

An LWOW Team's Journey Through the 5 Step Process

Below is a walkthrough of a real team's journey from challenge to solution using the tried-and-true LWOW five step process. The client involved was a large computer software company. The description is written from the team's point of view.

Team Challenge: Let's Make a Deal: How can a computer software company streamline and simplify its contracting process to accelerate sales to enterprise customers?

Five Step Process: As noted above, the 5 steps are generally not done in order and many are repeated i.e., a group might do step 1, then 2, then 3, then go back to 2, then re-do 3, then 4, then 5, then re-do 4 etc.

Step 1: Identifying the background and big picture

- How do we do sell our products to enterprise customers?
- What are steps that customers have to take in the purchasing process?
- What type of agreements are offered?
- How do customers negotiate terms?
- What aspects of the contract process can be simplified and streamlined so that we achieve an actual acceleration of our sales to these customers?

Step 2: Finding and fine tuning the problem

- Problem #1: Negotiating a contract with a customer can be a real challenge: Each has different needs, wants, and requirements that a standardized enterprise contract may not meet right away. This is where the negotiation process begins and amendments are made.
 - In 9 months of FY16, we've spent 1.5 million hours negotiating and executing more than 115,000 enterprise amendments to our enterprise agreements.
 - Of that number, 14,000 are what you would expect—basically custom written solutions that we and our customers agree to.
 - The residual 101,000 executed amendments are what we call "standard"—which means that each amendment is so commonly used that the wording comes from a standard internal catalog. Some uniform amendments are used a handful of times; others, thousands of times.
 - To reach a final contract that satisfies customer and organization can take days, weeks, or even months to achieve.
 - How can we learn from the amendments and use data to simplify the negotiation process in easy automated way?

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- Problem #2: Today, there are a handful of ways to hear collective feedback about contracting with our company. The problem is they tend to be static and not very comprehensive.
 - One way is through a feedback log that sales people and the legal department use to document problems they have encountered through negotiations and suggest ways to change our baseline contract. The problems with the log are threefold: it is sporadic, it takes time for someone to fill out, and is acted upon once a year or less frequently.
 - There are a handful of other methods that we use to collect feedback from customers. These tend to occur on a more frequent cycle, but the problem is that they tend to focus on a limited number of customers. So, we get good clarity from those customers but have no ability to easily hear the rest.
 - How can we develop a solution that is focused on hearing all customer feedback on our contracts in a way that is way more dynamic and inclusive than anything we have today?

Step 3: Defining, understanding, and empathizing with the audience experiencing the problem

- Sales team was:
 - Having trouble sealing the deal with small to medium size enterprises.
 - Making the same amendments over and over was a waste of time.
 - Frustrated with the time and effort wasted.
- Clients' needs were not being anticipated or forecasted.
 - Clients underserved.
 - Clients not feeling as if our company was listening to them.

Step 4: Solving the problem and ideating the solution

- Project of Worth: A cloud-based tool that 1) analyzes data and metrics* about our SME customers and their contracting behaviors, 2) identifies what terms matter most to customers, and 3) forecasts potential contracting trends over time so that salespeople can tailor contracts that anticipate future clients' needs, wants, and requirements before the negotiations even begin, thereby improving the contracting experience for salespeople and customer, enhancing customer satisfaction, and, accelerating deal speed and closings.

*metrics include: customer size, industry, sales volume, or geography, license count, individual client demographics, amendment type etc.

Step 5: Assessing the risks and opportunities and re-ideating and refining solution

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- Our customers are telling us that we're not hearing them. And they don't like it. We're hearing it through customer surveys.
- Fundamental mind shift: We are not looking at amendments as legal work or as contract negotiation task; instead, we are viewing amendments as the voice of the customer.
- Each customer is telling us what they like and don't like of our contracting system and our offer through amendments.
- We need to listen to customer voices, understand their concerns and analyze common patterns, common asks, common challenges our customers face.
- Revelation: We can actually streamline and simplify our contracting process by listening to our customers and giving what they ask for.
 - Through the use of big data analytics that acts as a listening device, we can take preemptive steps to improve the contracting experience for our customers, speed up the negotiation and closing of deals and thereby accelerate our sales to enterprise customers.