



How to Succeed in the **U.S. Market**

Revised for the New Global Reality



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PREFACE

In 2012 INTSOK commissioned Pierpont Communications and lead researcher, Denise Patrick, to do a study of 75 INTSOK partner companies already established, or in different stages of entering the US market through Houston. The purpose was to map their market entry experiences, dating from the late 1990s and up to 2012. The study resulted in the INTSOK report Experience Mapping - How to Succeed in the U.S. Market - Lessons Learned published in May of 2013. The analysis was based on a quantitative survey amongst all participants, followed by a series of in-depth interviews with a select group of participants.

A major finding in this research was a lack of INTSOK partners companies' understanding of the differences between the Norwegian and the US markets. Specifically, the report found the value propositions developed for US customers did not take into account the real differences in the market economies and buyer behavior. There was cited a significant potential for improvement. As a direct result of this, the INTSOK US office has since developed and delivered a number of Value Proposition Workshops which have consistently received high ratings from INTSOK partners.

The original INTSOK report has now been updated and complemented with a whole new section, focused on helping INTSOK partners customize their market entry strategy, particularly for the US market. This new "hands-on" section is the outcome of the knowledge shared by INTSOK members during a 2-year series of Value Proposition Workshops along with additional numerous experiences reported by INTSOK partners approaching the US market.

Read through Part 1 of this report to see what others have learned as they approached the US market and use Part 2 as a guide and tool to prepare yourself and avoid many of the pitfalls you may encounter.

ACKNOWLEDGEMENTS

INTSOK wishes to thank Denise Patrick, Managing Director, Energy Market Access along with INTSOK US Country Manager John Hurter for their marketing research efforts in gathering these experiences and transforming them into a valuable workshop tool.

INTRODUCTION

INTSOK has been supporting its members in the Houston market since 1998. During this time hundreds of member companies have established and grown their businesses in the U.S. with many more investigating the possibility.

Our objective in undertaking this research project was to dig into the real world of internationalization. We wanted a firsthand view of the complex blend of successes and setbacks members experienced on their journey from the North Sea to the Gulf of Mexico and beyond. If possible, we wanted to uncover a fundamental set of actions and reactions that could be shared and used by new entrants to the U.S. market as well as by those experienced players who want to accelerate their current rate of growth. In effect, we wanted to create a map each reader could use to highlight what was beneath the surface of hype and myth; supposition and reality. We wanted to help pass along the stories of lessons learned by those who had gone before.

The U.S. market has long been considered, in many respects, to be more accessible than other oil and gas markets in countries that have set up difficult regulatory and protectionist environments or where there are strong elements of corruption and political unrest. In principle, this market is open and fair. Setting up and conducting business is fairly straightforward. On the other hand, INTSOK members will face extreme competition. Oil and gas companies in the U.S. are often conservative in their buying processes and it can take hard work for new ideas and technology to gain a foothold with these customers. As commodity prices continue to cycle through market changes, being able to mitigate your risks as you enter new markets is crucial to success. This research project was designed to uncover exactly what it takes to gain that foothold and accelerate expansion into one of the most lucrative energy markets in the world.

METHODOLOGY

In an effort to accurately measure member experiences in the United States market, the research team conducted confidential in-depth interviews with select INTSOK members, along with customers and other stakeholders in the market beginning in 2012. These findings were supplemented with a 26-question quantitative survey. The quantitative survey had a 70% response rate and a 99% response rate was achieved during the qualitative research process, affected only by conflicting travel schedules. The qualitative findings have also been verified through additional interviews conducted with INTSOK members during 2013-2015.

The qualitative and quantitative research process was designed to capture and measure four key components:

1. Who the company is – overall background and makeup
2. What decision factors were considered before entering the U.S. market
3. How the company made the actual move
4. How they made it work (or what they learned did not work)

Upon receipt of the quantitative survey submissions, the numerical data was gathered and examined in relation to these four key components. Findings were then analyzed and cross-referenced to identify overall patterns in the responses. These patterns were also cross-referenced with the data collected from the in-depth interviews conducted during the qualitative research process.

The qualitative intelligence interviews uncovered eye-opening intelligence regarding success factors and lessons learned from the participating INTSOK member companies as well as revealing underlying reasoning, motivations and emotions. Through the course of many hours of interviews, participants felt at ease and were willing to share the experiences and knowledge they had gained on their journey of internationalization.

KEY FINDINGS

Norwegian oil and gas suppliers and service companies are invested in internationalization and are drawn to the opportunities in the U.S. market.

Classically, the decision process begins with an unsolicited U.S. inquiry, an industry report forecasting U.S. growth or a suggestion by the Board to look at North America for additional growth opportunities. Then, a few trips are made to the U.S. to meet with potential companies. Usually, it is not hard to set up these meetings. American companies are almost always interested in learning more about Norwegian technology that might offer them a competitive edge. A PowerPoint presentation is produced based on the work done in the North Sea and presented to the U.S. company. There are smiles and handshakes exchanged and the meeting is over. This initial “positive” reception is often misinterpreted by the Norwegian company as a strong intention to buy and reported as such to their peers in Norway. With this unverified “market research” in hand, the decision to open an office is made without the planning necessary to develop a clear strategy with reasonable goals, budgets, timelines, along with measureable and timely success metrics.

No one fully understands the size, depth and complexity of the competitive landscape and buying processes in the U.S. international market.

There are hundreds more competitors in the U.S. market than in Norway. Norwegian companies will face direct technical competition as well as strong economic forces designed to keep the current solutions and providers in place. They will also be confronted with a completely different attitude toward competition in the states. You are expected to actively compete and persuade your prospects that you are the better solution – not just from a technical or engineering viewpoint but also from a financial one. Credibility is very important to an American buyer. Experience is valued much more highly than innovation. As someone new to the market, you will be expected to actively demonstrate how you will deliver on your promises and meet the terms and conditions outlined in the contract. You must be able to answer the question “How can I trust you?” Many Norwegian companies are not aware this “testing” begins with the first impression and are not adequately prepared to address the customer’s current needs and business objectives. Unfortunately, they are often eliminated before they even get out of the gate.

You may underestimate the differences in the business culture.

Norway has been very successful in building the infrastructure to encourage innovation in their natural resource-based economy. This has resulted in Norway's oil and gas community becoming almost exclusively "technology-centered" as opposed to the dominant American "profit-centered" business culture. Understanding the fundamental differences in the ways capital flows through different international markets is very important to being able to tell your story to U.S. buyers. There are other unique traits to U.S. business culture. For example, many customers expect 24/7 access to their suppliers and require a consistent rapid response time. Also, unions are not prevalent in the U.S. with most states, such as Texas, classified as "right to work" states – meaning you can hire and fire at will. Vacations and sick days are also much more limited in duration. To be successful here, it is crucial to adapt some of your business practices to the accepted norm.

You will need to develop the marketing and sales skills necessary to succeed in the U.S. market.

Marketing and sales are at the heart of a hyper-competitive economy such as the international oil and gas market. At its most basic level, marketing is required to build awareness of your company's value proposition. It is a market with cluttered with competitive messaging. Much more is needed than a pleasing brochure and strong graphics. Speaking engagements, public relations, crisis management, trade shows and conferences, and website activities are all crucial to telling a story that will be noticed and remembered by your potential buyers. They do not have time to meet with everyone who wants to sell them something, so buying groups rely heavily on information they gather from industry media and sources when deciding on who to include on a list of possible vendors. In most cases, the U.S. market will not be aware of your reputation in the North Sea or with Statoil. Without awareness, U.S. buyers will be hard pressed to introduce your solution to their company. Research conducted with buyers in the oil and gas market indicates exposure in trade magazines (and their corresponding websites) and trade shows (such as OTC) to be influential in their decision process. With the rise of the internet, you should see marketing is the critical first step in the sales process.

Professional salespeople are highly valued in the U.S. The salesperson has a crucial role in helping your "advocate" within the prospect company build a business case for your product and walking it through their complicated buying process. Often, many departments are involved in making the decision and the salesperson must understand and balance the individual needs of each influencer in the sale. You will be expected to work with the customer's internal team in designing a solution to meet their needs and a detailed cost of ownership analysis must be provided. Very seldom will you encounter a situation where you are merely required to fulfill an order. As we discussed earlier, these customers are often very happy with the suppliers they have and must be persuaded of your competitive differentiation. You will need to learn how to help them change their minds.

These findings will be discussed in more detail throughout the report.

MAKING THE DECISION

Similar to oil and gas suppliers and service providers all over the world, INTSOK members were inspired to open an office in Houston, Texas – the Energy Capital of the World – to capture new opportunities, to gain easier access to international projects and, yes, to make money.

They had prepared their business plans and conducted market research (exhibits 1 and 2). They knew being in Houston would allow them to easily reach their target prospects of NOCs, IOCs and the hundreds of independent producers headquartered in the U.S. (exhibit 3). The opportunities in the Gulf of Mexico and the rise of the U.S. on-shore production had been laid out before them in report after report. Each new analysis seemed to promise plentiful international sales opportunities for the superior Norwegian technology and services.

Most of the companies participating in our research already had a few customers in the U.S. and they knew they needed a local office to service those accounts. In fact, over a course of visiting the U.S. a few times each year, they had determined for themselves they couldn't be successful breaking into the U.S. without a Houston presence. Selling from Norway was ineffectual at best and, at worst, it hurt their brand reputation.

Did you prepare a business plan in writing for U.S. entry?

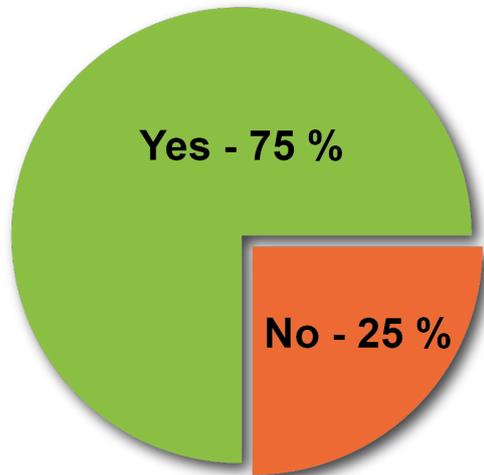


Exhibit 1

How much market research did you conduct before entering the U.S. market?

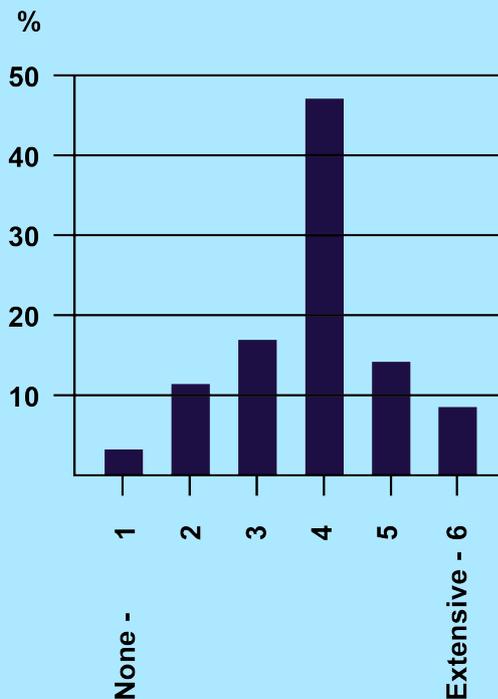


Exhibit 2

While there were barriers to entering the market, they felt as though internationalizing in the U.S. was a fairly low-risk proposition (exhibit 4). Given they spoke the language and seemed to have a lot in common with the culture; it seemed to be a fairly easy market to crack. Most importantly, all of the companies interviewed had been successful in the North Sea and were confident their experience would translate easily to the U.S. After all, their current customers in the North Sea or Middle East could convince their U.S. counterparts, right?

Unfortunately, many of these assumptions would prove incorrect.

Who are your targeted customers in the U.S.?

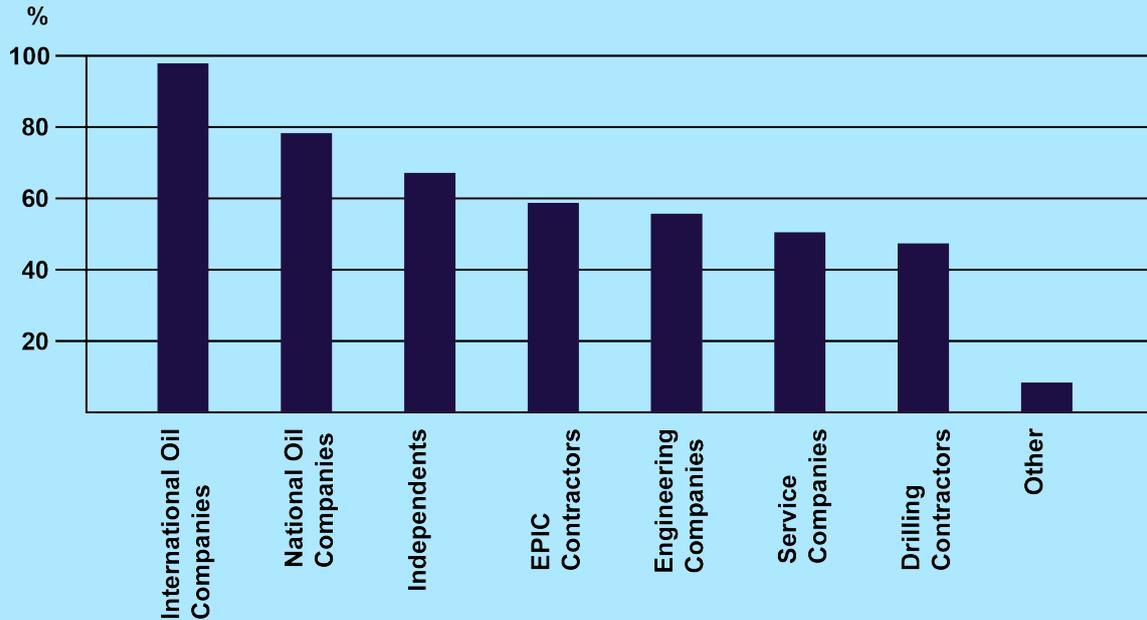


Exhibit 3

“There are so many things that we didn’t understand and we didn’t even understand that we didn’t understand. We totally overestimated our ability to influence the sale based on technology.”

“People come here and they speak English very well, they have a good education but they are very surprised how very different the culture is. We want to come here and bring our values and vision of the way it should be done based on what worked in Norway, and we fail miserably.”

We totally overestimated our ability to influence the sale based on technology.”

Most striking were the deficiencies they uncovered in their own business plans and research. For example, many had grossly underestimated the size of the market.

“The one thing you need to know is the true size of the market and the amount of competition you will have. It is nothing like the market in Norway.”

They were unprepared for the sheer numbers of competitors they would face and the strength those competitors had in the market.

“You have to do a thorough competitive analysis. Once you start really looking, you find that you are bringing in a product that someone else already offers. Or several companies offer.”

They hadn’t taken into account the great differences in the buying processes of U.S. customers and the need for a proactive, assertive sales process.

“We didn’t know how Shell worked in the U.S. It was very different from how it worked in Europe.”

Which best describes barriers to entry to the U.S. market?

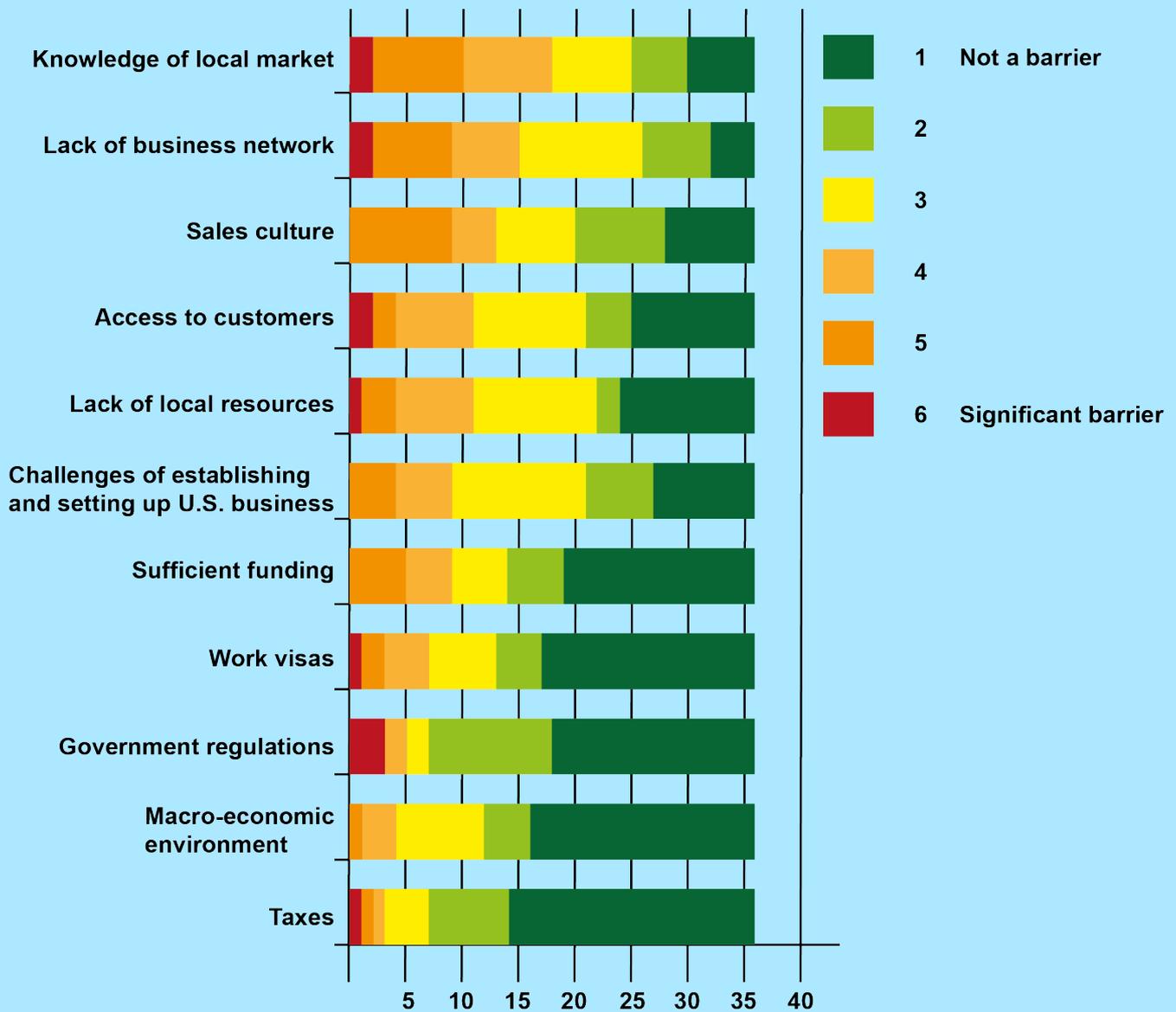


Exhibit 4

And, finally, history proved success would come much slower and at a much higher cost than they had anticipated.

“Our company was realistically prepared. We realized we might not make a sale for 3 years. Often Norwegians don’t understand that selling to global players it takes a lot of time.”

But, of course, when success came – it was sweet.

MAKING THE MOVE

Once the decision was made, INTSOK members expected the move itself to be pretty easy. Over 70 percent had existing U.S. customers. But most were far from enjoying any type of significant market share – 80 percent of those surveyed had six or less customers when they arrived.

The overwhelming majority of companies decided to open a direct sales office, with a few entering through a joint venture or partnership, an acquisition of a U.S. company, or through the use of a local sales agent or distributor (exhibit 5).

Plans were made to open an office, study U.S. business regulations and make personnel decisions. Some companies initially brought Norwegian management to North America to run the office, some hired American managers. But before it was all over, 70 percent of companies who ranked their U.S. efforts as highly successful had put together a local team that was all or mostly American.

Doing business in the U.S. seemed pretty straightforward during the initial planning stage, but once on the ground most participants found it was much more complex than anyone expected. EU standards obviously don't apply here. Business regulations and the tax structure can seem illogical and frustrating to address.

“When you listen to the U.S. ambassador to Norway everything sounds easy. But then you have to apply for work visas, which is a nightmare. So that is one of my challenges.”

“They talk about doing business with a handshake in Texas, but behind every handshake is a team of lawyers. It can be a struggle with legal and accounting rules because the U.S. doesn't necessarily follow international rules.”

“I have saved a ton of money by negotiating with our insurance company because initially the office was over insured. When hiring local employees you need to know there are third party H.R. people who can help.”

One of the things participants talked about most was the differences in the “social contract with employees” between Norway and the United States. Norwegian attitudes toward vacation, time spent on the job each day and work rules often clashed with the American oil and gas culture. Employees are not as protected as they are in Norway and the work environment is much more competitive.

For example, Texas is what is known as an “employment at will” work state. That means an employer has the right to terminate an employee “at will” for any reason with very few limited exceptions. It also means an employee may leave at any time, with or without notice. This is just one example of the value Americans place on independence from the government.

“One thing to be cautious about is the fact that in Norway we have a lot of vacation and work regulations strong in favor of employees which is not the case in the U.S.”

“Hey, I got your email I will get back with you in a couple of weeks.”

Successful companies discovered at some point they had to let go of the struggle

to try to convince American customers to become Norwegian. One CEO described it best when he said, *“It was critical to our success to transfer our engineering knowledge and our technology – but when it came to doing business, we quickly learned the value of that old saying ‘when in Rome...’ “*

Which business model most closely describes your chosen strategy for entering the U.S.?

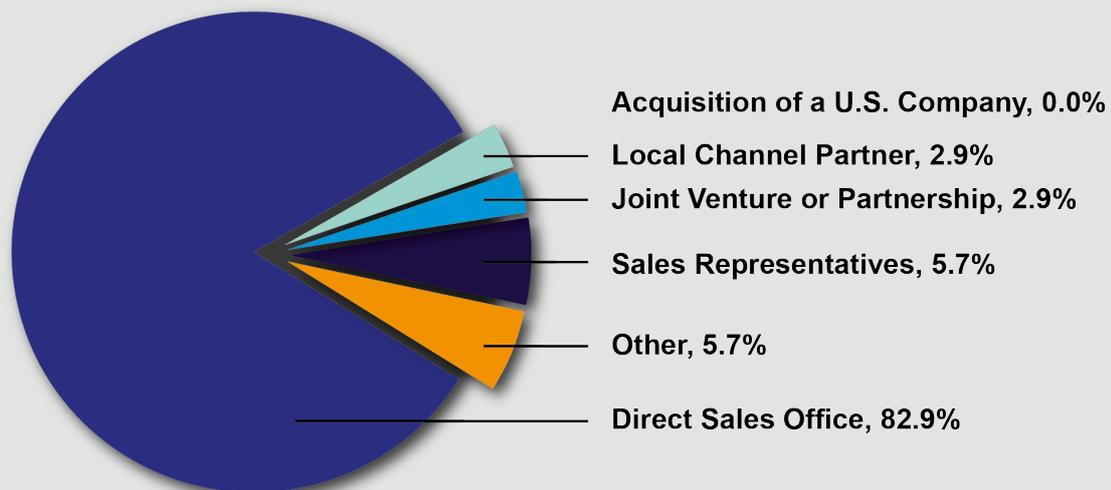


Exhibit 5

Critical lessons for success

- Don't expect to transfer your business culture to the U.S. and succeed without some adaptation. To be successful, you must be prepared to commit a realistic amount of both time and money.
- The U.S. oil and gas market is interested in experience: you must be field-proven.
- The value proposition for U.S. customers is NOT THE SAME as it is for customers in the North Sea.

MAKING IT WORK

This part of the journey is where participants had the most difficulties and also learned their greatest lessons. By far, the most discussed topic during the interviews were the differences in the buying process and the value propositions from the North Sea to the Gulf of Mexico. Story after story was told of misreading buying signals, pushing technology on customers who couldn't recognize its true value, and not realizing the importance of building and maintaining authentic business relationships in the U.S.

Fundamentally, our approaches to the buying process are diametrically opposed.

Perhaps the biggest difference between Norway and the United States is in our perception of the role of “professional business development and sales” in traditional business practices. Fundamentally, our approaches to the buying process are diametrically opposed. Norway is a very technology-centered market. There are incentives from the government to focus on innovation and product quality. There are also incentives for companies operating in Norway to buy from Norwegian companies. There is less value placed on understanding the customer's overall *business* objectives, as we do here in the United States.

Norwegian companies are founded and built with an inward focus on creating, designing and delivering the best product possible to market. Norwegians are highly regarded around the world for their innovation in oil and gas technology. In fact, most Norwegian firms find it very easy to get the first appointment with customers here in the States because “everyone is interested in knowing about the latest in Norwegian technology.”

“We are good at technology, and we believe if you have good technology it will sell itself.”

“In Norway, we are very comfortable with opportunistic business. In the U.S., we have to be much more aggressive and proactive to be successful.”

“In Norway we wait for the customer to call us. So if we have a great product, the customer needs to call and ask us to sell them the product. And that is not how it works in the U.S.”

“You can't just say, “Hey, this is a better technology and you're stupid if you don't buy it.” In Norway, they don't do presentations in the “what's in it for you” format. Where they fail is because they don't want to adapt to the new sales culture where persuasion is a strong factor.”

The marketplace in the United States, on the other hand, is more focused on strategic business objectives, often short-term financial objectives. New products or advances in technology are not valued for their intrinsic benefits alone. Instead, they only create value as they relate to meeting the customer's business objectives. The role of the professional salesperson in the U.S. is crucial to helping your customer “advocate” navigate the internal negotiations of their complex buying groups, demonstrating meaningful value. And, in the process, assisting you in persuading his colleagues to change their mind and become willing to pay the costs required for change “in the way we always do things.”

Many research participants were surprised when they arrived to find that sales people were some of the highest paid employees in the business. Engineers with good communication skills are often promoted to a sales role. The business development/sales function is considered critical to helping prospects construct a “business case” for the purchase and without their skills and relationships, it can be impossible to navigate a purchase through the complex buying process involving several groups of decision makers along with strong supply chain influencers.

“In Norway, if you are a salesperson, you’re the lowest you can go. In the U.S., a salesperson has significantly higher status. Often they are paid more than anyone else.”

“Actually communicating the value of these technologies to the market place is one of the main problems for Norwegian companies that I see across the board, not just for us.”

“Norwegians don’t understand that the main focus in the U.S. is making money!”

In the U.S., businesses are often structured very differently than they are in Norway. There are many more decision makers involved in a project here. They often do not communicate with each other. In the U.S., that is usually referred to as “silos.” Relationships developed in Norway and other parts of the world are often not very influential here.

“Also, make sure that the value proposition is not a technology-only offer, but a money and commercial business driver.”

“Understanding the people in the company and understanding the structure of an oil company when you want to sell to them and who the key decision makers are and how you want to put together your presentation with a coherent message is important.”

“You have to know who your customers are in the U.S. and you have to know that they are different from your customers in Norway.”

“If you are looking to start up an activity in the U.S. and you have anything that is oil and gas, either onshore or offshore, Houston is the place to start because this is where you have all your clients that will be part of the decision making process to implement these technologies. Second thing is to find someone who understands at least the structure of these local clients, because if you don’t, you are going to waste a lot of time knocking on the wrong doors, not getting anywhere. Also, make sure that the value proposition is not a technology-only offer, but a money and commercial business driver. How much will you save the guys? How much will you make the guys? What does this mean in terms of addition production or reduced cost or reduced risk? It has to have a much more business driven flavor to it.”

Many participants in the research assumed their value proposition in the Gulf of Mexico would be the same as the value proposition in the North Sea. They brought with them the same brochures and presentation materials they had used in Norway.

“Norwegians are used to being order takers, so the sales process for them is order taking. Not cold calling, not going out and making a sale. They have never been forced to compete for sales.”

Initially they didn't try to present their technology from the customer's point of view. They only told one side of the story – theirs. They didn't understand their brand story that worked in the North Sea may not be relevant to the international buyers in the U.S.

There are many more decision makers involved in a project here. They often do not communicate with each other.

“We only have a few dozen major customers, so it is a very competitive environment. You have to learn to tell a compelling story. Value-driven stories. You have to use business benefit-based propositions.”

“There is a company just like ours that spends a lot more on marketing than on science, and they are doing better than us. In fact, they are doing quite well.”

“If I could give one piece of advice, I would say they need to look at the values and expectations of the customer.”

Successful companies made the investment of time and money to understand their customers' needs. They learned to ask questions before they gave answers. They created authentic business relationships.

“We spent 2 years on the project but it took four to five years to build the relationship. In the U.S., I found they were more focused with personal relationships than what we were used to in Norway.”

They learned how to demonstrate the benefits of their products and services in a way that built business value for their customers.

“When you come to people and focus only on your technology and cannot describe the value in terms the customer cares about then, of course, they are going to talk about price. The buyers just fall back on that to end the discussion. Norwegians do not understand the decision-process for these customers.”

Critical lessons for success

- Accept that the buying process is different. Learn it.
- Develop professional sales skills. They are highly valued and expected in the U.S.
- Focus on the business objectives of your customers. Show the value of your technology in meeting their strategic needs.

CONCLUDING OBSERVATIONS

Doing the interviews with the companies, we found that there was a significant difference in the levels of ambition from typical U.S. oil and gas businesses and Norwegian businesses. Given the size of this market, it was easy to assume that Norwegians would take the opportunity to create new businesses here – not just opening a sales office. And, that a much larger percentage of their revenue would be generated from this market than their home market.

But, like many business development decisions, entering the U.S. wasn't so much a strategic decision backed by extensive research, forecasting and planning but a gut reaction to a possible sales opportunity. Often, when questioned closely, many business owners admitted they didn't have a clear exit strategy or a vision for the size of the company they wanted to build. There was more of a focus on accounting (looking back) often a year or more after they opened their office to see what happened to their investment rather than looking forward by creating a business plan with the hypothesis, forecasts and metrics that could be used to adjust the plan more nimbly. Keep in mind, American customers, potential strategic partners and local talent all want to see these plans as part of their decision making process. Without a clear strategy for the U.S. market, they are hesitant to "buy into" a new company or technology.

In any case, Americans think more about money first.

Frankly, many of the participants seemed more comfortable in their current situation rather than "fired up" and excited about the bigger opportunity. What accounts for these differences in the market approach cannot be easily determined. Maybe the size and diversity of the population in the U.S. combined with a focus on individual success creates a more competitive environment. While Norway has built a strong safety net for its innovators, allowing them to focus only on the engineering of the product, in America you start a business to take advantage of a dislocated value opportunity and you are expected to want to scale up or become an attractive option for acquisition.

In any case, Americans think more about money first.

Of course, the truly successful, high-growth Norwegian businesses had adopted an entrepreneurial attitude toward the U.S. side of the business, did the necessary research and invested in creating a business here.

Where you want to go and how fast you want to get there are questions that can only be answered by each individual company. But for those who want to accelerate their growth, they should think about their U.S. entry as the creation of a new business that can take full advantage of the global opportunities that are wide open to the best in Norwegian innovation.

Making the Decision

Making the Decision

ASSUMPTIONS

Drivers:

- Revenue Growth
- New market opportunities
- Access to international projects

"We were confident our experience in the North Sea would be a door opener in the U.S."

"It is a fairly low-risk investment"

"We have so much in common with the Americans, this should be easy"

- Need to set up
- Understand b
- Am I going to

"Can't be the way w

"Should be pre

ACTUAL EXPERIENCES

- Uncovered deep deficiencies in quality of research and planning
- Underestimated size of market and strength of competition
- Very surprised by difference in the sales process
- Did not account for differences in customer corporate structure when developing strategy

- Struggled with the
- Often regulations and frustrating
- Discovered there social contract w
- Norwegian attitude on job and work & gas culture

LESSONS LEARNED

- Understanding the U.S. oil & gas market is much bigger and more complex than the Norwegian market
- Be prepared for a commitment of time and money
- Get an EXPERIENCED American on your team

- Don't expect to t and succeed
- The U.S. oil & gas - you must be fie
- The value propos the same as it is

Making the Move

to office, build infrastructure
business regulations
need to hire U.S. personnel?

that different from
ve work in Norway"

ttly easy"

"INTSOK can help"

way Americans conduct business
s and taxes seemed illogical

e was a completely different
with employees

des toward vacation, time spent
rules clashed with American oil

transfer your culture to the U.S.

market is interested in experience
old-proven

sition for U.S. customers is not
for customers in the North Sea

Making it Work

- Benefits of our technology will be embraced by U.S. customers
- Technology and innovation are the most important customer values
- We will have the same type of customer we have in Norway

"Selling is not a professional
way to approach the market"

"Personal relationships
are inconsequential"

"We'll see how it goes. I'm sure
we can quickly get a sale"

- Did not understand the buying process in the U.S. or how customers made buying decisions
- Had to invest time in building relationships and uncovering the corporate purchasing structure
- Found it very difficult to communicate their value proposition to the prospect
- Had to recalibrate value proposition to reflect financial and business objective benefits
- Lack of marketing and sales expertise hindered growth

- Accept that the buying process is different. Learn it!
- Develop professional sales skills. They are highly valued and expected in the U.S.
- Focus on the business objectives of your clients. Show the value of your technology in meeting their needs.

BUILDING AN EFFECTIVE VALUE PROPOSITION

No matter where you go, it's different than where you came from. You better check your assumptions before you jump out of the plane.

The study of the Norwegian companies trying to break into the US market clearly shows that you must always adapt your sales behavior as well as your marketing tactics if you want to succeed in a different business culture.

One difference between the U.S. and Norway is the different decision criteria businesses use when making buying decisions. If you're going to be able to achieve your revenue goals when you internationalize, you will have to understand how your international customers think and what

business pressures are affecting their decision making process. Understanding the way a market works allows you to identify your best prospects and develop a value proposition that resonates within the industry and motivates buyers to choose your product or service.

During the past two years, INTSOK has conducted workshops both in the U.S. and Norway, with over 150 people from 75 different INTSOK partner companies. From large service companies to start-up entrepreneurial firms, we've gathered the experiences and lessons learned by companies who have successfully developed a value proposition that has worked here in the U.S.

CHANGING YOUR PERSPECTIVE

Being able to see your business objectively through the eyes of your customers is a secret weapon most businesses fail to employ when developing their market entry strategy and value propositions for new international markets. Most of us basically “muddle through” the process, assuming what worked in our home market will work abroad.

Change your mind.
And the world changes.

Accurately observing and assessing your international opportunities will radically minimize the risk you are taking and highly increase your chances for success. In fact, you cannot develop an effective value proposition for a new market without knowing how your customer is currently thinking and how they are weighing the variables when making their decision to buy.

For example, Norwegians are highly respected across the globe for their engineering and technical expertise. It's easy to see why. Norwegian standards are some of the highest in the world.

And, domestically in the North Sea, solving the problem and meeting the technical needs of the project (now and in the future) is at the heart of an effective Norwegian value proposition. Utilizing a business development strategy based on technical presentations to the end user of your product or service makes sense. Most of you have been very successful selling this way in Norway because it works.

But, when you hit Houston, you find that American buyers often begin with the cost analysis and then work backward toward the technological benefits. It is a very different way of telling your story but you have to adapt your message in a way that allows your new customers to process and remember the information.

In the INTSOK Value Proposition workshops, we talk about expanding your perspective from a pure “technology” mindset to a more empathetic “customer” mindset. Take a look at the market through the customer's eyes:

- What do they see when they look at your offering?
- How does it stack up against their current choices?
- What will it take to convince them to give you a chance?

Exercise:

When you are checking your assumptions against the reality of the market, a key intelligence factor is understanding who will qualify as your best targeted prospects. Here is a simple system to begin to get a lead on your top prospects.

Step 1 – Make a List

Make a list of your current customers and your best guess at your new prospects.

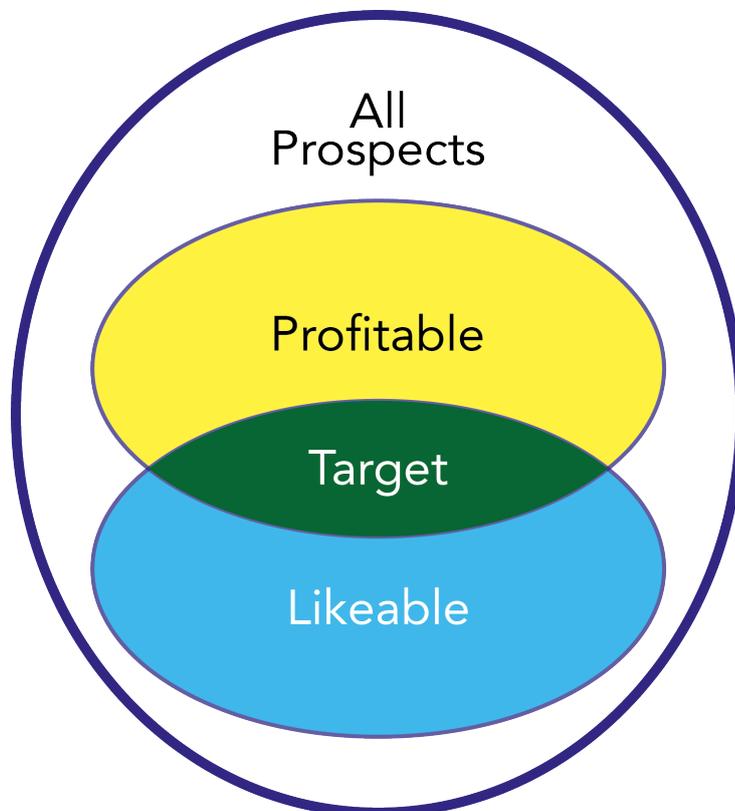
Step 2 – Circle the Profitable Names

Step 3– Circle the Customers You Like

(Why circle the names of the people you like? Because the people you like, tend to like you. And it is just a fact of life that is much easier to sell to people you like and that like you.)

Step 4 – Make a Short List

Where the two circles match – that's your target list.



Step 5 – Pick Your Niche

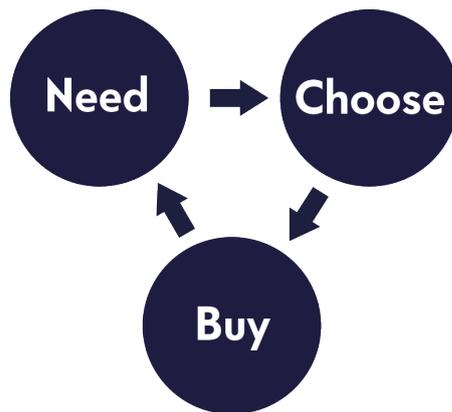
Now looking at the selection criteria below, look for what patterns evolve. The clearer your targeted list, the more effective your investment in your market entry program. Here are a few traits to consider as you narrow down your list to the best opportunities.

- There are enough of them**
You just need enough new clients to meet your goals. Use the 10% rule: If you want 50 new clients – identify 500 prospects, not 5,000.
- They have the need**
They have to HAVE the need. Or at least, a very strong desire.
- They know they have the need**
It's a lot cheaper to sell to a market that already knows they have the need. But you'll also have much more competition. Disruptive technology often requires for you to spend additional marketing and sales dollars educating your prospects but it can offer a much higher pay out for your risk.
- They have the money**
This is a deal breaker. No money from them = no profit for you.
- They will spend the money**
Again, this can be a deal breaker if you cannot figure out how to get them to agree to spend the money.
- There is a compelling reason for them to change their current behavior**
For example, a new regulation or a drastic change in their stock price.
- You know what that compelling reason for change is**
The more you truly understand what it is like on their side of the desk, the more compelling your value proposition will be and your sales cycle should accelerate somewhat dramatically as well.
- They know who you are**
If not, you will need to budget resources for establishing your name in the market.
- You have credibility in the market place**
If not, you will need to be prepared to provide proof of why buyers should believe anything you say.
- You can reach them**
Do you know where they get their information? Will your business development executives be able to secure their time and attention?

UNDERSTANDING BUYER BEHAVIOR

No one likes to be sold. But everyone loves to buy.

Think about the process you go through when deciding to buy something. It doesn't matter what – pretend we're talking about toothpaste. First, you have to decide that you need toothpaste. Then, you have to decide what brand you will buy and where you will buy it. Once you've figured that out, now you have to make the actual purchase. Finally, depending on how the experience "as a whole" worked for you, you will decide whether or not you want to buy that brand toothpaste from that particular sales channel (store, online, from an individual) again.



It is always the same process. Sometimes (like when you're buying toothpaste for the 500th time,) the process takes just seconds to occur. In fact, most of the buying decisions we make – even the ones with high stakes attached to them – take place very quickly, almost unconsciously. Being able to help your customer slow down their decision-making process and examine their choices is a very powerful way to begin a new business relationship.

During the need awareness stage when you ask for an "introductory meeting" you are really asking your prospect to exchange his time and attention for – what? (I'm sure you've heard the expression "Time is money." In the U.S., we mean it literally.)

What can you offer them for their time? For example:

- Can you educate them about a more efficient process?
- Do you have an experience you can share that will help them meet their business objectives?
- Can you offer a valuable "lesson learned" story in exchange for their attention?

You will succeed in delivering on your value proposition when you have answers for the inevitable question at the heart of each interaction during the buying process – "Why?"

- Why would I want to meet with you?
- Why would I change my mind about the way we always do things?
- Why would I work on your behalf to advocate we take a chance on your company?

These are just a few of the questions you will need to answer for your prospect as you help them move through their buying process.

DECISION STAGES OF BUYING BEHAVIOR



Stage One: Need Awareness

- When does someone in a business realize they want something to change?
- What has to happen to spur action towards creating a budget to make their idea a reality?

Stage Two: Compiling Decision Criteria and Evaluating Competitors

- What solutions are they considering?
- Who is on their short list for consideration? If you are not on the list, why not?
- Once you've been included in the list of competitors, how will you win?

Stage Three: Final Negotiations and Rollout

- What needs to happen for this project to succeed?
- What operational systems need to be in place?
- What management systems need to be in place?
- What budgetary issues need to be considered?

Stage Four: Retention and the Next Sale

- What metrics are you and your customers using to measure success?
- How are you communicating those metrics with each other?
- What actions are you taking to maintain your relationship?
- How are you helping each other's business to succeed?

UNCOVERING HOW BUYERS MAKE CHOICES

Do you know how to change someone's mind?

Your first step to breaking through your prospects' natural inclination to stay with their current solutions and vendors is identifying how the system currently works. What are they buying now, whom are they buying it from and why?

Behavioral Economics fact: A buyer can only calculate the value of something by basing it on contrasting options presented in a particular situational context. What are the options you are being contrasted with?

You can begin development of your value proposition by calculating your Net Value (NV) to your customer.

$$\text{Net Value (NV) to your customer} = \text{Reward(R)} - \text{Pain(P)}$$

Let's look at the Reward(R) side of this equation. All business buy products and services for three basic strategic reasons.

- Financial objectives
- Regulatory objectives
- Strategic objectives

Exactly what these objectives are vary from customer to customer and market to market. That's why successful companies spend the time upfront to research the market and understand the differences. We often hear the comment "Just because (insert the name of a major oil company or NOC) bought it there, doesn't mean they will buy it here." Do a little digging and find out what is important to the company you are talking to in their current economic environment.

Individual buyers have personal reasons for their preferences as well. Often factors such as a "feeling of time well spent" and "it is a known brand" weigh heavily on the reward side of the equation as well.

Detracting from your value proposition is the Pain(P) side of the equation. Do you make it hard to buy from you? Are you wasting their time by just trying to get a brochure in front of their face? Often, choosing a new vendor requires quite a bit of persuasion on the part of your internal customer advocate. **Bottom Line: Is your value proposition worth the pain involved in making a switch?**

CREATING A STORY THEY WILL REMEMBER

Current behavioral economics research has demonstrated that our brains process decisions primarily based on the stories we've told ourselves about the experiences we've had in the past. It makes sense. Think about how you make decisions.

When you think of the experiences you've had, the information you've gathered and processed, you create a narrative about why you've made that particular decision. That's how humans remember processed information – in the stories we've told ourselves after we've had the experience in real time.

One of great tools unlocked by delving into the buying process with your customer is the understanding that during each stage of the relationship, with each interaction, you can see how you can influence the story your customer is going to remember after you've left. Using cognitive behavior insights, it is possible to leave a imprint on your prospect's mind.

When everyone says the same thing, no one remembers anything.

Do You Have a Compelling Story?

You can start by looking at your current sales materials – what story are they telling? Is it a story someone would be interested in hearing? Take our word for it: No one wants to read another brochure or see another powerpoint that basically says the same thing. Every company they've met with claims they are the best, claims they will save them money, claims they really care about their customers. Does your story sound any different from the hundreds of companies they have talked to before?

HELP YOUR CUSTOMER SLOW DOWN THEIR CRITICAL THINKING PROCESS

Here's how you can begin to create your story. Our research shows there are three memorable plot lines that show up again and again in successful company narratives:

D: Disruptive

Do you have a value proposition that can change the way an industry works? Do you have a direct effect on your customer's business model?

I: Invention / Creation

How did you come up with your idea? Why did you think it was important enough to build your business around it?

P: Partnership / Collaboration

Did your collaboration with a strategic partner produce important findings that can help the businesses you are talking to now?

When you tell an interesting story (which should include relevant details), our minds automatically slow down. Use this tool to help your prospects think through their options.

Exercise:

Start writing your new narrative by looking at any of your current slide presentations and reordering them to tell a story that will be remembered. For example, many INTSOK members have great case studies of pilot programs with strategic partners or cross-border collaborations. If you have a good partnership story, here is how you might create a new presentation.

PARTNERSHIP STORY OUTLINE FOR A PRESENTATION AND A CONVERSATION

1. Set the Scene:

Where were you? What was going on? What were you trying to accomplish?

1-2 slides

2. Answer Why:

When did you figure out you needed (or wanted) in a partner? How did you find each other? How did you know you would work well together?

2-3 slides

3. And Then What Happened:

What was the outcome? Who did what? What did you do together?

1-3 slides

4. Everyone Lived Happily Ever After:

How did one and one make three?

What were the benefits to the asset owner/customer? What were the benefits to you? What were the benefits to the communities involved?

1 slide

INTSOK USA

LOCAL ADVISOR SUPPORT

John Hurter is INTSOK's experienced local oil and gas advisor based in Houston, Texas. A native Texan with over 20 years of experience, his advice and counsel is a unique resource made available to member companies. He works one-on-one with partner companies to identify your market entry and international growth objectives, helping you develop a targeted support plan.

BUSINESS DEVELOPMENT WORKSHOPS

These half-day workshops use the "lessons learned" from INTSOK's Norwegian Experience Mapping Research to provide pragmatic advice for developing an effective value proposition for the U.S. market. Participating in these practical, interactive workshops will help you improve your understanding and preparedness for entry and further international expansion.

NETWORK MEETINGS

These members' only Network Meetings provide important information in a setting that encourages group learning, sharing and networking. Agenda topics are proposed and selected by local INTSOK partners.

CONFERENCES AND WORKSHOPS

Showcasing Norway's leading edge technologies and core capabilities offshore, these U.S. events bring together local decision and opinion makers from operators, main contractors and service companies. Partners participate as speakers and exhibitors build brand and network with international leaders in oil and gas.

ROADSHOWS

The INTSOK road show format puts partner companies in front of decision-makers at some of the most influential energy companies in the world. Join a select group of your fellow members and "hit the road" in a series of client meetings and related activities designed to help deliver client contacts, as well as providing you with critical on-the-ground feedback on your value proposition, market intelligence and networking.

BREAKFAST TECHNOLOGY MEETINGS (BTM)

INTSOK is focused on building on core relationships and expanding your key contacts. This INTSOK event uniquely leverages both INTSOK's and partner client networks in exclusive, high quality (yet informal) meetings at Norway House. Each of these unique breakfasts focus on industry challenges you are facing today.

MARKET AND PROJECT INFORMATION

INTSOK provides access to market reports, presentations and other relevant information tailored to partner market segments in key oil and gas markets globally.

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