# 7 Deadly Sins:
# How to Successfully "Cross The Chasm" By Avoiding These Mistakes

## SVPMA Speaker Series

Silicon Valley Product Management Association
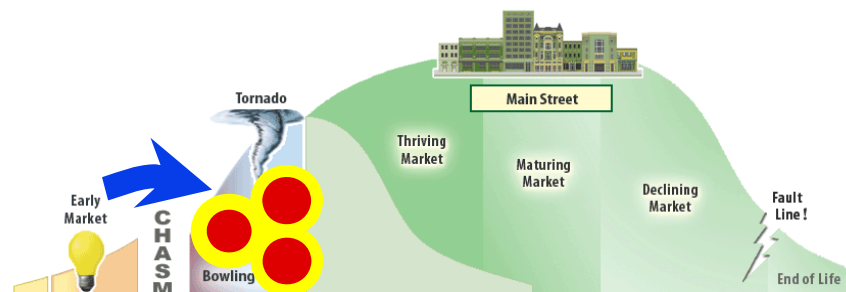
**June 3, 2015**

**Keynote Speaker:**

**Michael Eckhardt**
**Managing Director**

**Chasm**Institute

Note – slides 11-41 are the "ANNOTATED" presentation from June 3, 2015 – and slides 51-81 are the "clean" version

Tornado
Main Street
Thriving Market
Maturing Market
Declining Market
Fault Line !
Early Market
CHASM
Bowling
End of Life

For SVPMA Members who would like to
**get connected with Michael Eckhardt** on **LinkedIn**,
<u>pls. click on the blue icon below</u> and sent an invite,
which Michael will be pleased to accept:

**Linked** in profile

Michael Eckhardt  --  Chasm Institute

# SVPMA

**Silicon Valley Product Management Association**

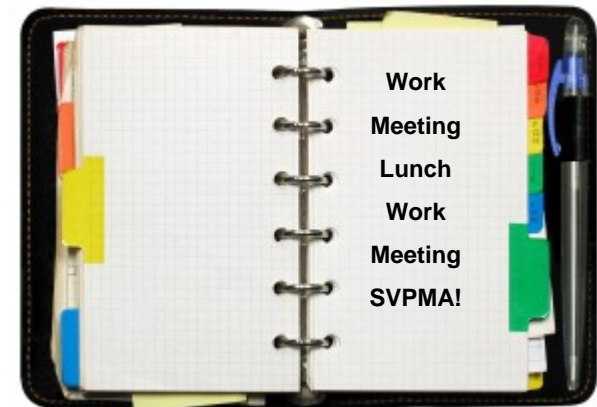networking • training • career advancement

**Nupur Thakur**

**Director - Programs**

**@svpma**

Note: Annotated Slides begin on page 10

# Today's Agenda

- 6:30 pm – Networking

- 7:30 pm – Introductions

- 7:45 pm – Featured Event

- 9:00 pm – Wrap up



**Work**

**Meeting**

**Lunch**

**Work**

**Meeting**

**SVPMA!**

**SVPMA**
Silicon Valley Product Management Association
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# SVPMA

## Silicon Valley Product Management Association
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**Events menu:**
- Monthly Meetings
- Workshops
- Special Events
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- Calendar
- Meeting Archives

**Resources menu:**
- Links
- Templates
- Store
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## MONTHLY MEET...

### Bootstrap yo... Model: Fin... arket Fit with the Bac... n with Ber... Agile Coach/ Intra...

**Date:** Wednesday, ... 6:?0pm to 9pm

**Summary:** With every product we ship, we learn what we wished we'd known: what customers *really* wanted. What if you could gain those insights before beginning development? What if you could "unit test" a product? Or at a bigger level, what if you could "system test" your business plan? In this session, with a hands-on exercise, attendees will learn how to build a map of any business ecosystem, and how to use it to check and iterate solution viability.

[Learn More] [Register Now]

## WORKSHOPS

### Win/Loss Methodology with Richard Case, Former Gartner VP, PSP Enterprises

**Date:** Saturday, March 14th from 8:30am to 12noon

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## ABOUT US

The Silicon Valley Product Management Association (SVPMA) is an organization that was founded to address the needs of Product Managers, Product Marketing Managers and other professionals working within the Product Management field. **READ MORE >**

[Join Now] [Renew]

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### Silicon Valley Product Management Association
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- Event bloggers

- Article writers

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- ## July 8th
  - Monthly Event: Lee Carahar, President, Double Forte PR & Marketing

- ## Aug 5th
  - Monthly Event: Nir Eyal, Author, Product Consultant, Nirandfar.com

- ## Sept 2nd
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- Member Discussion Forum
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# Tonight's Feature:

## 7 Deadly Sins -
## Lessons from Silicon Valley on How to Successfully "Cross the Chasm"

### by

## Michael Eckhardt
## Managing Director, Chasm Institute

# 7 Deadly Sins:
# How to Successfully "Cross The Chasm"
# By Avoiding These Mistakes

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Silicon Valley Product Management Association

**June 3, 2015**

**Keynote Speaker:**

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**Managing Director**

**Chasm**Institute

# 7 Deadly Sins:
# How to Successfully "Cross The Chasm"
# By Avoiding These Mistakes

Lessons from Silicon Valley On How **Product Managers + Product Teams** in Tech Companies Can Successfully "Cross the Chasm" and Accelerate Time-to-Revenue in **Mainstream Markets**

**Chasm Institute** workshops + consulting are based on:
- Michael Eckhardt's 500+ engagements with tech-based clients
- our 6 best-selling strategy books by Chairman Geoffrey Moore
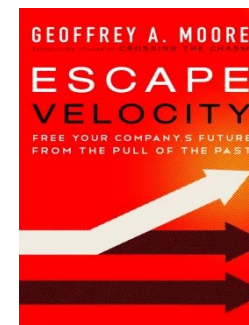- 15 yrs. of Thought Leadership in driving product / market success

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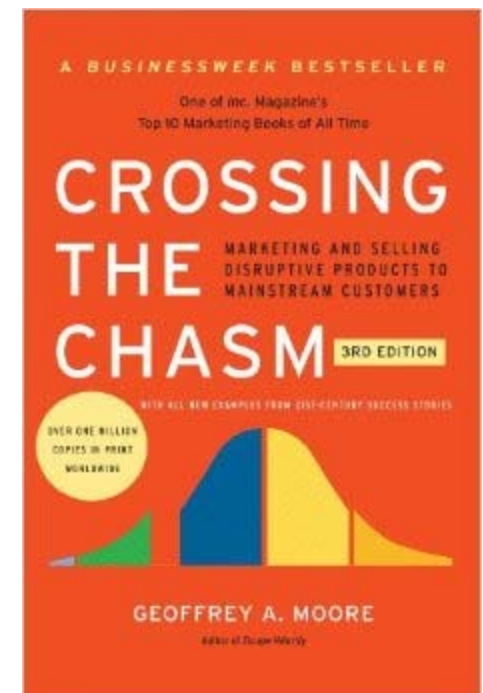
**1991**

**1995**

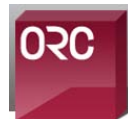**2001**

**2006**

**2011**

**Crossing The Chasm 3.0**

**For 2015**

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Coulomb Technologies

QuantaLife

Marrone Bio Innovations

SIEBEL

Agilent Technologies

INFORMATICA

Symantec

FICO

Citrix

ARIBA Better Commerce.

TESLA

Apple

JamesHardie

Google

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rackspace HOSTING

VeriSign

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Adobe

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**14**

ChasmInstitute

**Michael Eckhardt** – Managing Director & Senior Workshop Leader at Chasm Institute, is a veteran of HP, Price Waterhouse, Harbridge Consulting and Pepsico.

An MBA graduate of **Harvard Business School** and *Wall Street Journal* Award winner, Michael Eckhardt is a recognized expert in product management / product marketing and product launch success. He provides clients:

➔ in Silicon Valley, the US, and Europe / Asia-Pacific
➔ with strategy workshops & practical market strategy tools
➔ for gaining (+ sustaining) leadership positions in highly-competitive markets

Michael Eckhardt has worked with over 90 technology-based businesses in 20 countries. Founded in 1993, our clients include: Intel, Cisco, Adobe, HP, AT&T Wireless, SAP, Agilent Technologies, Jive, QAD, LMC Data Systems, NetApp, Autodesk, Plantronics, Mentor Graphics, and other high-tech leaders.

His 3 primary areas of focus are: tech market success, driving product launch results, and accelerating Go-to-Market outcomes.

Michael Eckhardt and his Chasm Institute senior team have worked on market strategy for winning products, services and solutions in North America + worldwide. Geoffrey Moore is Chairman Emeritus of Chasm Institute, and Eckhardt has edited and contributed to several of Moore's popular high-tech strategy books, including the 2015 version of the best-selling **Crossing the Chasm**, with all-new tech examples / best practices for driving new growth.
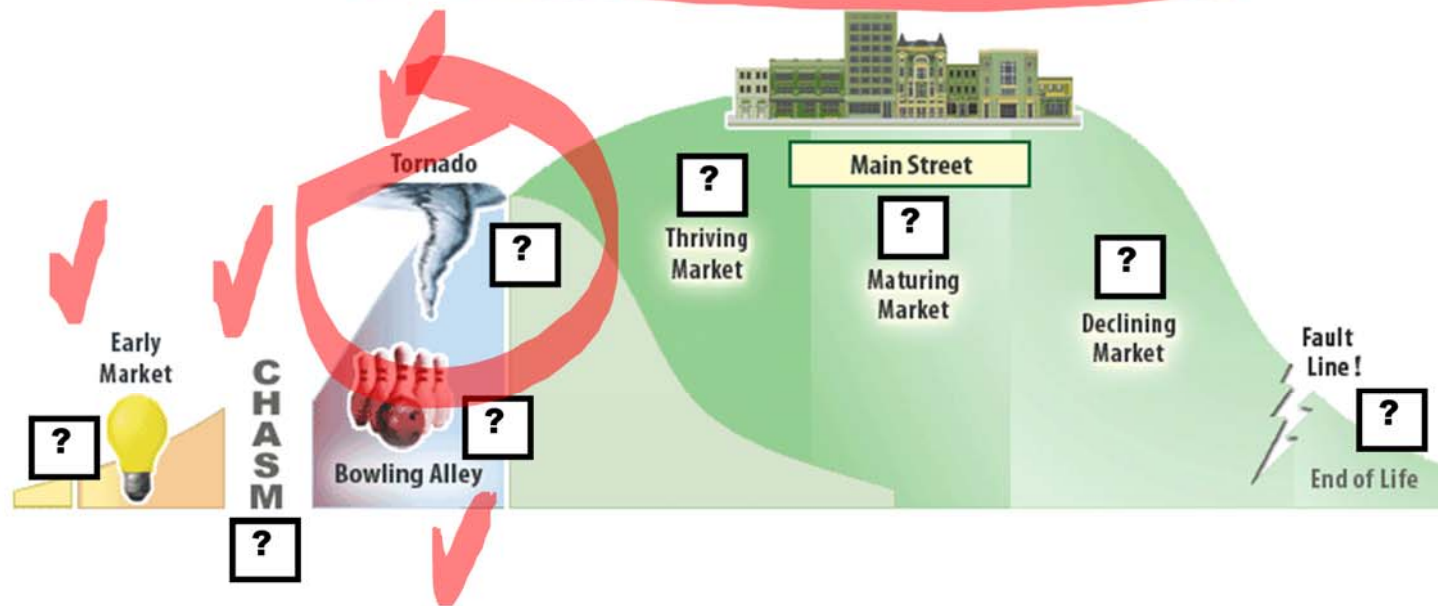
Chasm Institute provides these advanced workshops to executives + teams:

"*Accelerating Product / Market Success*"    "*Driving Go-to-Market Results*"
"*Crossing the Chasm 3.0*"                  "*Winning in Mature Tech Markets*"

... for more information please click on: www.chasminstitute.com

You Tube

**WHERE is your key product or solution competing on the Tech Market Model in the next 12 months?**

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Early Market

CHASM

Tornado

Bowling Alley

Thriving Market

Main Street

Maturing Market

Declining Market
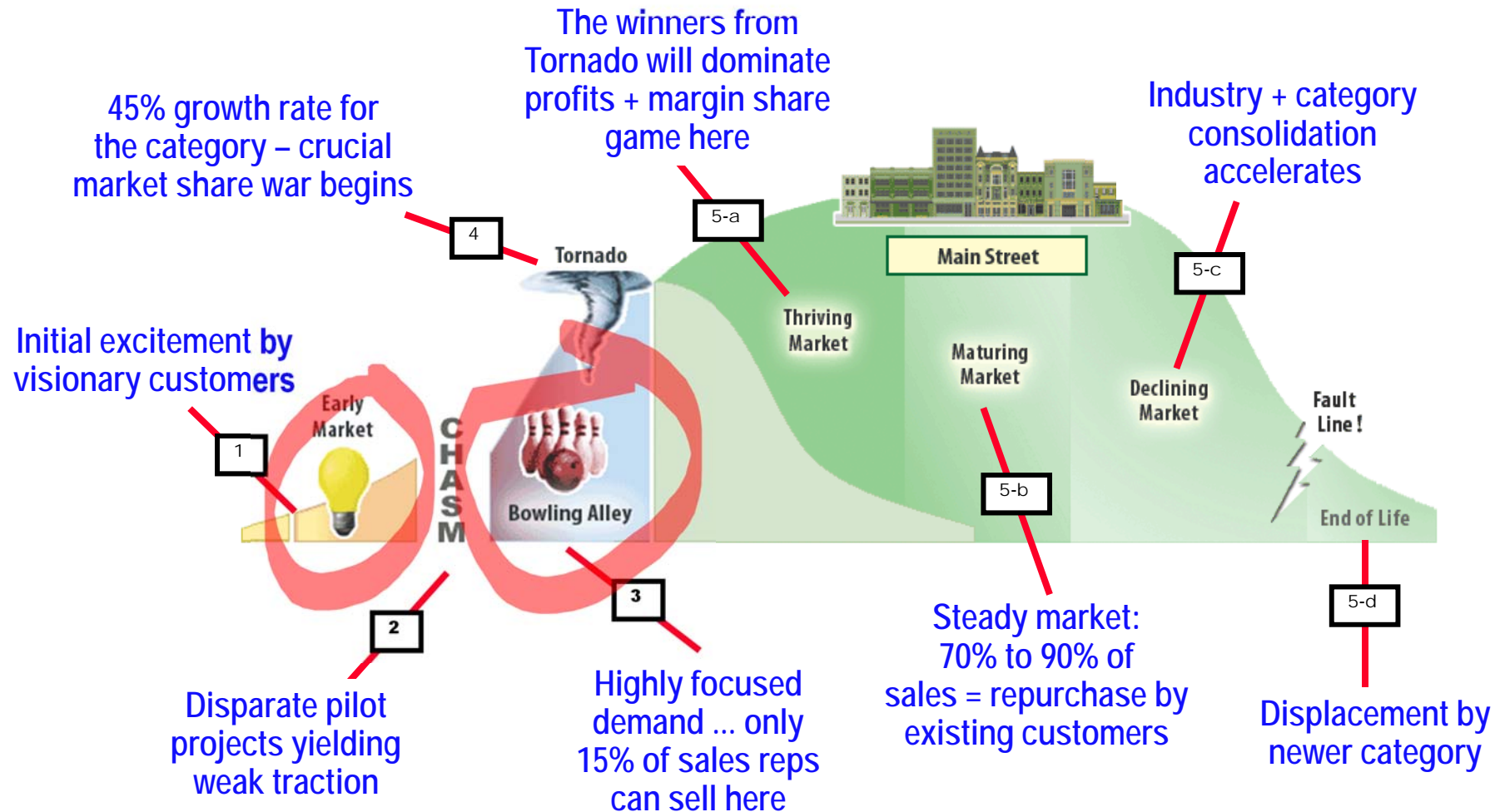
Fault Line!

End of Life

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**Once we've gained accurate answers to the above question, we can then move forward with greater certainty + less risk:**

(1) about what we **should** and **should not** do in the market

(2) **based on** the specific market stage we are competing in

# The Tech Market Model

**There are _8 Key Patterns_ in high-tech – this session will focus on the first 3**
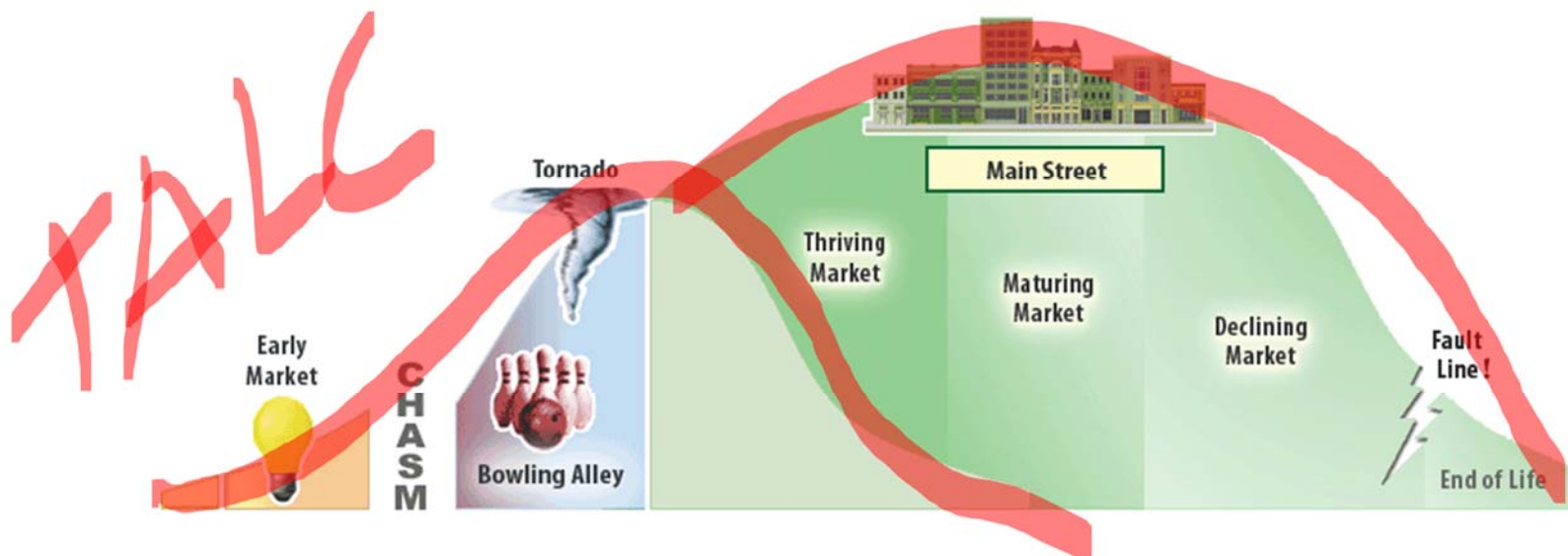
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The winners from Tornado will dominate profits + margin share game here

45% growth rate for the category – crucial market share war begins

Industry + category consolidation accelerates

Initial excitement by visionary customers

**Tornado**

5-a

**Thriving Market**

**Main Street**

5-c

**Maturing Market**

**Declining Market**

**Fault Line !**

**Early Market**

**C H A S M**

**Bowling Alley**

1

2

3

5-b

4

5-d

**End of Life**

Disparate pilot projects yielding weak traction

Highly focused demand ... only 15% of sales reps can sell here

Steady market: 70% to 90% of sales = repurchase by existing customers

Displacement by newer category

**17**

# What types of products are Chasm Institute frameworks + tools relevant for?

**Breakthrough / innovative tech products + services that compete in <u>dynamic / disruptive / highly-competitive markets</u>:**

- Software + services
- Complex enterprise solutions
- Cloud / SaaS
- Consumer products or services
- IoT solutions
- Business Services / Managed Services
- Mobile technologies

- **not a fit**: generic consumer goods, commodity food / beverages

Update: 06/03/15

# The Tech Market Model 2.0 (TMM)

The **TMM** is a practical tool for predicting how **market priorities** (including key product strategy and actions, feature "go / no go" decisions, channel, pricing, messaging, and support) must *change* -- from Early Market through Main Street.

TALC

Tornado

Main Street

Thriving Market

Maturing Market

Declining Market

Fault Line !

Early Market

CHASM

Bowling Alley

End of Life

# Key for **Product** / **Market Teams** → the Tech Market Model

Two major conclusions from our 15 years in Silicon Valley / 5 books / 500+ client workshops:

→ tech-based markets develop in a <u>very predictable</u> 5-stage pattern, and that

→ there are 9 specific strategies that <u>must shift</u> as you move from one stage to the next

**Question:** <u>where</u> is your key **product** or **solution** competing on the Tech Market Model in the next 12 months **...** and which specific strategies / actions will be needed to achieve our growth goals ?



Tornado

Main Street

5-a
Thriving Market

5-b
Maturing Market

5-c
Declining Market

Fault Line !

5-d
End of Life

Early Market

C H A S M

Bowling Alley

1

2

3

4

# The Tech Market Model 2.0

## EXECUTIVE OVERVIEW



**1** **Early Market**: Customers are visionaries under the influence of technology enthusiasts. Each new deal is greeted with enthusiasm. Product is still immature. Whole product has to be built from scratch for each customer, including a significant amount of "special work" unique to that customer's requirements. Looks more like a project than a product.

[ **Key**: <u>**watch out for tops-down forecasts that are unattainable**</u> ]

# The Tech Market Model 2.0



**EXECUTIVE OVERVIEW**

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**2** **The Chasm**:  Early market commitments now absorb all discretionary resources such that you cannot offer any more "specials" to visionaries. Pragmatists, however, do not see the relevant references nor the evidence of a whole product that would make the new category a safe buy. Sales cycles are extended, and most that do close are for pilot projects.

[ **Key**:  "**100% Whole Product**" **is crucial to a successful Chasm Crossing** ]

# The Tech Market Model 2.0

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**3** **Bowling Alley**:  Product is endorsed by pragmatist customers within the confines of one or more segments. Sales cycles within these segments are predictable with good margins. Outside of these segments, there are only opportunistic sales, often at significant discount.

[ **Key**:  **broad sales motions will fail** ]

# Crossing the Chasm:

**Identify + Attack a Beachhead Segment**

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- ▶ **The Problem**:
  - 80% of many solutions — 100% of none
  - Pragmatists won't buy 80% solutions

- ▶ **Most frequent vendor mistake**:
  - Working on the most common overall enhancement requests
  - Never *finishing* any one segment's requirements

- ▶ **The Correct Solution** (**leading to success**):
  - Focus on a **single beachhead** segment
  - Accelerate formation of that segment's 100% whole product
  - *Pick a list of requirements for a specific segment – and finish it !*

**Dominating a market begins with dominating a segment**
**Examples: Apple, Dropbox, Salesforce, Google, Facebook, Amazon**

# The 9-Point Market Strategy Checklist

## ... Key Tool for Clarifying Your Path Forward

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Focal point for everything

1. **Target Customer**

2. **Compelling Reason to Buy**

Key market driver

To fulfill the compelling reason to buy

3. **Whole Product**

4. **Partners & Allies**

Needed for whole product

Willing and able to deliver the whole product

5. **Sales Strategy**

6. **Pricing Strategy**

Whole product price consistent with customer's reason to buy, margins consistent with partner's contribution

For the customer's money

7. **Competition**

8. **Positioning / Messaging**

Relative to competition

Next move

9. **Next Target**

## This template is key for all new venture companies

# 7 Deadly Sins:
## How to Successfully "Cross The Chasm" By Avoiding These Mistakes

## The "7 Deadly Sins" to Avoid

**1. Target Customer Mix-up:**

If you're in the Early Market and ready to move beyond it – don't just ask your current customers what they want or need. Instead, gain insight from Mainstream customers who have not yet adopted – since they are your target in the coming 12 to 24 months and beyond. We've seen companies suffer $1 billion losses due to this avoidable mistake.

# The "7 Deadly Sins" to Avoid

**1. Target Customer Mix-up:**

9 Factors



Early Market

CHASM

Tornado

Bowling

Thriving Market

Maturing Market

Main Street

Declining Market

Fault Line!

End of Life

2. **Compelling Reason Confusion**:

The catalyst for driving adoption by mainstream customers is to understand the target customer's "Compelling Reason to Buy."

Do not confuse that with "Compelling Reason to Sell." The latter is your problem, and the customer doesn't care about that.

Update: 06/03/15

☞

# Compelling Reason
# to Buy (CRTB)

**Describe in 20-40 words the specific CRTB priorities for this particular target customer, in their relevant TMM phase, during the next 3-12 months ...**

## Customers in this segment
## will now be better able to:

o ☞

o ☞

o ☞

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**3. Whole Product Perfectionism:**

If you're waiting until you have the perfect product before you launch into the main marketplace – surrender now.

To successfully cross the chasm, we advise clients to focus on initially delivering MVP (Minimum Viable Whole Product). That's the least complex solution that fulfills the target customers' compelling reason to buy.

Stop thinking about "what else to add in," and consider subtracting features to simplify the buy / install / use process.

# The Whole Product Model

**Complementary Services**

**Complementary Products**

Consulting | Hardware

Post-sales service & support

Software

**Core Product**

Pre-sales services

Peripherals

Legacy interfaces | Connectivity

This "wheel" may need to contain many other components to achieve MVP

In Chasm Crossing – **MVP** is crucial ... and often more about subtraction than addition !

## Whole Product = Core Product + Key Enablers

### 4. Overdoing Sales Training:

Just because you are excited about your new product or service doesn't mean everyone must be trained on it.

If you truly have a new breakthrough product (i.e. a disruptive innovation), then experience tells us that less than 15% of your sales team will account for 80% or more of first-year sales – so don't train everyone right away.

Instead, double-down on training and incentives for a small "Tiger Team" of sales pros who have the right mix of consultative skills, motivation, and energy – and limit the rest to "awareness training" in that first year after launch. Avoids wasted training time and money.

**5**.  **Pricing Misstep**:

The road is littered with businesses that thought cutting price by 15% to 20% would help them cross the chasm. Sadly, price elasticity is muted at this stage of the market.

Yes, you need a reasonable price, but reducing it further will likely not cause unit sales growth – it will just damage margins. Instead consider reducing adoption risk for these pragmatist buyers by offering a performance guarantee or an attractive low-risk financing package.

# The "7 Deadly Sins" to Avoid

**5.** **Pricing Misstep**:

Update: 06/03/15

## 6. Weak Messaging:

For a B2B message to be effective, it needs to be well articulated in 75 words or less. For B2C -- 20 words or less.

And be very cautious of thinking in terms of "unique selling propositions." Unique could imply weird or different. Instead, communicate a *superior* selling proposition.

Software companies in particular struggle with this, as many use a plethora of terms that end in "ility" and "ivity" (agility, manageability, productivity, connectivity) -- yet miss the mark in communicating how their key solution is truly superior to that of competitors.

# Positioning Statement Template
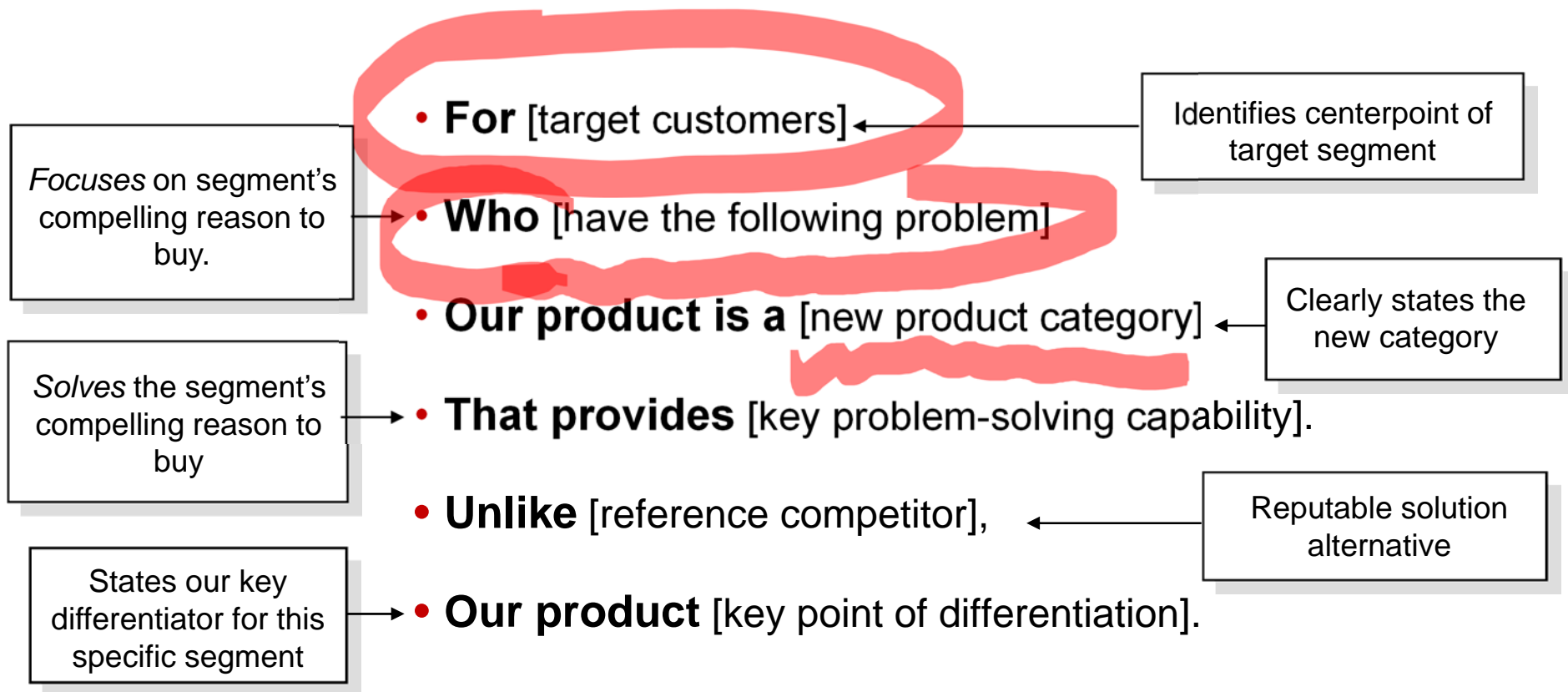
- **For** [target customers]

  *Identifies centerpoint of target segment*

- **Who** [have the following problem]

  *Focuses* on segment's compelling reason to buy.

- **Our product is a** [new product category]

  *Clearly states the new category*

- **That provides** [key problem-solving capability].

  *Solves* the segment's compelling reason to buy

- **Unlike** [reference competitor],

  *Reputable solution alternative*

- **Our product** [key point of differentiation].

  *States our key differentiator for this specific segment*

**This statement is the platform for all marketing and sales messages. It must be relevant, credible and true.**

**7**. Lastly, the **Vision Thing**:

It's great, yes even essential, to have a longer-term vision for your business.

But don't confuse that vision with today's imperative – to identify and deploy a compelling solution for specific customer pain points. And aim for revenue growth rates of 30-40% in those customer segments.

That's the fuel that will propel you forward onto a scalable and profitable path in the years ahead.
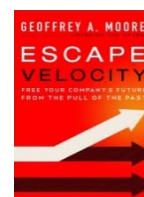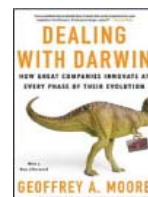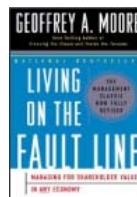
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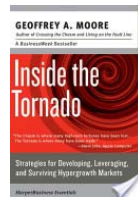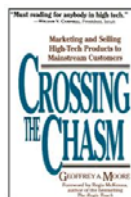
**7.** Lastly, the **Vision Thing**:

**Q&A**

**Here are 5 ways to engage with Chasm Institute:**
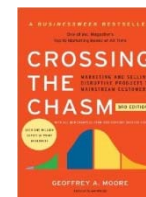
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**Break-Out Growth Projects**

**3** to **4** months

for helping CEO's and senior managers accelerate results in their strategic growth initiatives

**Action Workshops**

**1.5** days

for:

o product / market teams and product launch teams seeking to gain tools for accelerating market success

o management retreats or off-site planning meetings

**Executive Briefing Sessions**

**2** to **4** hrs

for senior leadership teams and staff meetings

**Keynote Speeches**

**1** to **2** hrs

for key conferences and annual kick-offs

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**Nupur Thakur**

Director - Programs

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- 7:45 pm – Featured Event

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Work

Meeting

Lunch

Work

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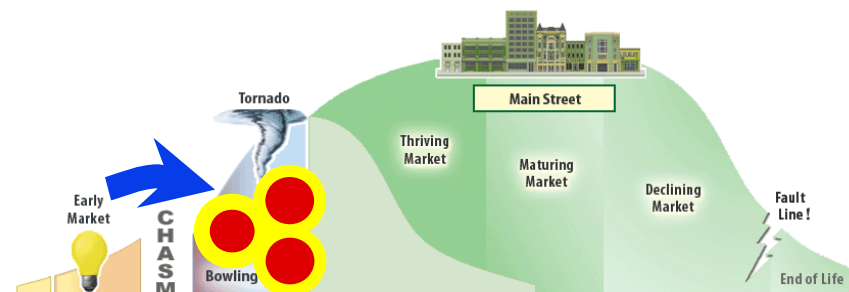# How to Successfully "Cross The Chasm" By Avoiding These Mistakes

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Silicon Valley Product Management Association

### June 3, 2015

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**Michael Eckhardt**
**Managing Director**
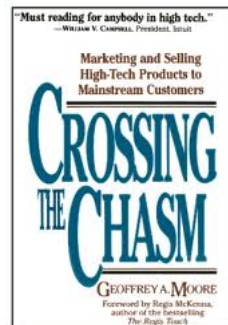
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# 7 Deadly Sins:
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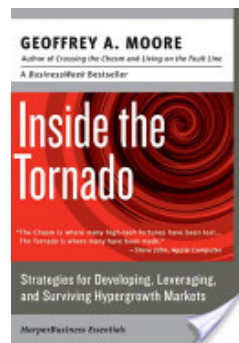# By Avoiding These Mistakes

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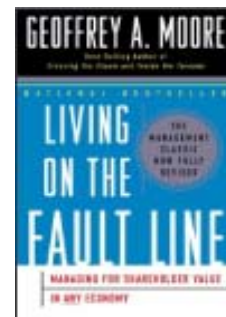**Chasm Institute** workshops + consulting are based on:
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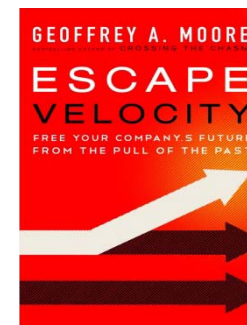- 15 yrs. of Thought Leadership in driving product / market success

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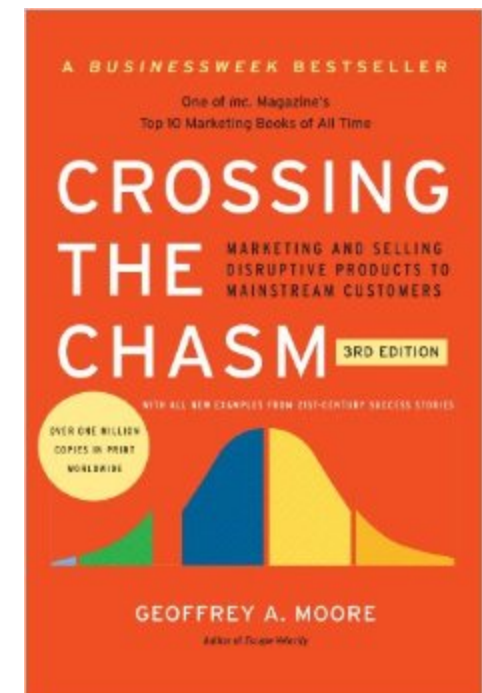
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Update: 06/03/15

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**Michael Eckhardt** – Managing Director & Senior Workshop Leader at Chasm Institute, is a veteran of HP, Price Waterhouse, Harbridge Consulting and Pepsico.

An MBA graduate of **Harvard Business School** and *Wall Street Journal* Award winner, Michael Eckhardt is a recognized expert in product management / product marketing and product launch success.  He provides clients:

➔  in Silicon Valley, the US, and Europe / Asia-Pacific
➔  with strategy workshops & practical market strategy tools
➔  for gaining (+ sustaining) leadership positions in highly-competitive markets

Michael Eckhardt has worked with over 90 technology-based businesses in 20 countries.  Founded in 1993, our clients include:  Intel, Cisco, Adobe, HP, AT&T Wireless, SAP, Agilent Technologies, Jive, QAD, LMC Data Systems, NetApp, Autodesk, Plantronics, Mentor Graphics, and other high-tech leaders.

His 3 primary areas of focus are:  tech market success, driving product launch results, and accelerating Go-to-Market outcomes.

Michael Eckhardt and his Chasm Institute senior team have worked on market strategy for winning products, services and solutions in North America + worldwide. Geoffrey  Moore is Chairman Emeritus of Chasm Institute, and Eckhardt has edited and contributed to several of Moore's popular high-tech strategy books, including the 2015 version of the best-selling **Crossing the Chasm**, with all-new tech examples / best practices for driving new growth.
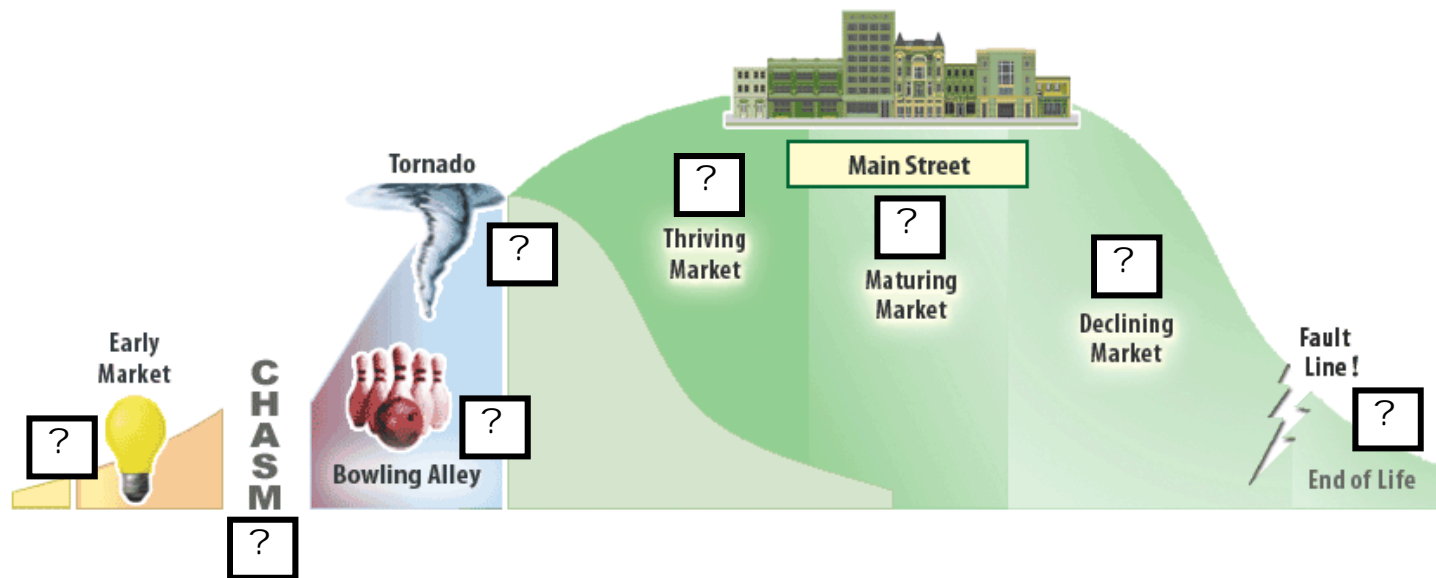
Chasm Institute provides these advanced workshops to executives + teams:

"*Accelerating Product / Market Success*"    "*Driving Go-to-Market Results*"
"*Crossing the Chasm 3.0*"                    "*Winning in Mature Tech Markets*"

... for more information please click on: www.chasminstitute.com

You Tube

**WHERE** is your key **product** or **solution** competing on the Tech Market Model in the next 12 months?
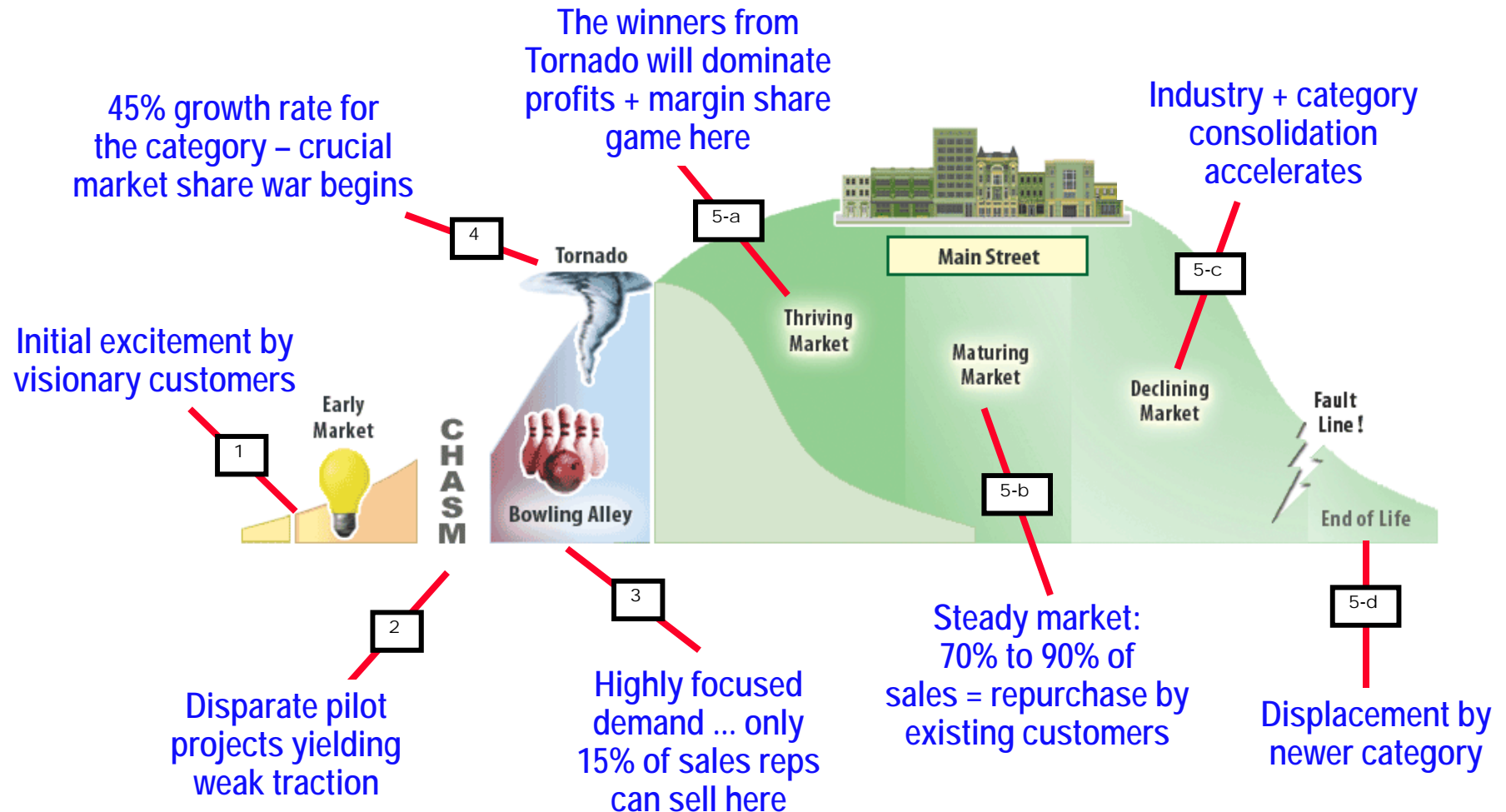
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Once we've gained accurate answers to the above question, we can then **move forward** with **greater _certainty_** + **less _risk_**:

(1)  about what we **should** and **should not** do in the market

(2)  **based on** the specific market stage we are competing in

# The Tech Market Model

There are __8 Key Patterns__ in high-tech – this session will focus on the __first 3__

45% growth rate for the category – crucial market share war begins

The winners from Tornado will dominate profits + margin share game here

Industry + category consolidation accelerates

**5-a**

**4**

Tornado

Main Street

**5-c**

Initial excitement by visionary customers

Thriving Market

Maturing Market

Declining Market

Fault Line !

**1**

Early Market

C H A S M

Bowling Alley

End of Life

**5-b**

**2**

**3**

**5-d**

Disparate pilot projects yielding weak traction

Highly focused demand ... only 15% of sales reps can sell here

Steady market: 70% to 90% of sales = repurchase by existing customers

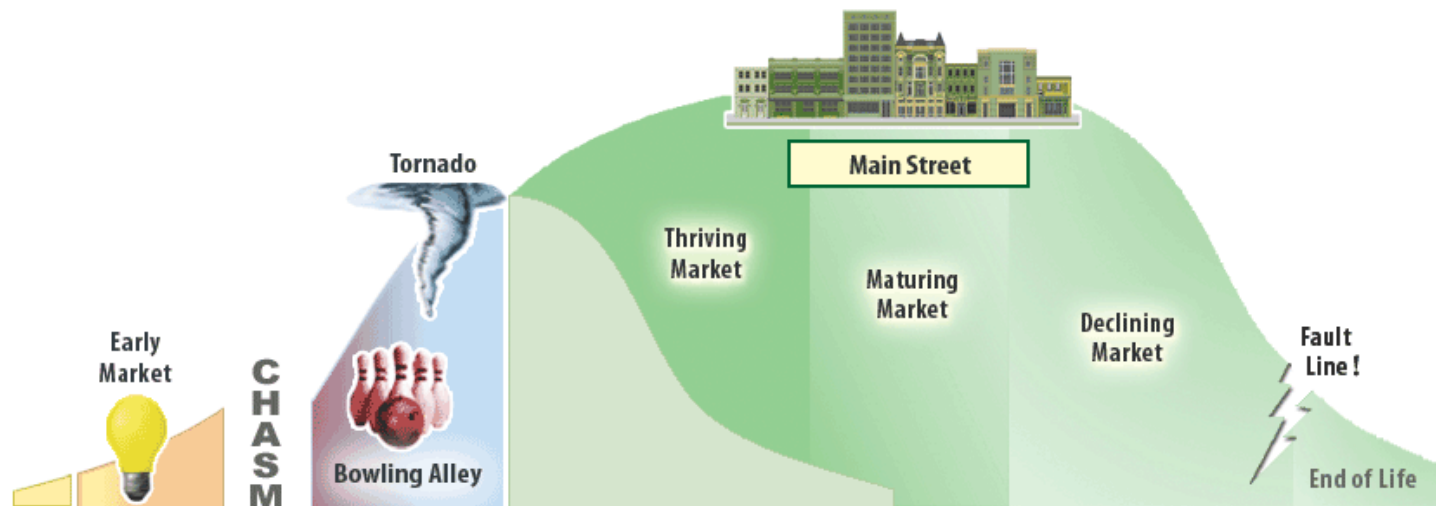Displacement by newer category

# What types of products are Chasm Institute frameworks + tools relevant for?

**Breakthrough / innovative tech products + services that compete in <u>dynamic / disruptive / highly-competitive markets</u>:**

- Software + services
- Complex enterprise solutions
- Cloud / SaaS
- Consumer products or services
- IoT solutions
- Business Services / Managed Services
- Mobile technologies

- **not a fit**: generic consumer goods, commodity food / beverages

# The Tech Market Model 2.0 (TMM)

## The TMM is a practical tool for predicting how market priorities (including key product strategy and actions, feature "go / no go" decisions, channel, pricing, messaging, and support) must *change* -- from Early Market through Main Street.
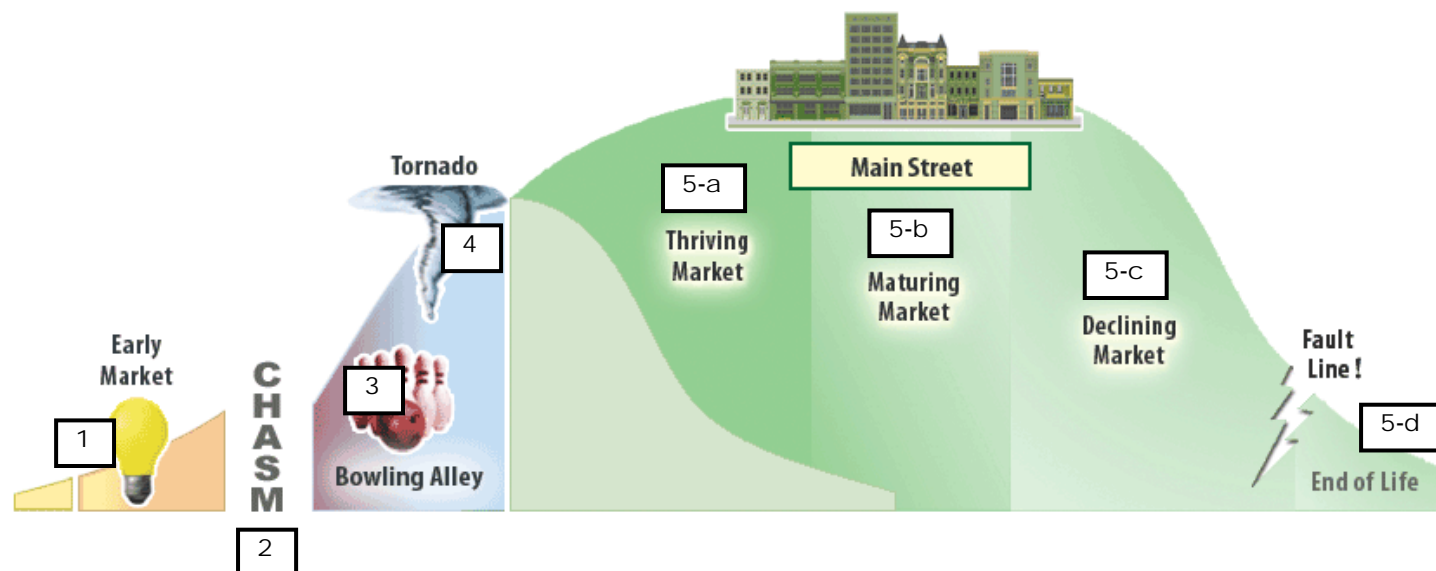
Update: 06/03/15

# Key for <u>Product / Market Teams</u> ➔ the Tech Market Model

**Two major conclusions from our 15 years in Silicon Valley / 5 books / 500+ client workshops:**

➔ **tech-based markets develop in a <u>very predictable</u> 5-stage pattern, and that**

➔ **there are 9 specific strategies that <u>must shift</u> as you move from one stage to the next**

> **Question:** <u>where</u> is your key **product** or **solution** competing on the Tech Market Model in the next 12 months **...** and which specific strategies / actions will be needed to achieve our growth goals ?

# The Tech Market Model 2.0
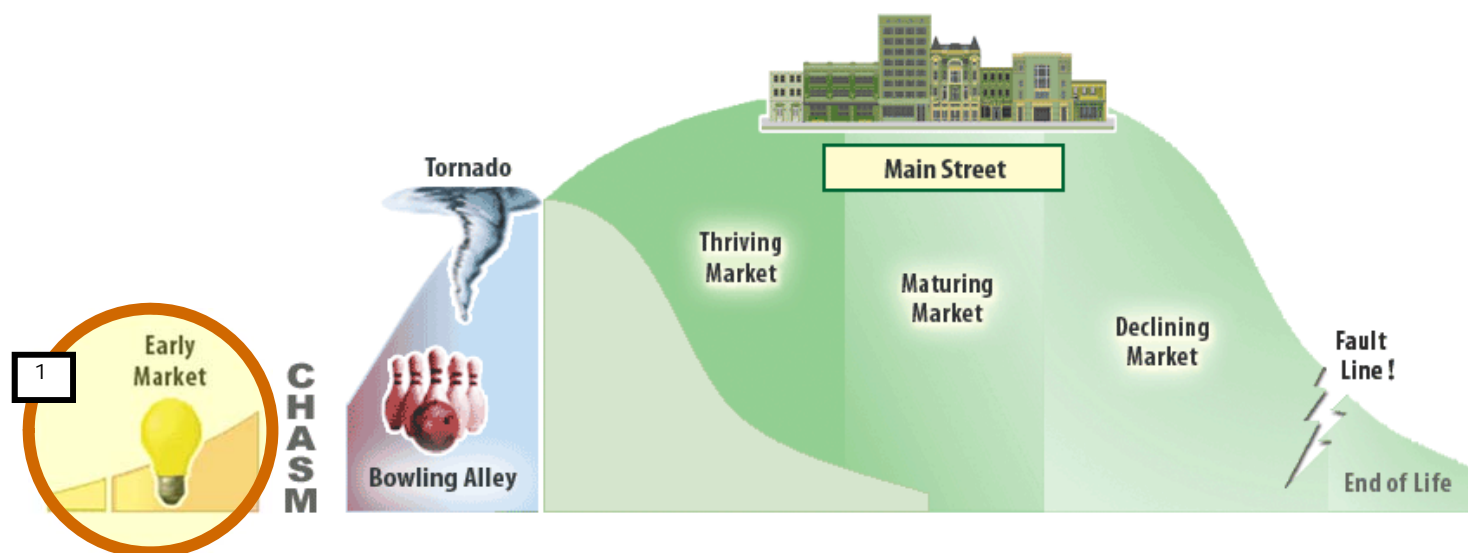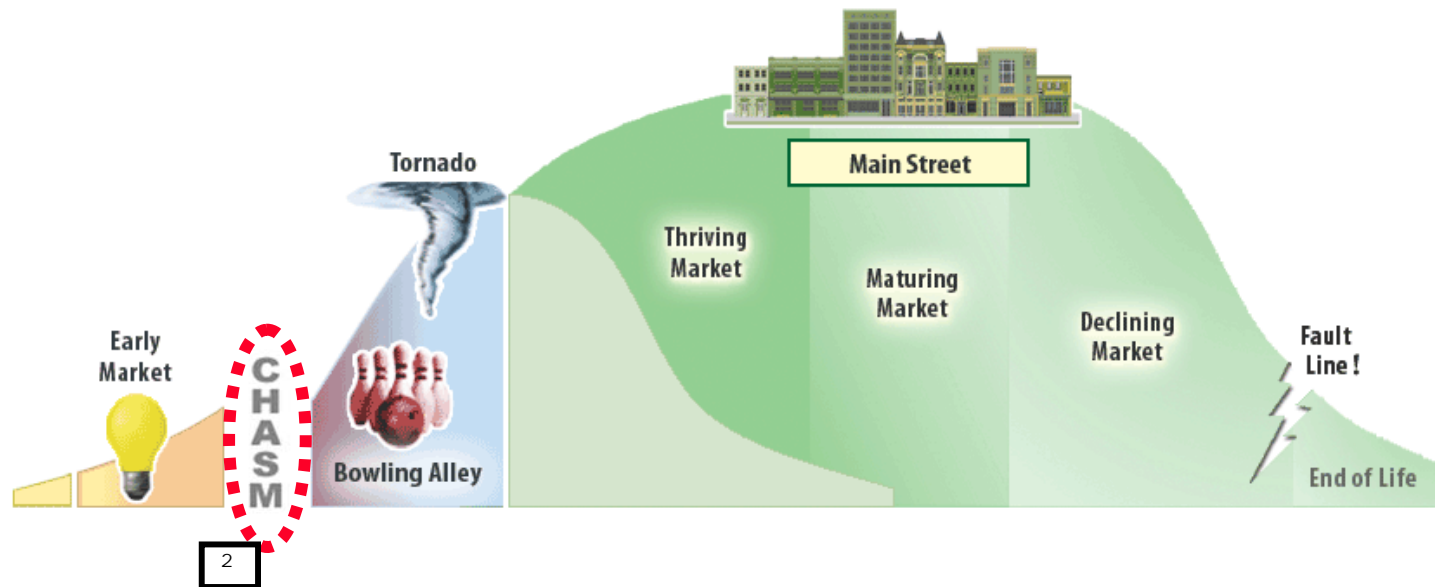
## EXECUTIVE OVERVIEW



**1** **Early Market**:  Customers are visionaries under the influence of technology enthusiasts. Each new deal is greeted with enthusiasm. Product is still immature. Whole product has to be built from scratch for each customer, including a significant amount of "special work" unique to that customer's requirements.  Looks more like a project than a product.

[ **Key**:  **watch out for tops-down forecasts that are unattainable** ]

# The Tech Market Model 2.0
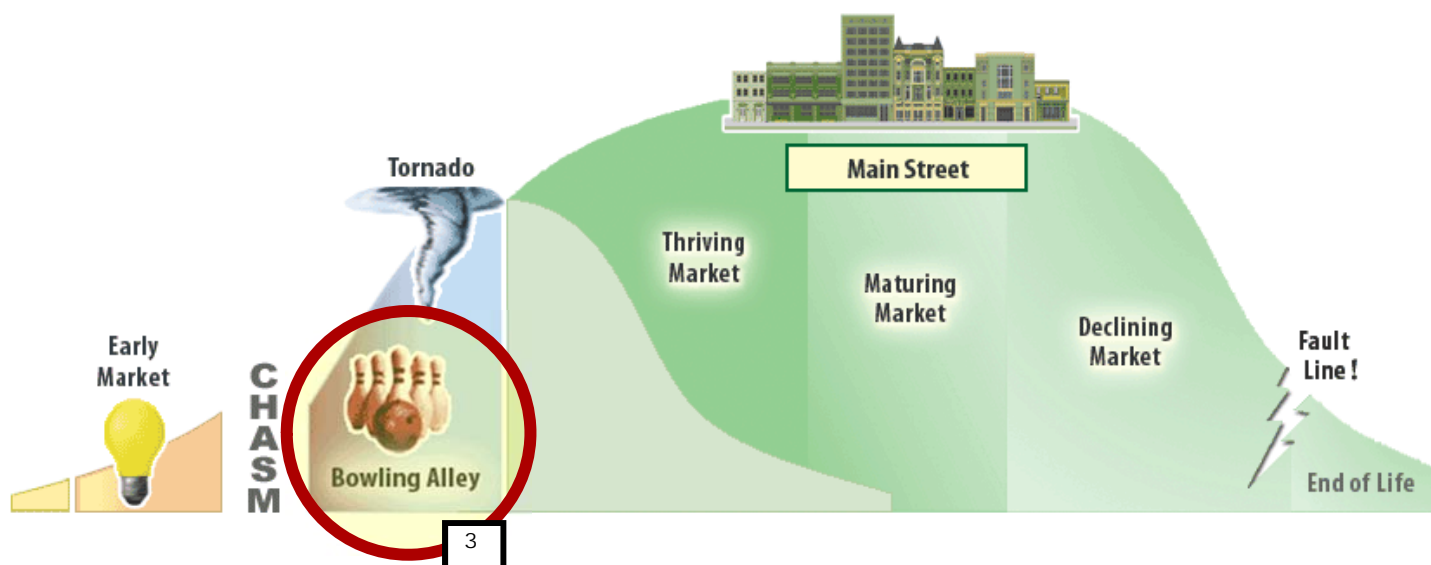
## EXECUTIVE OVERVIEW



**2** **The Chasm**: Early market commitments now absorb all discretionary resources such that you cannot offer any more "specials" to visionaries. Pragmatists, however, do not see the relevant references nor the evidence of a whole product that would make the new category a safe buy. Sales cycles are extended, and most that do close are for pilot projects.

[ **Key**: "**100% Whole Product**" **is crucial to a successful Chasm Crossing** ]

# The Tech Market Model 2.0
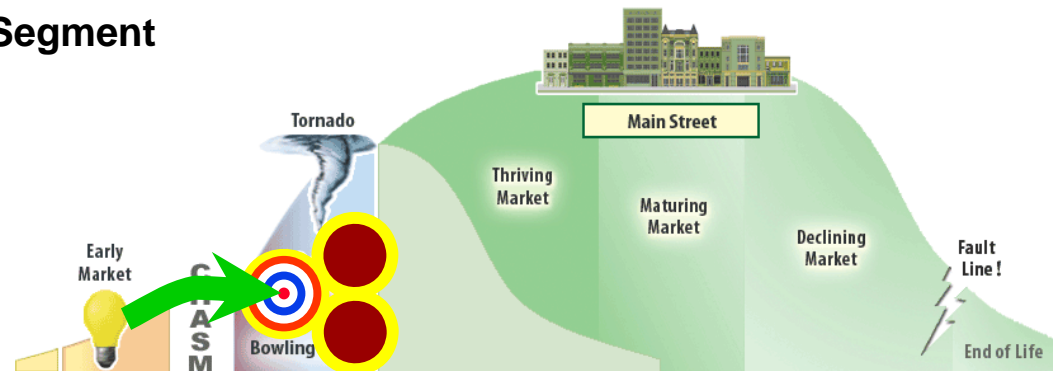
**EXECUTIVE OVERVIEW**



**3** **Bowling Alley**:  Product is endorsed by pragmatist customers within the confines of one or more segments. Sales cycles within these segments are predictable with good margins. Outside of these segments, there are only opportunistic sales, often at significant discount.

[ **Key**:  **broad sales motions will fail** ]

# Crossing the Chasm:

**Identify + Attack a Beachhead Segment**

Tornado

Main Street

Thriving Market

Maturing Market

Declining Market

Fault Line !

Early Market

CHASM

Bowling

End of Life

▸ **The Problem**:
- • 80% of many solutions — 100% of none
- • Pragmatists won't buy 80% solutions

▸ **Most frequent vendor mistake**:
- • Working on the most common overall enhancement requests
- • Never *finishing* any one segment's requirements

▸ **The Correct Solution** (**leading to success**):
- • Focus on a **single beachhead** segment
- • Accelerate formation of that segment's 100% whole product
- • *Pick a list of requirements for a specific segment – and finish it !*

---

**Dominating a market begins with dominating a segment**
**Examples: Apple, Dropbox, Salesforce, Google, Facebook, Amazon**

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# The 9-Point Market Strategy Checklist

## ... Key Tool for Clarifying Your Path Forward

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| | | |
|---|---|---|
| Focal point for everything | **1. Target Customer** | |
| | **2. Compelling Reason to Buy** | Key market driver |
| To fulfill the compelling reason to buy | **3. Whole Product** | |
| | **4. Partners & Allies** | Needed for whole product |
| Willing and able to deliver the whole product | **5. Sales Strategy** | |
| | **6. Pricing Strategy** | Whole product price consistent with customer's reason to buy, margins consistent with partner's contribution |
| For the customer's money | **7. Competition** | |
| | **8. Positioning / Messaging** | Relative to competition |
| Next move | **9. Next Target** | |

## This template is key for all new venture companies

# 7 Deadly Sins:
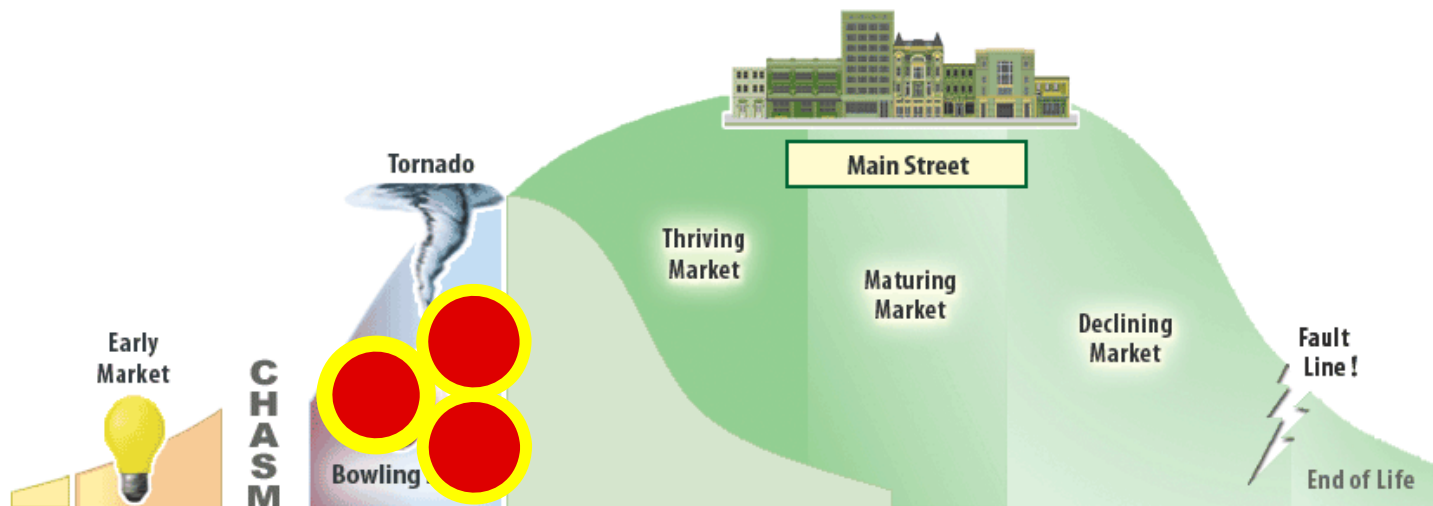# How to Successfully "Cross The Chasm" By Avoiding These Mistakes

**1. Target Customer Mix-up**:

If you're in the Early Market and ready to move beyond it – don't just ask your current customers what they want or need. Instead, gain insight from Mainstream customers who have not yet adopted – since they are your target in the coming 12 to 24 months and beyond. We've seen companies suffer $1 billion losses due to this avoidable mistake.

# The "7 Deadly Sins" to Avoid

**1. Target Customer Mix-up:**

**2. Compelling Reason Confusion:**

The catalyst for driving adoption by mainstream customers is to understand the target customer's "Compelling Reason to Buy."

Do not confuse that with "Compelling Reason to Sell." The latter is your problem, and the customer doesn't care about that.

☞

# Compelling Reason
# to Buy (CRTB)

**Describe in 20-40 words the specific CRTB priorities for this particular
target customer, in their relevant TMM phase, during the next 3-12 months ...**

## Customers in this segment
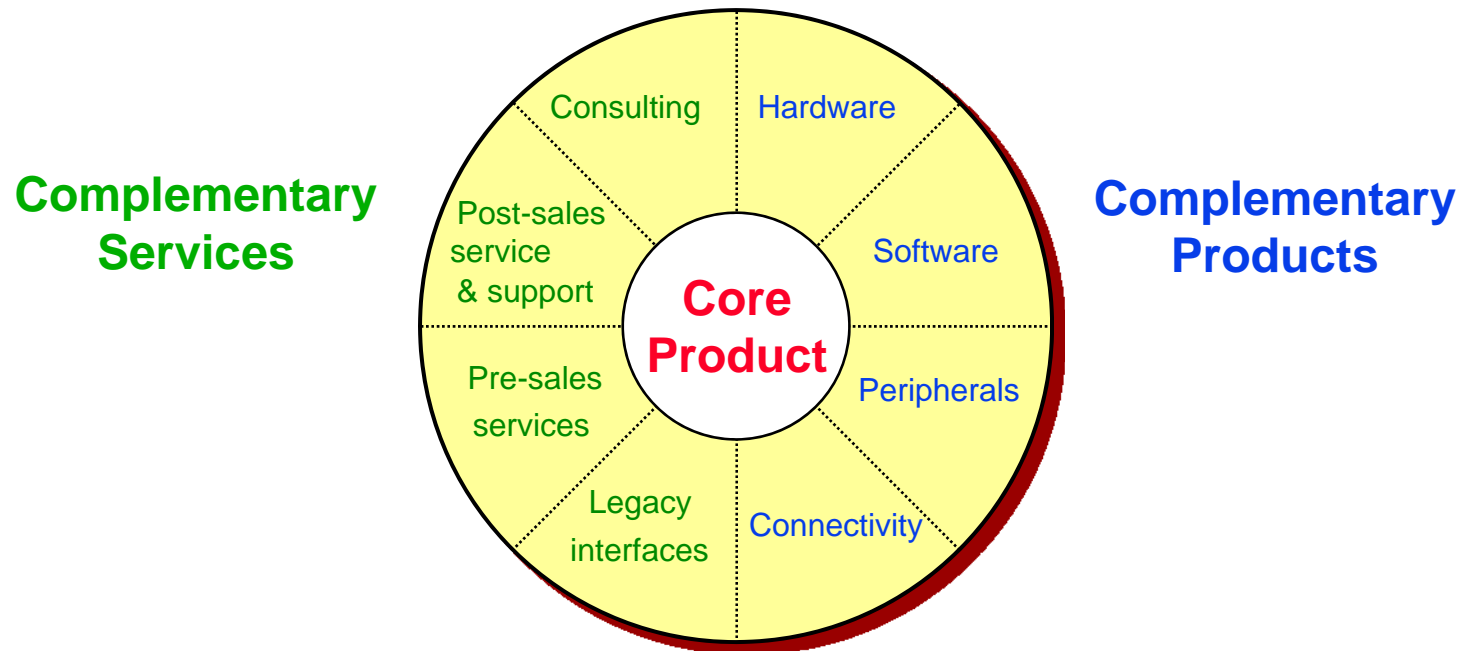## will now be better able to:

o ☞

o ☞

o ☞

### 3. Whole Product Perfectionism:

If you're waiting until you have the perfect product before you launch into the main marketplace – surrender now.

To successfully cross the chasm, we advise clients to focus on initially delivering MVP (Minimum Viable Whole Product). That's the least complex solution that fulfills the target customers' compelling reason to buy.

Stop thinking about "what else to add in," and consider subtracting features to simplify the buy / install / use process.

# The Whole Product Model

**Complementary Services**

**Complementary Products**

Consulting

Hardware

Post-sales service & support

Software

**Core Product**

Pre-sales services

Peripherals

Legacy interfaces

Connectivity

This "wheel" may need to contain many other components to achieve MVP

In Chasm Crossing – **MVP** is crucial ... and often more about subtraction than addition !

## Whole Product  =  Core Product + Key Enablers

Update: 06/03/15

## 4. Overdoing Sales Training:

Just because you are excited about your new product or service doesn't mean everyone must be trained on it.

If you truly have a new breakthrough product (i.e. a disruptive innovation), then experience tells us that less than 15% of your sales team will account for 80% or more of first-year sales – so don't train everyone right away.

Instead, double-down on training and incentives for a small "Tiger Team" of sales pros who have the right mix of consultative skills, motivation, and energy – and limit the rest to "awareness training" in that first year after launch. Avoids wasted training time and money.

Update: 06/03/15
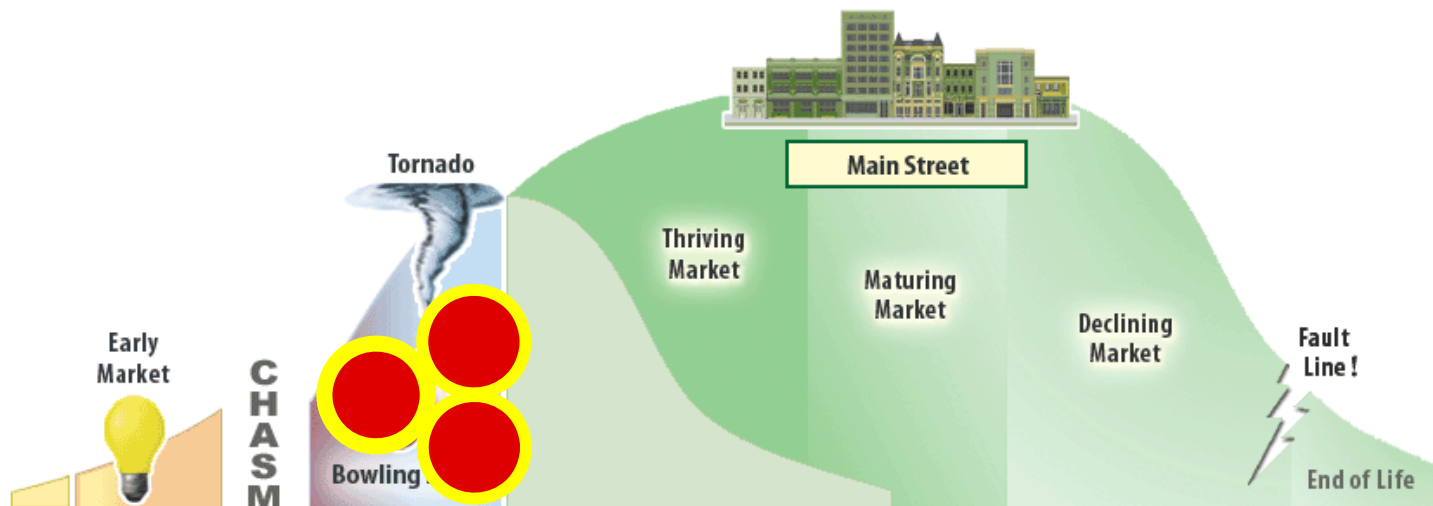
## 5. Pricing Misstep:

The road is littered with businesses that thought cutting price by 15% to 20% would help them cross the chasm. Sadly, price elasticity is muted at this stage of the market.

Yes, you need a reasonable price, but reducing it further will likely not cause unit sales growth – it will just damage margins. Instead consider reducing adoption risk for these pragmatist buyers by offering a performance guarantee or an attractive low-risk financing package.

# The "7 Deadly Sins" to Avoid
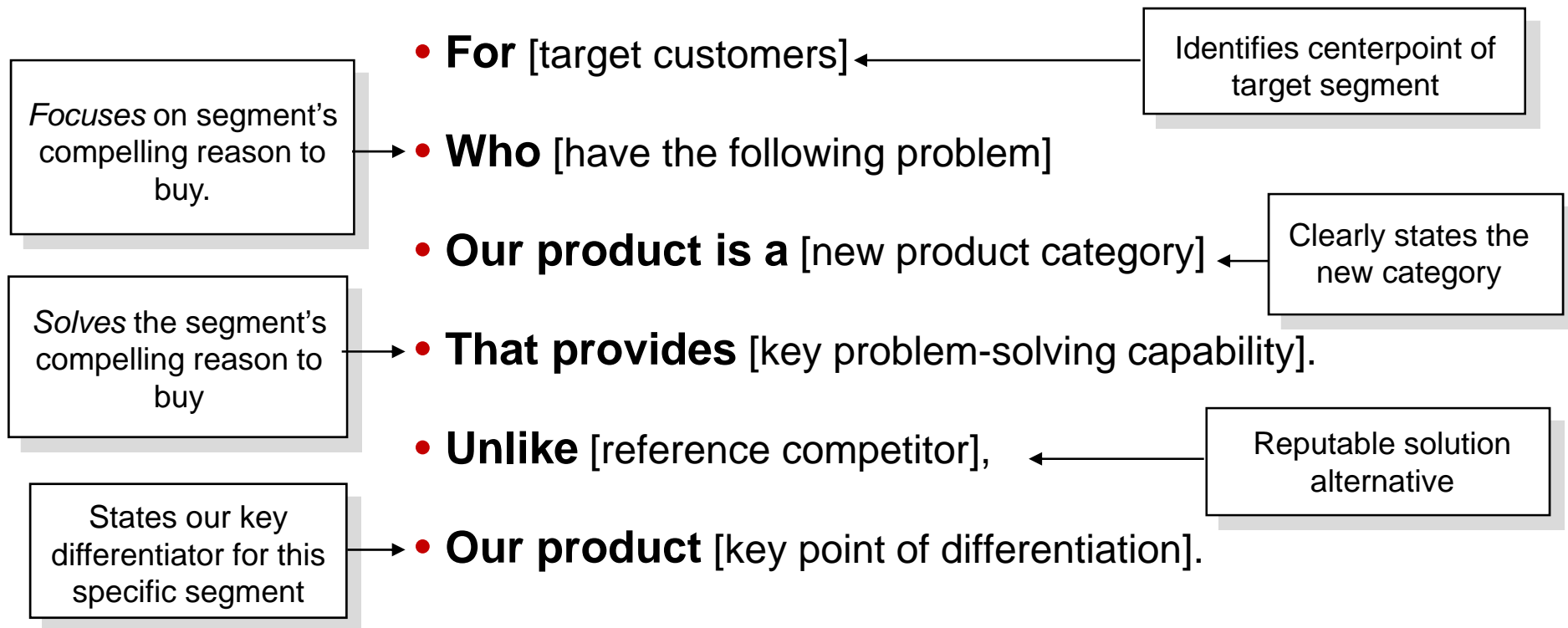
## 5. Pricing Misstep:

Update: 06/03/15

**6**. **Weak Messaging**:

For a B2B message to be effective, it needs to be well articulated in 75 words or less. For B2C -- 20 words or less.

And be very cautious of thinking in terms of "unique selling propositions." Unique could imply weird or different. Instead, communicate a *superior* selling proposition.

Software companies in particular struggle with this, as many use a plethora of terms that end in "ility" and "ivity" (agility, manageability, productivity, connectivity) -- yet miss the mark in communicating how their key solution is truly superior to that of competitors.

Update: 06/03/15

# Positioning Statement Template

**ChasmInstitute**

Identifies centerpoint of target segment

- **For** [target customers]

*Focuses* on segment's compelling reason to buy.

- **Who** [have the following problem]

Clearly states the new category

- **Our product is a** [new product category]

*Solves* the segment's compelling reason to buy

- **That provides** [key problem-solving capability].

Reputable solution alternative

- **Unlike** [reference competitor],

States our key differentiator for this specific segment

- **Our product** [key point of differentiation].

**This statement is the platform for all marketing and sales messages. It must be relevant, credible and true.**

Update: 06/03/15

**7**. Lastly, the **Vision Thing**:

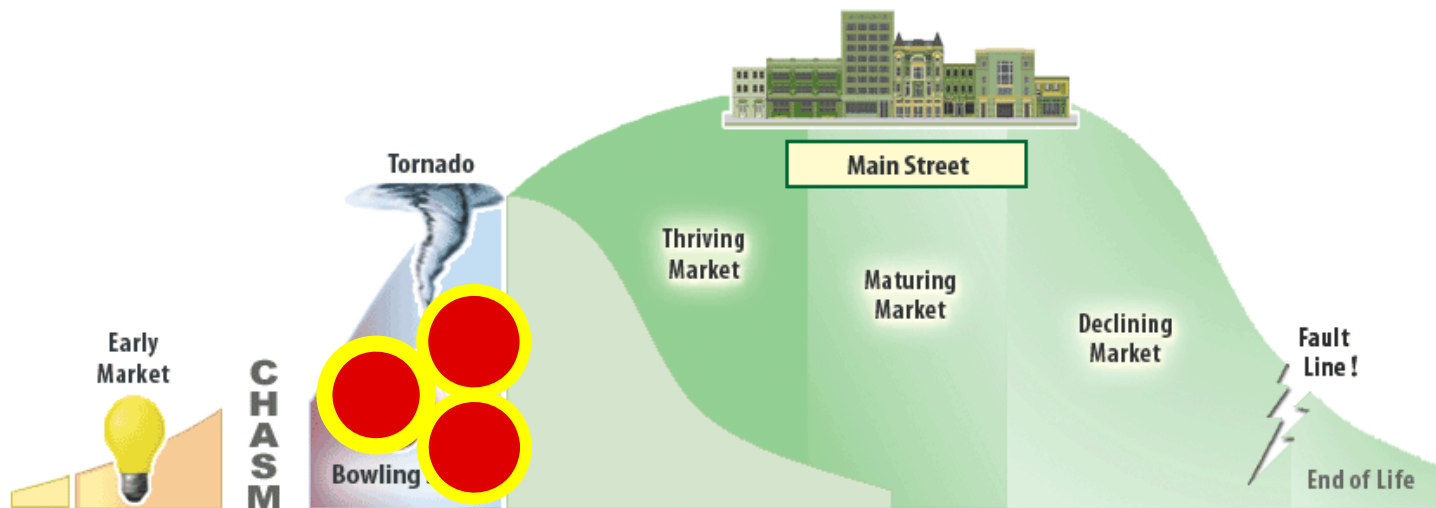It's great, yes even essential, to have a longer-term vision for your business.

But don't confuse that vision with today's imperative – to identify and deploy a compelling solution for specific customer pain points. And aim for revenue growth rates of 30-40% in those customer segments.

That's the fuel that will propel you forward onto a scalable and profitable path in the years ahead.
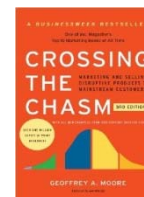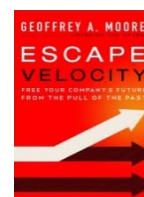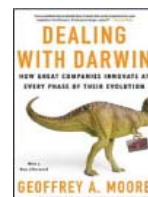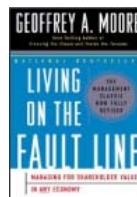
Update: 06/03/15

# The "7 Deadly Sins" to Avoid

**7.** Lastly, the **Vision Thing**:

Update: 06/03/15

# Q&A

# Here are **5 ways** to engage with Chasm Institute:

ChasmInstitute

## Our Books + Blogs

Over **2** million books purchased by individuals + companies

## Keynote Speeches

**1** to **2** hrs

for key conferences and annual kick-offs

## Executive Briefing Sessions

**2** to **4** hrs

for senior leadership teams and staff meetings

## Action Workshops

**1.5** days

for:

o product / market teams and product launch teams seeking to gain tools for accelerating market success

o management retreats or off-site planning meetings

## Break-Out Growth Projects

**3** to **4** months

for helping CEO's and senior managers accelerate results in their strategic growth initiatives

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