

The Trapped Value Playbook

Creating and Closing Multimillion Dollar Deals



The concept

Most ROI comes from productivity improvements, and most productivity improvements come from releasing trapped value. The reason is simple. All systems trap value all the time, the only question is, where is it getting trapped today? That is, systems are implemented to help make people more productive than they were, and they do so with varying degrees of success. But to whatever degree that success has been achieved, that simply resets the bar. The old bottlenecks have been addressed, but that just surfaces the new bottlenecks. There is no such thing as a system with no bottlenecks (see Second Law of Thermodynamics 😊), so there is always the opportunity to release trapped value.

Let me give some examples:

- On a macro scale, much of the trapped value that IT released in the 1980s and 1990s was in the supply chain. The technology that broke through the bottlenecks of communication and coordination included ERP systems for global commerce, the internet for global communications, and client-server infrastructure for standardized universal enablement.
- In the 2000s attention shifted from the supply chain to the delivery chain with a focus on consumer markets, and especially those that dealt in services and digital goods. Here traditional media, broadcast advertising, and retail distribution, as powerful as they all were, represented massive waste as well as lost opportunity because they could not close the loop with the prospect nor serve them in the moment they were ready to transact. Smart mobile devices, cloud computing, machine learning, predictive analytics, real-time

transaction processing, and home delivery were able to close this loop and thereby transform whole swaths of the consumer economy.

- In the current era, at the macro level, the trapped value of highest priority has shifted back to enterprise markets, in particular those that require professional engagement to deliver products, sales, services, and customer success. Here generative AI and data amalgamation look to be game-changing resources, the former enabling untrained users to interact directly with the most sophisticated IT systems available, the latter feeding those systems with an ever-broadening stream of real-time data and transaction history. The trapped value to be released is tied to the current lack of user empowerment in the moment of engagement. That is, while predictive AI has for some time been able to come up with the right answers, most professionals are unable to access that help in real-time; and while ML and AI could be fed some of the data it craves, much more was trapped in data silos and thus not available in any timely manner. As a consequence, although we have had *business intelligence* for some time, we have largely been unable to translate it into *operational intelligence* in a scaled way.

There is one final point to make at the macro level before we transition to major account selling. How does releasing trapped value translate into customer return on investment, and how does that in turn help vendors set a good price? Here's the deal. If you help your customer release a dollar of trapped value, they are happy to give you a dime. If you ask for fifteen cents, they hesitate, if you ask for twenty cents, they begin to think you're gouging. So, let's use ten percent to set our sights if for no other reason than it makes the math easier. The equation is simple. You want a million-dollar deal? Find a way to release ten million dollars of trapped value. You want a ten-million-dollar deal? Find a way to release a hundred million dollars worth. You want a hundred-million-dollar deal? Find a way to release one billion dollars in trapped value. Yes, these are very large numbers, but the larger the target enterprise, the more plausible they become, so this playbook is directed toward the Global 2000 and the public sector, two places where billions of dollars of trapped value are commonplace.

Creating the multi-million-dollar deal

So much for the macro level. Multi-million-dollar don't happen there. They happen at the level of specific accounts, in specific industries, in specific geographies, at specific points in time. The question we need to answer is, how does trapped value show up locally?

It turns out this is a tough question to answer. After all, it is not as if your prospects haven't been trying to improve their productivity already. Nonetheless, simply by asking the question from an outsider's perspective, and by being intellectually curious as to where the real answers might lie, account teams can bring unique value-add to their target customers. Specifically, they can help construct a *trapped value map*.

A trapped value map is analogous to what oil companies create when their exploration & production divisions are prospecting for petroleum reservoirs. It's very expensive to come up empty in that business, and so they invest considerably in seismic studies before they commit. By contrast, how many sales interactions have you witnessed where the team, to stick with the oil

industry analogy, begins by presenting their drilling history, then demos their oil rigs, and then, because they always want to be closing, asks the prospect when they can get started drilling? They call it “solution selling,” but they don’t even know what the problem is.

Co-creating a trapped-value map

The goal is to co-create this map with your target customer. They are stuck, so they need you to help them get unstuck. But you need them too, not only because they have the domain knowledge as to where the bodies are buried, but also because it is their buy-in that will drive the deal. Both of you need to bring imagination, intellectual curiosity, and attention to detail to this effort because it won’t be easy. Wherever the trapped value is, it is not obvious, or it would have already been detected and dealt with.

One way to start the journey is to begin by just asking people. You want to engage with a cross-section of managers, work teams, and executives. In each case, the dialog is informal, the questions you pose are open-ended. Start with “What is working well?” Be sure to capture their answers because this is the stuff you will likely want to protect. Then move on to, “What is holding you back?” Sometimes they know and can tell you, sometimes they know but are reluctant to tell you, and sometimes you just have to hold up a mirror so they can see it for themselves. Regardless, you need to spend time walking in their shoes, observing what they do, inspecting the way they are using their systems, and just as importantly, how their systems are using them. You need to bring a beginner’s mind and design thinking to develop a fresh perspective that could support taking novel actions. Specifically, you are looking for the intersection of their trapped value with your disruptive innovation, the one that will release the trapped value, the place where you will drill for oil.

To give you a closer look at the work involved, here is an outline for a typical trapped value discovery workshop:

- *Kickoff*
 - Explain the concept of *releasing trapped value* as the foundation for *ROI*.
 - Use the example of Amazon Prime as compared with brick-and-mortar retail, or the example of Amazon Web Services as compared with enterprise data centers.
 - Share personal experiences of trapped value—e.g. stuff that gets in the way of you doing your best work or getting things done expeditiously.

- *Brainstorm trapped-value bottlenecks in your enterprise’s operating model from multiple points of view, including those of:*
 - A customer
 - A customer-facing employee
 - An internal-facing employee
 - A partner
 - An investor

- *Identify bottlenecks in your overall industry’s operating model, examining things like:*
 - Resource-consuming regulatory regimes
 - Fragmented installed bases
 - Locked-in customers
 - Process steps that add more cost than value

- Dropped connections due to latency delay
 - “Brittle” communication mechanisms that cause outages
 - Absence of telemetry and lack of available data
 - Prioritization disconnects leading to poor implementations
- *Prioritize bottlenecks in terms of potential ROI from removing them:*
 - Target the “big rocks”
 - Don’t “major in minors”
 - Don’t try to solve these problems yet
 - Do try to quantify them and put them in rank order
- *Double-click on the top priority items:*
 - Employ a “Five Whys?” approach to begin to get at root causes.
 - Identify “interventions” that could materially improve things.
 - Discuss past attempts that may not have succeeded.
 - Discuss the potential impact a disruptive technology could have
 - Discuss customer examples or war stories that reflect successes.
- *Summarize and outline next steps.*

Sometimes you may find that the trapped value is glaringly obvious, but that might just mean you don’t really understand the trap. In other words, if the right answer is staring everyone in the face, but no one is doing anything about it, then it is likely for some reason there is no permission to pursue it. It may be political, it may be cultural, but intransigent resistance to change is at least part of the problem. Now, do you still want your multi-million-dollar deal? Well then, you not only will have to break the bottleneck at the operational level, you’ll have to solve for the change management problem as well.

That said, keep in mind that your goal at this point is not to solve the problem. Rather, it is to understand it deeply. You are doing diagnosis, not prescription. Eventually, you will convert to prescription, but know that when you do, you will also be capping the size of the deal. That is, one of the barriers to closing a multi-million-dollar deal is to close a million dollar deal instead. Everything has to close eventually, and sometimes the right thing to do is to take the million dollar deal (or the one hundred thousand dollar deal, or even the ten thousand dollar deal) today, and kick the multi-million can down the road. But don’t kid yourself. You don’t get a lot of bites at the apple, and the probability is, once you have set your price envelope, it will not get expanded any time soon.

The trapped value map, by contrast, represents an open-ended narrative, one that can be taken on in chapters, with more to come. At present, we don’t know what the answers will be. Nobody does. We are just assessing whether the problem is material enough to spend the time, talent, and management attention necessary to come up with a feasible solution. Facilitating this assessment is a gift that the account team can bring to the prospect. When conducted with integrity and skill, it positions your company as a trusted advisor, regardless of whether this particular effort bears fruit or not. That’s because you and the customer have been sitting on the same side of the table, working together to co-create something that uniquely describes their challenges in a way that makes them more actionable to address.

Transitioning to the Proposal: Co-creating a V2MOM

A great way to transition from the trapped value map to a full-on proposal is to use the V2MOM framework as a template for getting everyone on the same page. Working one-on-one with your customer sponsor, or in an ideation workshop with a small customer team, address the following:

- Vision. What is the outcome we are seeking to bring about? Where is the trapped value today? What will things look like once the trapped value has been released? Why is this a big deal?
- Values. What values get realized if we accomplish our vision? One of these should highlight the financial ROI, but the others can be more qualitative. Will this effort improve our ability to deliver on our mission? Will it help us fulfill one of our brand promises? Will it free our workforce to be more effective? Will it help us recruit and retain the talent we need?
- Methods. What are all the things we have to get done in order to secure the outcome promised by our vision? The goal here is to describe the *whole product*, which includes not only whatever products and services are funded by the proposal but also any other deliverables from partners or from the customer team itself that will be required to achieve the desired outcome.
- Obstacles. For each method in the whole product, what are the challenges we anticipate having to overcome? What is our current thinking about how we will do so?
- Measures. What are the measures that will confirm we are realizing the outcome promised in our vision? What are the intermediate milestones that will ensure we are progressing toward that goal in a timely fashion?

It is hard to overestimate the positive impact of doing this work with the customer prior to developing a proposal. Not only does it get everyone on the same side of the table, all pulling together, but the level of confidence that the vision can be achieved goes way up, as does the sense of inclusion resulting from simply being heard.

Converting the V2MOM into a formal proposal

Creating major proposals is something account teams do for a living, so we don't need to address all that here. What is needed, however, is a playbook that constructs that proposal from the outside in rather than from the inside out.

Bad proposals are all about you. They are inside-out presentations and documents that explain what a great company you are, how wonderful your products are, how many references and endorsements you have, why you are so superior to the competition, and why all those bad things they say about you aren't true. Just remember one thing—*nobody cares!*

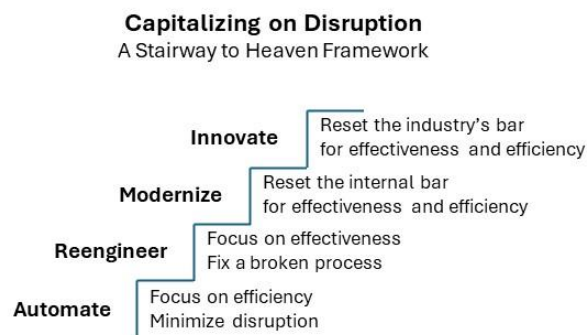
Great proposals, on the other hand, are all about the customer:

- They start with grounding everyone in the problem to be solved or the opportunity to be captured. They do so in an authentic way that is neither slanted nor self-serving but genuinely positions the customer to make good, if challenging, choices.
- They “size the prize.” The co-creation team gives its best assessment of the trapped-value costs it seeks to eliminate as well as the unrealized gains it seeks to achieve. Taken together these constitute the targeted ROI and set the 10X mark for positioning a fair price for the solution.
- They map the solution to the problem, not the other way around. Each plank in the proposal has a clear reason to be, all based on releasing trapped value.
- They address the whole product, focusing on the sold products and services, but also including both the roles of partners and allies and their responsibilities to the customers themselves, thereby giving the customer a complete picture of what it will take to succeed.
- They position the proposed solution relative to reference competitors who represent the best alternatives to what is being proposed. These alternatives are honored for what they are. At the same time, the proposal makes clear why they fall short and why what is being proposed is preferable instead.

Building a Stairway to Heaven

Multi-million-dollar deals have grandiose objectives that capture the minds and hearts of visionaries, raise skeptical hackles with pragmatists, and scare the pants off of conservatives. Getting them funded normally requires building a coalition of the willing across all three constituencies. The framework for so doing is called a *stairway to heaven*.

Here’s the framework:



The point of the framework is that all four steps will play a part in capturing the total ROI from the proposal. Conservative personas will be most interested in the bottom stair, pragmatists under duress, the second one up, pragmatists with options, the third, and visionaries, the topmost. To build the kind of coalition of the willingness necessary to fund a multi-million dollar deal, you meet with as many key stakeholders one-on-one as you can, directing their attention to the stair that is of

most interest to them, and showing how the plan will meet their needs, when and where that stair is expected to be addressed, and what measures will verify and validate that this has been achieved.

Conclusion

Freud is famous for saying, “Sometimes a cigar is just a cigar.” The same is true of frameworks. By themselves they achieve nothing. People do all the work. But people can often work at cross purposes not only for each other but for their intended objectives as well. Good frameworks can help them align to be more effective, and with that thought in mind, let me wish you and your team great success.

That's what I think. What do you think?