The Sales & Marketing Forum

Cracking the Whip: Reporting on Finance's role in the decision-making process

At the recent Sales & Marketing Forum, we heard from senior Finance decision-makers including Mark Evans, Chief Financial Officer, Vodafone Group Technology, and Gareth Bailey, Head of Central Services, Logistics & IT Group, Marks & Spencer.

Discussion on the night covered four main areas (summarised in some detail in this document):

- Understanding Finance's role in the organisation/process
- What are the key factors influencing Finance decisions?
- How can we reach the Finance decision-maker?
- What content works best? What do we need to prove?

Overall, the feeling of the speakers was that there are no simple answers to really understanding and influencing Finance decision-makers. But if you make the effort to immerse yourself in their world and their priorities, you could be one of the few suppliers who gets it right. And the prize for doing that could be huge.

What is the real position and role of Finance?

If there was one thing that our speakers agreed on, it was that there is no universal rule to understanding the position of Finance in a target account.

We urgently need to dispel the pre-conception of a stand-alone Finance department reporting to a CFO on the board when we're building propositions for Finance. The Finance decision-makers involved in a major IT purchase are just as likely to sit within the IT or Technology division and report to the CTO (or have a dotted line to the CFO). If this second model is in place, then Finance are likely to be involved from an early stage of any deal, matching corporate objectives to available budgets, prioritising investment in new projects, and tracking ongoing performance/ROI.

So rather than building a 'generic' Finance proposition, it's essential to decide what 'Finance' means in a specific target organisation or in relation to your offer. Is it really the CFO's immediate concern, or is it more likely to be on the agenda of a Finance decision-maker within the CIO or CTO's team?

The next question is whether or not to make a direct approach to Finance. When deciding who to approach, our speakers' advice was to consider which single job function has the most to gain from the proposition. If Finance is the last of a list of job functions that you are thinking of targeting, then it's probably not worth going direct. Instead, consider the role that Finance will be playing in the decision-making process and build that into your plans for the primary contacts you will be approaching. Think about what's going to be most important to Finance (which we cover in the next section), and make sure you arm your contacts with ammunition to get to the top of the pile when the proposal reaches Finance.

If you do decide that Finance will be best placed to understand the business case for your proposition, it becomes even more important to understand what makes them tick...

What are the key factors influencing Finance decisions?

The speakers tackled this issue from two angles – first, there are categories of spend that attract different priorities, and then there are wider factors that influence spend (which vary widely between different businesses). It's important to understand where your proposition fits to be able to articulate it in a way that Finance will respond to.

Examples of categories of spend, which will be prioritised in different ways by different businesses at different times:

- Must-do: keeping the lights on or long term commitments
- Compliance: driven by avoidance of large potential risks/fines/ reputation damage
- Operational: incremental improvements or departmental cost savings
- Strategic: aligned either with stated corporate priorities or a mandate from the board
- Non-IT funded: where funding comes from the budget of another department – can attract more rigor in terms of IT needing to guarantee a service to that department, but can also speed the approval process.

And some of the influencing factors discussed at the event:

- Business case clarity – is it obvious which category of spend is being pitched for, and are the promised benefits realistic, measurable, and important to the business?
- Standardisation – an increasingly important factor for some businesses is whether the proposed solution helps to standardise IT across the enterprise (in a country, a region, or even globally). The drive to reduce complexity and increase re-usability is often a significant influencing factor
- Ability to deliver – do the resources exist internally (a factor often overlooked), and does the supplier have the track record to deliver? Interestingly, according to our speakers, an under-run in budget can often be as significant as an over-run: an under-run can be a symptom that the project is behind schedule, meaning that the promised benefits will be delayed, budget may not run over into a following financial year, and ultimately the business may miss predicted targets

- Company-specific factors – understanding an industry or even an individual organisation is essential to get under the skin of factors like sustainability or innovation which may be important to one business but irrelevant to another. Innovation is a particularly tricky issue – very few businesses want to run the risk of an unproven project, but equally they are looking for competitive advantage...

After considering all of these issues, Finance will be faced with requests that far outstrip available budgets and needing to answer a set of questions...

- Why do we need to do this project?
- Where does it sit against other priorities?
- Have we got the resource and funds to complete it?
- What are the benefits?
- How strong is the business case?

How can we reach the Finance decision-maker?

Towards the end of the evening, discussion focused on how supplier marketing can identify, reach and influence Finance decision-makers. Our speakers all work in highly complex organisations and the first challenge they discussed was how to find them in the first place – is their role in a global finance team, or within an IT division, or in a regional arm of a multi-national organisation...

These aren't people who you can find by buying a data list or asking at switchboard who makes finance decisions – but there are sources which can give you the right answers (like LinkedIn, or the CIO's PA, or of course an existing relationship with the account). These are more time-consuming, but if the decision has been taken to create a personalised value proposition for Finance then the extra effort will be essential: all of the speakers were agreed that any approach to them needs to understand their precise role in an organisation and the benefits/issues they will be most interested in.

Once the right contact has been identified, how can marketing get through to them? Again, the speakers consistently described how they ignored anything that feels like traditional 'marketing' – mass emails, shiny direct mail, scripted telemarketing... Justifiably, they feel that if the first effort hasn't been made to tailor information to them, it's not worth their time to review.

Having said that, it doesn't take much to turn generic marketing into valuable information in their eyes – for example details on work with competitors can be just as compelling as specific information about their own organisation; explaining the proposition in the terms that they are familiar with; offering a sensible next step (for a brand new supplier to expect any more than an initial 10 minute phone call or 1 hour meeting was seen as unrealistic). All of this can be done through email, letter or phone, but there is a fine dividing line between relevance and junk.

As we've seen with previous decision-maker viewpoints, there were different attitudes to a range of potential marketing channels:

- Attitudes to social media varied widely – one speaker describing how a supplier reached them via LinkedIn, but another saying they needed a personal relationship before inviting in a new supplier
- Peer networking events were generally seen as useful ways of reaching either the speakers or their senior teams
- The speakers were heavily influenced by a range of internal contacts (the wider board, experts on their teams, other parts of the business proposing new solutions...)
- Perhaps unsurprisingly, creativity is a lot less important in the approach than it was when we discussed it with the CIO audience
- Striking up a cordial and longer term relationship with their PA may well be the best solution. Few people know their day-to-day business better and it is often they who decide which suppliers are taken forward.

What content works best? What do we need to prove?

So, we know what makes them tick and how to get through to them – but what to say when we have their attention? Again, answers varied across our speakers but some of the highlights of their advice include:

- Be clear on why this is relevant to them (Why are you approaching Finance? Are the required budget and potential benefits above the threshold that will get them interested (this may need to be tens of millions for some contacts)? Is it something they are able to make a decision on, or will they be restricted by a wider group mandate?)
- Highlight all the factors that emphasise your ability to deliver – financial stability, track record of similar projects, understanding of their measurement criteria...
- Start the work of the business case for them – not pretending that you have a 'calculator' which will simply give them precise returns, but showing that you know which 'pot' of money you are bidding for, which areas the benefits will be seen in, what timescales, and how they will be measured
- Think about using the buzz words of their business priorities (e.g. standardisation, sustainability)
- Third party views are often of more interest than those of a supplier, but analyst white papers aren't a silver bullet – they will often be passed on to experts within the team, but this is more often for education than to arrange a meeting
- In terms of specific content, highlighting a story relating to one of their competitors will always be of interest.

In general, our speakers urged suppliers to frame their language in terms of value creation, making a sound business case, avoiding loose references to wooly terms like strategy and transformation. One clear recurring example was around the business case – understanding where the investment will come from, when it needs to be budgeted for, when the returns will be delivered, and which of a range of benefits are being promised:

- Operational Efficiency: by implementing this project we will improve operational efficiency & reduce operating costs
- Asset Efficiency: by implementing this project we will reduce the amount we spend on assets
- Cost Avoidance: by implementing this project we will avoid additional costs (e.g. non-compliance fine)
- Volume Growth: by implementing this project we will increase the volume of goods we sell
- Margin Growth: by implementing this project we will increase the margin at which we sell goods

Articulate your promises carefully and you may be one of the few suppliers who learn to talk their language - fail to do so and you will find that the bottom of their list of priorities is a cold place to be...

If you have any further questions about topics discussed at the Forum, please contact Paul Everett, peverett@themarketingpractice.com.