Build vs. Buy:

Making the Best Decision on
Your Complex Selling System

How a company handles its complex selling strategies says who they really are. Great selling execution is more valuable than any amount of money spent in advertising or public relations, because a company's reputation for excellence travels faster and lasts longer than any ad campaign. And it is more believed and trusted too.

After having worked with hundreds of companies on their quoting, proposal and product-configuration strategies, one resonating truth comes out: how you sell tells the outside world who you are. What you value inside your company gets broadcast in every quote, proposal and order taken and fulfilled.

The best companies treat proposals and quotes as a means to build trust, not just complete a transaction. As a result, the best complex selling systems liberate companies. They set sales free to spend more time with customers face-to-face. Earning trust, understanding their business and creating value all happens when a complex selling system is bulletproof and low maintenance. And companies are using both homegrown and enterprise-class systems to accomplish this.

Based on customer engagements over the years, here are several lessons learned when it comes to build versus buy.

Build Versus Buy – Lessons Learned

In working with manufacturing and service companies in heating, venting, air conditioning, refrigeration (HVAC/R); industrial machinery; specialty vehicles; medical products and high-tech industries, the following insights were gained:

- **Proposal and quoting systems developed internally often are ideally suited for a given product strategy and process in a company—yet often cannot scale beyond that.** Caterpillar, Freightliner, Pierce and Northern Telecom are all companies that have literally dozens of internally built or homegrown proposal, quoting and product configurators, each perfectly aligned to a specific product or process area. The challenge that each of these companies has today is unifying all of them into a single quoting and configuration system. Why is this important? Because every quarter these companies have to report financial results. And in the case of Northern Telecom, it can take six weeks to aggregate all of the data from its many homegrown systems.

- **Taking only profitable orders and quotes is a continually moving target for homegrown or internally developed systems.** At Caterpillar, which has no less than 40 different configurators with the majority being homegrown, sales and senior management had no idea what the gross-margin contributions per quote and proposal were.

  At Northern Telecom, entire enterprise systems were being quoted at gross margins that were below cost. Homegrown systems can provide a threshold level for gross margins per quote and proposal, yet experience shows that less than 10 percent can do this interactively, 24/7 across all selling channels. This was one of the main catalysts that prompted Northern Telecom to investigate the consolidation of all proposal, quoting and product-configuration systems into a single platform—to get better visibility into only quoting on profitable products.

- **Price-list, product, service, warranty and discontinued-model data is difficult to manage in homegrown systems.** The ability to have price-list, product, services and warranty data immediately reflected in all quotes and proposals is possible in some, but not all, homegrown systems. Many internally developed proposal and quoting systems are designed on personal productivity applications like Microsoft® Excel®. Updates are sent out in e-mail, and sales reps must load the new data and keep their proposal and quoting systems current on their own. Conversely, with the latest quoting and proposal-management systems, all updates are automated and can be done in seconds across an entire sales team globally.

- **Internally built proposal, quoting and product-configuration systems often excel with a core group in sales, but don't scale well across all selling channels.** Internally built systems are often designed to manage the needs of the sales teams that are selling when the system is designed and implemented. The majority of homegrown systems don't have the ability to scale out and support new sales teams or new selling and service channels. Enterprise-class complex selling systems are specifically designed to accommodate new selling and service channels quickly.

- **Tracking sales across all representatives, sales channels and products in real time using dashboard- and Web-based analytics is what sales VPs ask about the most.** A homegrown quoting and proposal application often gives companies the ability to automate quoting for each rep, yet often cannot provide real-time visibility into their quote-accuracy performance, gross margin, total sales and activity across all channels. Enterprise-wide intelligent selling systems have this capability and can provide insight into how best to manage sales strategies to increase quoting accuracy, effectiveness and profitability.

- **Internally built configurators often rely on the salesperson's laptop as the storage location for all quotes, pricing and product-configuration data instead of a secure server.** At Freightliner, a laptop was lost, and on it were all of the quotes for a new contract with the city of Seattle, Washington for its freight trucks. This happens more than anyone would care to admit. It's far better to have a quoting and proposal system that is specifically designed to save quotes and proposals in a centralized place. Not only is this more secure, it makes analyzing and taking action on them much more efficient.

- **Speed, ease of updates and high adoption rates in their sales forces are what many companies cite as the reasons for building their own proposal and quoting systems.** Northern Telecom and Caterpillar both have multiple homegrown configurators that are designed for quickly creating quotes and proposals. The trouble is, these systems rely on manual updates and aren't designed to integrate with any other systems including pricing or CRM. These systems require the sales rep to manually move the quotes. Enterprise-wide systems that are designed for integration with CRM, pricing and ERP systems have the inside edge on this attribute, and they also deliver greater customer responsiveness as a result.

- **Finding quotes and proposals that contain the product(s) your suppliers just recalled and will no longer provide is often outside the scope of homegrown quoting, proposal and product-configuration systems.** It is rare to find a homegrown quoting and proposal system that can in real time query across all proposals and quotes and find only those that contain a dependency to the recalled part. Enterprise-class quoting and proposal systems can do this and save the IT team and product managers the better part of a week's worth of work as a result. Cincom Configure-Price-Quote (CPQ) does this today at emergency-vehicle manufacturer, E-ONE.

- **What's driving quote, proposal and ordering activity is a mystery in many homegrown quoting systems due to no integration with CRM and marketing-campaign management.** Selling more begins with having insight into what is triggering prospects to ask for a proposal or quote. Integrating homegrown systems to CRM and marketing automation systems is key to understanding how marketing efforts are paying off. It is rare to find a homegrown proposal and quoting system that can do this.

- **Capturing what your company knows before it slips away, retires or leaves is always a challenge with any system, and it's made more urgent with those that are homegrown.** The biggest challenge that high-tech manufacturers have is capturing all of the product knowledge—from legacy product compatibility to how the latest product-generation components work together. Homegrown systems rarely have the ability to capture the depths of this expertise in a company and translate it into rules that can be used to automate proposal and quote creation. Yet the companies that take the time and effort to do this have much greater control over their gross margins per order, only take orders they can build and get paid faster by customers as a result.

- **It's often believed that "my products or services are too complex," and the only option these companies have is to build their own systems.** E-ONE, a fire apparatus manufacturer, once felt that way. They were using a homegrown system, and since every fire department decides what its needs are and has specific views on how its truck should be configured, this built a tremendous amount of complexity into their job.

  Jonathan Plant, E-ONE's configuration manager, said, "In the past, we would have to pore over each order line by line to confirm that all of the components were not just okay by themselves, but also okay in combination."

The upside of going with a knowledgeable, dependable and long-standing configuration vendor is that you get 100 percent of the job done in a specified time period with minimized use of your own company's resources. You also receive the long-term support and upgrades with the vendor's solution. Care should be taken when choosing a vendor so that your issues, like complexity, can be addressed adequately by that vendor.

After a vendor implemented E-ONE's configuration solution from Cincom, they immediately saw results. Instead of an error-prone process that took days, customers ordered highly customized fire rescue vehicles in minutes. Their order processing time was reduced by 41 percent and lead times fell by 51 percent. E-ONE gained faster response to market demands, seamless integration with legacy systems and a much improved dealer and customer experience.

- **Experts can help define the needed solution and the scope. When you use a vendor to design your system, you can take comfort in knowing that they've done it before, thus reducing your risk.** Plantronics, a well-known headset manufacturer, made the strategic decision to move into an emerging new market, but the move resulted in the complexity of its compatibility being quadrupled. They knew they needed experts to replace their homegrown compatibility matrix.

A senior IT analyst with Plantronics said, "In our business, a compatibility matrix is required for anyone doing business in the market. It's absolutely crucial in our market to have a tool like this and that it's accurate. We looked at our existing homegrown compatibility matrix and knew it wouldn't fit." They found their answer through experts who helped them visualize what Cincom's solution could do and what Plantronics could do with it to address issues even beyond their immediate needs.

- **Being held captive by the few experts in your organization who built your system can be detrimental.** The division manager of an industrial machinery company decided that his company would build its own system. He considered the time, cost and viability of the proposed system that the IT stars on their team were recommending. The results were not as he had planned. The project took five years to build, and even then it was a half-baked solution costing more than four times what a vendor would've charged. Not only that, but the IT stars began to hold the company hostage. They knew that they were the only experts on the system and that without this system the company would shut down. They began to leverage their value with requests for salary increases and promotions.

If this company had gone with a vendor, they would've had a team of experts who could be held accountable to a timeline and end results. The experts are also at your service for the long haul, becoming trusted business partners who can provide guidance on maintenance and upgrades to support the growing needs of your business—lessons learned.

Bottom line: How you choose to sell on any given day says more about your company than a year's worth of advertising or public relations. Instead of just focusing on speed or the convenience of quoting or proposals using homegrown systems, think of how you can earn more trust by being more consistent with an enterprise-wide strategy.