big data.
Chapter 13
Application Portfolio Rationalization

Over a period, IT environments and applications have evolved through several organizational changes with new regulatory requirements, mergers and acquisitions, introduction of new business processes, adoption of new technology stacks, IT upgrades, in-flux replacement projects, and others. In the process of adapting to such changing demands, the results in these organizations lead to complex, inflexible, and costly heterogeneous IT environments with redundant processes and applications, information silos, and incompatible technology.

Several IT organizations desire to eliminate, and are eliminating, such inefficiencies. Case studies have demonstrated that for a large organization these efforts have saved several thousands of dollars. However, to achieve superior results, there is a need to create a structured approach at the enterprise level to make a distinction.

Application portfolio rationalization is the art of identifying such gaps and streamlining the existing portfolio of applications with the goal of improving efficiency, reducing complexity, and lowering the total cost of ownership for an organization.

This includes:

1. Retiring applications of little or no value
2. Eliminating duplicate and redundant applications
3. Modernizing high-value applications
4. Standardizing on a common technology platform and version
5. Consolidating the applications—physically, logically, or both

Improvements in IT applications or trying to find new ways to optimize the current IT systems have helped many businesses worldwide to maximize value from information technology.

Application portfolio rationalization attempts to use the lessons of financial portfolio management to measure the financial benefits of each application in comparison to the costs of the application's maintenance and operations. In financial portfolio management, financial measures are tagged to each of the applications against the benefits it realizes.

Application portfolio rationalization begins by collecting inventory of the different applications and the business it performs against the cost of maintaining it, which includes software maintenance, hardware costs, hardware maintenance costs, operational costs, storage costs, etc. Typically, there are two types of models in application portfolio rationalization, one called the top-down approach and another called the bottom-up approach. In the top-down approach, a list of all applications is gathered, and corresponding characteristics are listed, such as the technology landscape, flexibility, maintainability, owners, etc. and decisions are made about rationalization. The bottom-up approach is a relatively exhaustive exercise where each application is analyzed in detail in terms of code quality, lines of code, inbound and outbound interfaces, etc., which finally leads to decisions on rationalization.

Through application portfolio rationalization, organizations can transform a highly complex, costly, and only moderately effective application catalog into a productive and lower cost portfolio. However, this necessitates changes in the organization’s governance and the basic operational processes to adapt to the changing industry climate. It also requires that there is a proper alignment and acceptance between all key stakeholders to make it a success.

Some requirements for rationalizing the application portfolio are

1. Establishing a quantitative basis and not a qualitative one: Through an application portfolio analysis exercise, there is a need to measure the benefits your customer organization will achieve after rationalization is completed. Though an organization-level measure is a good starting point, it is not sufficient because there will be no organization that will want to adapt an enterprise-wide change to its organization without
proven results in divisions or departments of the organization. Hence, a detailed analysis for each business portfolio has to be done in terms of the dollar value benefits that would be realized before moving to an organization-wide change. This will help to make sensible management decisions regarding current and future application development, application phaseout, and remediation.

2. Business and IT alignment: For an initiative such as application portfolio rationalization to be successful, it is essential that a business be fully aligned on the needs of each existing application based on the value it provides. This aspect will be the guiding factor to make decisions on retaining vs. retiring vs. enhancing the applications. Business priorities come first.

3. Management support: Senior management support and involvement are quite necessary to make rationalization successful. There should be a clear and incremental plan that is validated and approved by the senior management, which should define how the project would be executed, tracked, and monitored to success. Senior management needs to ensure that intermediate challenges arising from the organization or business units do not create obstacles to the progress of the project, once started.

4. Incremental strategy: Though analysis of all applications within the organization can follow an organization-wide approach, implementation of the rationalization project should be done incrementally such that success results are delivered in parts and then as a whole.

**Applying Application Portfolio Rationalization via CSF**

Although application portfolio rationalization is effectively applied to the whole organization, in many cases, the risk and expense of an enterprise-wide effort are difficult to justify. There needs to be a compelling reason for an enterprise-wide approach, which mandates applying the technique to all applications at once for the organization.

From my experience, it is always beneficial to perform application rationalization first at the portfolio level, where a portfolio refers to a set of interrelated applications, which may span across a business in different departments. As a starting point, a portfolio should be identified to assess the waste factors, such as duplication, identifying high valued applications, unstandardized technologies, etc., and rationalization is performed on the portfolio to deliver the first set of benefits to the customer and then move to the next, followed by an organization-wide rationalization.
For a consultative seller, a few of the trigger points where application portfolio rationalization can be applied are listed next:

1. During or after your customer organization, deciding on mergers or acquisitions is the obvious place where there can be several redundancies that would be created because of new applications coming into the organization. A careful analysis in the beginning can avoid large-scale investments in application portfolio rationalization later (i.e., after mergers or acquisitions).

2. Your customer organization is deciding to sell part of its business to others. In this case, your customer organization may end up retaining applications, which will not be used after separation, and applying application portfolio rationalization concepts can help reduce the cost of application management and hardware utilization.

3. During the process of developing or maintaining applications, your team believes that there are different applications doing similar business processes and they are unable to reuse them because of the complexity it carries. This is an indication that there are redundant and complex applications that need to be reengineered or retired.

**Key Points**

- Application portfolio rationalization is the art of identifying applications that provide no value, are duplicates, and consist of non-standard technologies, and rationalizing applications with a goal of improving efficiency, reducing complexity, and lowering the total cost of ownership for an organization.

- Application portfolio rationalization begins by collecting inventory of the different applications and the business they perform against the costs of maintaining them, which include software maintenance, hardware costs, hardware maintenance costs, operational costs, storage costs, etc.

- There are two types of models in application portfolio rationalization: top-down approach and bottom-up approach.

- In top-down approach, a list of all applications is gathered and corresponding characteristics are listed such as technology landscape, flexibility, maintainability, owners, etc. and rationalization approach is defined.
Bottom-up approach is a relatively exhaustive exercise where each application is analyzed in detail in terms of code quality, lines of code, inbound and outbound interfaces, etc. before deciding the rationalization approach.
Chapter 14

Cloud Computing

As the name indicates, cloud has its origins from the network topology that represents connection to services over the Internet. Cloud computing involves computing over the Internet where users or programs can connect over a network to applications, software, hardware, etc. without knowing exactly where these applications, software, or hardware are located. The connection is established via a communication mode such as the Internet, intranet, a local area network (LAN), wide area network (WAN), or other means of communication.

Therefore, instead of using a personal computer every time to run the application or install software, you can now run the application or use software from anywhere in the world by the preferred mode of communication and, in several cases, over the Internet.

Cloud computing takes several forms, of which best known in the industry are social media applications such as LinkedIn, Twitter, and Facebook, which are used daily by millions across the globe.

Users now store data not on their own PC but somewhere at a remote location in the cloud, be it an internal cloud where the servers are located within their own organization, or a public cloud where the servers are located outside the organization. Another example, which has been in existence for decades, is the use of thin client computers. In this model, local computers have very limited storage and processing capacity but they can give the feel of a super computer. This is because users work on applications and software that are placed in a highly efficient and capable environment, which is located elsewhere and shared by several users. They provide access to applications and remote storage via a (Web) browser. Therefore, a
thin client is nothing more than an information viewer that seeks to connect via a network to the server to perform the desired task.

With these examples, you can understand that cloud computing is not a new technology but has been in existence for decades. However, there have been several advancements to the technology, which have helped organizations to leverage the technology in the best possible ways.

Several cloud models have come into existence in recent years; this makes cloud computing one of several attractive options for organizations to adopt. Some advantages of cloud computing are:

1. Cost savings: On demand, companies can reduce their maintenance costs and capital expenditures apart from maximizing the effectiveness in specific areas.
2. Scalability and flexibility: Organizations can start small and increase the power of computing on a rapidly increasing on-demand basis.
3. Reliability: Organizations based on the type of requirements can get support on demand for their business continuity and disaster recovery needs.
4. Faster and quicker: Organizations need not wait weeks or months to get the services up and running. Several cloud providers have services in place that can be procured in just a few days.
5. Anytime and anywhere service: Users can access services on a public cloud with just an Internet connection, thereby improving user experience.

Though there are several advantages of cloud computing, there are still several security constraints when using a cloud. Despite all of the hype surrounding the cloud, organizations are still skeptical about deploying their business in the cloud. Security issues in cloud computing have played a major role in slowing down its acceptance; in fact, security ranked first as the greatest challenge and issue of cloud computing. One needs to analyze the side effects of security carefully before moving to cloud computing.

Cloud Delivery Models

The three cloud delivery models comprise a natural provisioning hierarchy, allowing opportunities to procure services of combined models.
**Infrastructure as a Service (IaaS)**

In this mode, hardware or virtual machines are provided by cloud providers as a service. Users can install the required operating systems, software, databases, etc. based on the needs in the hardware provided by the cloud providers. In this model, the cloud user patches and maintains the operating systems and application software.

This provides the most visibility into the stack. You can build whatever you want almost from the ground up because only the hardware is virtualized. I refer to this as bare metal. You can create your own virtual machines; load your own OS; load your own database, app servers, Web servers, and development tools; and build whatever type of application you like. This is intended for IT folks and developers and in many cases is offered with software as a service (SaaS; refer to the following for SaaS definition). IaaS greatly minimizes the need for significant initial investment (capital expenditure) in computing hardware such as servers, networking devices, and processing power, and subsequently reduces hardware maintenance costs.

**Platform as a Service (PaaS)**

In this service offering, cloud providers deliver a computing platform as a service—this is a step ahead of IaaS. The platform ranges from providing servers, software, operating systems, programming language environments, database services, application servers, Web servers, portals, and such. Application developers can develop and run their software solutions on a cloud platform without the cost and complexity of buying and managing the underlying hardware and software. In this model, the virtual machine and OS layer are hidden from users and users are given an environment in which they can create their own custom application.

Organizations using PaaS services achieve many more cost advantages (compared to IaaS) in terms of capital expenditure and maintenance costs, but there may be a degree of lock-in with the cloud providers.

**Software as a Service (SaaS)**

Finally, this cloud service hides all of the messy OS, application layers, and development tools. Most often, a complete “business service” is provided as SaaS to end users. There is some customization available, but the level will depend on how the SaaS provider has designed its platform and how it
is handling multi-tenancy. Most often, you will be able to customize things like workflows and reports. Currently, there are a few offerings in the market for customer relationship management, project management, human resource management, office tools such as email, messengers, calendar, etc., to name a few. Though there is an advanced cost benefit of using this model (compared to IaaS and PaaS), for critical application functionality, these induce a heavy lock-in with the cloud providers and custom applications are not available.

The security constraints on this service are quite heavy because data resides on a public cloud and security measures in this model completely depend on the type of cloud provider you choose.

Cloud Deployment Models

Deploying models in cloud computing takes several different forms and, based on the need of an organization and the security constraints, one among these can be selected.

Private Cloud

A private cloud is a model in which the infrastructure, services, and software are located within the organization. The cloud is maintained and managed in-house, by staff or by external providers working from within the service receiver organization. However, the capital expenditure and maintenance costs remain in-house. Security features prevailing in this model are quite robust and go hand in hand with the organization’s security requirements.

Public Cloud

A public cloud is mutually exclusive to the private cloud, where required services are hosted outside the organization. Security breaches can be expected anytime because it cannot be controlled to any great extent by the service receiving organization. With the current security measures in this area, sensitive information should never be published on a public cloud. However, the cost advantages realized in this model are quite high compared to any other model.
Community Cloud

A community cloud is a service rendered by service providers to a service receiver organization of similar businesses or communities but the cloud resides on a public cloud. There are several examples where community clouds are created for marketing, banking products, and so on. The costs are spread across a community of users and the cost savings in this model are relatively lower than a public cloud model and higher than a private cloud model.

Security considerations can be relatively higher than a public cloud in this model because security features are added to the cloud based on the type of service receiver organization business this cloud is created for; however, this also depends on the service provider.

Hybrid Cloud

A hybrid cloud is a combination of two or more types of cloud models such as a combination of a private cloud and community cloud or a public cloud. It is a model that enables the use of multiple deployment models together.

Applying Cloud Concept in CSF

Although cloud computing is creating waves in the industry by promising several benefits to organizations, there needs to be very careful analysis on the type of cloud and services to be procured for each organization mainly based on the security requirements of each organization.

A few examples are mentioned here:

1. Infrastructure as a service has been selected by organizations on a community cloud. Though it is a public cloud, the infrastructure is placed in the service provider organization, and users can connect using a secured LAN. This model is adapted when security is of moderate importance, there is a need for custom deployment of software, and no real-time data is required to be stored on the cloud. The responsibility of maintaining the infrastructure is taken by the service provider. The
service receiver organization pays using utility-based pricing. Utility-based pricing is a model in which the customer pays based on the usage of the service.

2. Platform as a service is used by organizations where there are standard software, tools, and hardware required for development of an application. In some cases, organizations have used a community-based cloud to procure infrastructure when work will not involve using real-time data; hence, high security requirements are not mandatory. However, one needs to ensure selecting the right service provider and should understand the security measures imposed on the community before making the selection.

3. Software as a service is used by organizations for marketing services, email services, procuring standard software, etc. Organizations often use a “pay-as-you-go” pricing model and use the cloud service provider’s licenses rather than buying licenses themselves. This service always exists on the public cloud.

Key Points

- Cloud computing involves computing over the Internet where users or programs can connect over a network to applications, software, hardware, etc. without knowing exactly where these applications, software, or hardware are located.

- The three cloud delivery models are Infrastructure as a Service (IaaS), Platform as a Service (PaaS), and Software as a Service (SaaS).

- In IaaS, cloud providers deliver a computing platform as a service.

- In PaaS, cloud providers deliver a computing platform as a service such as servers, software, operating systems, programming language environments, database services, application servers, web servers, portals, etc.

- In SaaS, a complete “business service” is provided as a service.

- The different deployment models in cloud are private cloud, public cloud, community cloud, and hybrid cloud.

- Private cloud is a model in which the infrastructure, services, and software are located within the organization.
- Public cloud is mutually exclusive to the private cloud, where required services are hosted outside the organization.
- Community cloud is a service rendered by providers to organizations of similar businesses or communities but the cloud resides on a public cloud.
A business process is a set of coordinated activities that are carried out by people or tools, either manually or automatically, together delivering tangible value to the business when it is executed.

Some examples of business processes include:

1. Applying for a house loan—loan origination process
2. Opening a new account—account initiation process
3. Hiring a new employee—employee on-boarding process
4. Building a new car engine—assembly and parts process
5. Human resource management—hiring, etc.
6. Applying for a house loan—loan origination process

Business process management (BPM) is a discipline of managing the business processes and measuring the performance of the business against strategic goals through a formal process that describes how business is conducted as a set of coordinated activities.

It often includes the use of technology to aid in modeling, execution, and management of those processes.

BPM has become one of the top priorities for companies today to achieve enhanced business performance through cost reduction, increased productivity, and the ability to turn the business on an agility path.

BPM has an eye toward improving the core business processes of an organization through the measurement process combined with the usage of technology and tools.
As an example, using BPM, a bank will be able to understand the trends of new customers taking loans from them based on a certain category of users. If analysis from BPM indicates that individuals from the software developer community cater to 40% of their loan business, then there can be separate marketing programs deployed for this group of individuals.

BPM can be leveraged to create an agile platform that provides automation, visibility, traceability, audit ability, and the capability to respond to changes to achieve business goals. To achieve these, there are several tools available in the market.

All of the above can lead to innovations in products, services, and the way an organization operates and to shape up its future business strategy.

Several large organizations have made BPM a core part of their corporate culture. Even a small, basic investment in a BPM has shown significant gains to the business for many organizations. In one of my experiences, without any process redesign, one of my customers was able to achieve significant operational improvements with a savings of approximately $1 million year on year, for one specific business process.

In another example, one of the large financial services organizations where I was working was able to find an opportunity to improve its credit cards and payment processing systems. The AS-IS model did not provide an end-to-end process and performance visibility. After careful analysis, a strategy was built to integrate a BPM suite with existing systems by building workflow modules in the system. After deployment, in just five months, my customer was able to have clear visibility on the trends of credit card and loan purchasers, which thereby helped it to define a robust business strategy that was completely opposite from what had been defined in the past. The trends gave the customer a completely different view on the customer purchasing and payment patterns, based on which a new business strategy was developed. After implementation of the business strategy, it was able to improve its business performance by 20% within two years in the respective business area.

Continuous improvement is the core toward the BPM value proposition. One should always be defining a long-term benefit strategy along with the short-term strategy. The ability of continuous improvements in BPM is what differentiates business process management systems from other means of driving improvement. Hence, making a case for BPM should consider an ROI of both short-term benefits and the incremental value that will be added over time.

Typical BPM plays a very important role in the industry vertically, as well as the support or horizontal focus.
Industry vertical solutions deal with core business process transformation. For example:

1. BPM for retail banking
2. BPM for commercial banking
3. BPM for insurance industry
4. BPM for energy and utilities
5. BPM for retail and distribution
6. BPM for telecom vertical

Horizontal focus solutions deal with all industries and BPM deals with focus areas such as:

1. BPM for the accounting department
2. BPM for the workforce management and administration department
3. BPM for the compensation and benefits department
4. BPM for the training and development department

From the above definitions, it is obvious that BPM solutions fit into a wide scope across an organization. The most crucial part before implementing a BPM initiative is to identify the need of BPM in a specific area of business that can benefit your customer and adopt the correct set of BPM tools and techniques.

Several tools on BPM exist in the industry, such as Staffware, IBM Business Process Manager, etc. and each has its merits in the specific area in which it concentrates.

### Applying BPM in CSF

BPM is quite a broad topic and can be applied across different disciplines in any organization. It is not always true that the need for BPM comes from an existing problem. It is a method for continuously improving the business performance of a department or an organization as a whole. The outside-in theme is one of the areas where such an idea can be validated against the customer needs and benefits.

BPM can solve several business challenges as well as provide a way to continuously improve the business performance of an organization.
There can be several trigger points to think about BPM implementation, some of which are mentioned here:

1. You may believe that there is a need to improve the customer service department of your client, and this can be based on the number of incidents being raised during your support activity.
2. You understand from your business users that they are not always able to predict why a certain group of customers likes to open a bank account with their competitors.
3. Your business users want to understand why a few of their high worth customers are switching their loyalty to other banks.
4. The human resource department wants to understand the employee salary trends in their organization and, based on a certain event, they want to obtain a report on a certain set of employees based on their designation.

**Key Points**

- A business process is a set of coordinated activities, which are carried out either by people or tools either manually or automatically together delivering tangible value to the business when it is executed.
- Business Process Management (BPM) is a discipline of managing the business processes and measuring the performance of the business against strategic goals through a formal process that describes how business is conducted as a set of coordinated activities.
- Several tools on BPM exist in the industry such as Staffware, IBM Business Process Manager, etc. and each has its merits in the specific area in which it concentrates.
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Resources

I am totally committed to the success of consultative selling and the consultative selling framework. To enable continuous interaction and updates on innovations that can be useful to make consultative selling a reality, I have prepared myself to support consultative sellers with new ideas via my web page.

You can find the different types of resources on my website:

http://www.venkateshupadrista.com/ConsultativeSellingTechniques.html

The resources will range from:

1. Tools that will support the consultative selling framework
2. New offerings and innovations that are emerging in the IT industry

These resources will help consultative sellers keep themselves updated on new ways of working.
About the Author

Venkatesh Upadrista is currently working for a large service company holding responsibility at a business unit level to manage multiple large client relationships.

In his career of two decades, he has won several large business deals based on the knowledge he possesses in consultative selling techniques. He began compiling management encyclopedias as a high school student. Venkatesh took the vast collection of experimental facts from various sources and the research that he had been accumulating for several years and began to deploy them throughout his professional experience.

He is an advisor to a number of business development initiatives and has been a partner to CIOs of several large organizations to help them define ways to improve their top line and bottom line revenues and to prioritize their business initiatives.

His experience moves across project management and sales leadership. He has worked in a blended mixture of the onsite/offshore model and through his experience, has helped many customers move their strategies to gain several qualitative and quantitative benefits.
If IT companies seek to differentiate themselves from the competition, they must turn to consultative selling. Consultative selling is analyzing the needs and challenges of your customers and selling unique services that enable your customers to reduce costs, increase profits, and improve overall business performance. The Art of Consultative Selling in IT provides a practical framework for becoming a successful consultative seller and shows how to use the blue ocean strategy to identify opportunities in areas where there is no competition.

The first section discusses the advantages of consultative selling and explores the concepts of blue oceans. In blue oceans, demand is created rather than fought over. Competition is irrelevant because the rules of the game are waiting to be established. The author explains how you can use consultative selling techniques to create your own blue oceans of unknown market space, where opportunities for growth are both rapid and profitable.

In the second section, the author defines the consultative selling framework (CSF). This framework is based on proven processes, best practices, and real-time case studies to make consultative selling a reality. It provides clear guidelines for understanding your customer’s current landscape and challenges, owning its priorities, and helping it to achieve its short-term and long-term goals. The author explains how to use CSF to generate innovative ideas and present them to your customer through profit improvement or efficiency improvement proposals.

The book concludes with examples of several innovative business improvement ideas that you can present to your customers, including Agile project management, master data management (MDM), application portfolio rationalization, and business process management (BPM). The author discusses the benefits of each methodology and lists the trigger points to think about when deciding whether the methodology can add value to a particular customer.