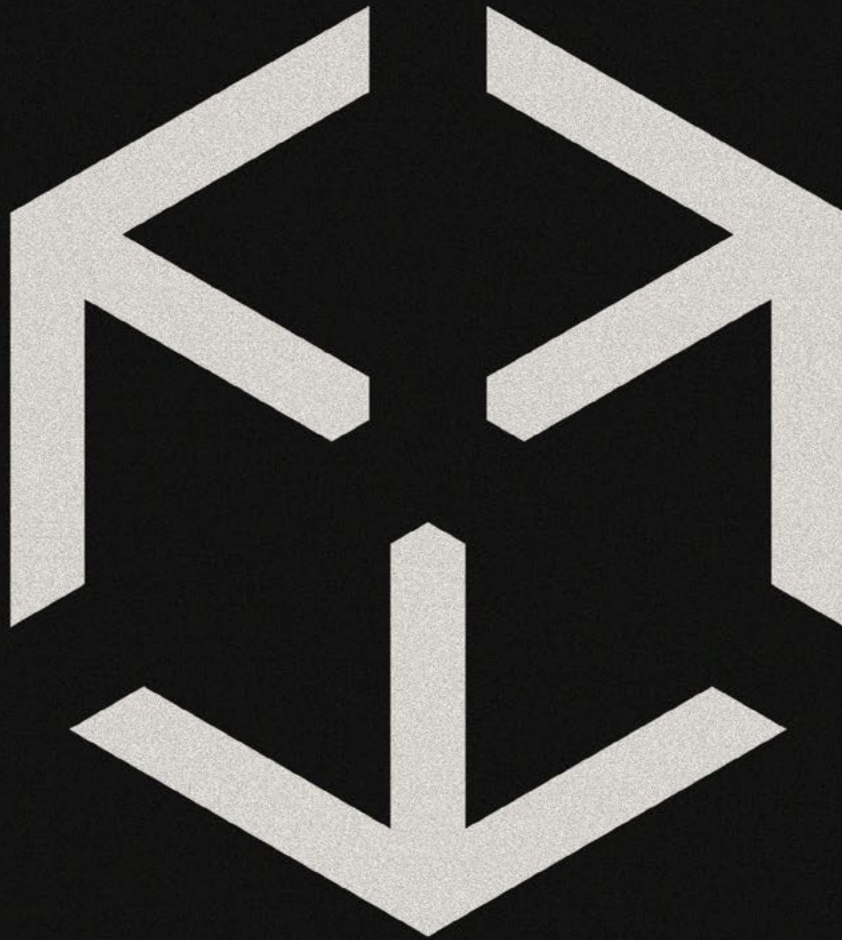


Going for growth - How to ensure business success

Key researched capabilities that your business needs to grow to the next level.



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Introduction

All the growth challenges and businesses considerations that come with a maturing business can be just as difficult to navigate as those first years in business. You have a proven and strong product or service offering, a loyal customer base, a burgeoning reputation and dedicated workforce, but the prospect of growth once the 'low hanging fruit' has been reaped can be daunting. Despite this, your business is in a position to grow to the next level.

The question is, how do you deliver on the true potential of your business model?

With sales - you may need to ramp up production or service capacity, you may need to secure additional funding, you may need to upgrade your infrastructure and processes. But one thing you must do is sell more, it's the absolute essence of growth and ultimately the measure of your success.

To achieve these business ambitions, it's essential to consider your sales force. The team that will ultimately help you grow may be a good size, managed and supported by fine tuned and proven processes, but it has been operating within its comfort zone – converting the low hanging fruit, but withholding its ambitions from reaching any higher than this.

Your success isn't founded on sales expertise; it has come from selling your technical differentiators to like-minded individuals who intrinsically understand your solution's superior value. With growth that changes, your sellers will now have to sell larger, higher value deals to bigger, more complex customers. They will now have to deal with procurement professionals, buying committees, finance directors and large complex decision-making units. They will have little, possibly no, access to the end-users they have so successfully sold to in the past.

So, how can this sales skill gap be addressed, and what options are available?

Firstly, you can strengthen your sales team by recruiting sales professionals, but what are the chances of a company just starting on that path attracting the right people in the right numbers? The reality is you are going to have to transform your existing sales team into commercially astute political entrepreneurs, who can engage with senior procurement professionals at the highest level. It won't be easy, but it can be done with investment in the right area.

Here at Huthwaite we've spent over forty years doing exactly that. Across all business sectors, and all locations, the single most common theme with all our clients is turning expert technical sales teams into commercial sales professionals. Let's explore the potential this route offers for businesses looking to undergo a sales force transformation...

Strategic alignment

"No plan survives first contact with the enemy"

Once you have made the decision to go for growth you will, undoubtedly, have done some work on your go-to-market strategy; segmenting the market, identifying targets, refining solutions and developing a marketing plan. The problem is strategizing at the top level tends to happen in isolation, with little thought as to how it will play out when implemented. Effective sales organisations consider their sales strategy across four facets:

- Strategy – your top-level plan for achieving the growth targets you have set
- Environment – the arena in which your sales team will be operating; for example, the current and predicted economic environment, regulatory issues, market expectations and competitive activity
- Processes – things like your management systems, sales process, pay and conditions and CRM
- Skills – the capabilities of each sales person.

The key is alignment, each of these four facets must operate effectively in the context of the other three. So, for example, if your sales strategy is to be more consultative you can train your sales team in consultative selling skills. As a result, sales visits are more selective and take longer. However, if your sales process uses metrics such as the number of sales visits you make (and they often do) you are driving behaviour in the opposite direction. If sellers are rewarded for how many visits they arrange, they will quickly abandon their newly acquired consultative skills and go back to doing what they always did, arranging lots of sales visits. Your process is misaligned and the whole initiative fails.

And remember, not every facet is under your control. Recently we came across a company who had made the strategic decision to move to a more consultative sales approach. They invested in consultative strategies, processes and skills training. The problem was, many customers weren't on the same page, they had no interest in having a consultative relationship with their supplier; they were totally happy with low prices and reliable solutions delivered through a transactional relationship. It became clear that, in this case, the sales environment was misaligned and, as the company couldn't change that, it's the other three facets that had to be readjusted. The company reassessed the situation and ultimately made changes to become a more streamlined and effective, but still transactional, supplier – which delivered the improvements they were seeing.

When developing your strategy for sales growth you must ensure alignment across all the facets.

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No plan survives first contact with the enemy

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Selling value and managing discounting

"Price is what you pay, value is what you get"

There is no doubt that, as you begin to sell higher volumes to more commercially savvy customers, particularly procurement professionals, you will encounter more forceful demands for discounts. This is where the first rule of negotiation comes in; *"Don't negotiate unless you have to"*. By far the most effective way to avoid discounting is to build the maximum value for your solution. By building maximum value you give the stakeholders who will benefit from your solution the strongest possible arguments to mitigate the demands of their procurement colleagues. We have seen many examples in client organisations where, when the true value has been established, the end-users have colluded with the potential supplier to keep procurement out of the process entirely.

The chances are your salespeople are technical experts, and by technical we mean they possess a hard skill; an architect, engineer, plumber, baker, designer, doctor or accountant for example. They understand what makes your product or service tick and what makes it superior to the competition. Up to now they have sold to others like themselves, the engineer sells to a production manager, the baker to cake shop owners; their customers shared the same technical knowledge. Which means when a salesperson says, *"This is 10% more reliable than anything else available"*, the customer immediately knows what that means; less down-time, more productivity and lower overall costs – even if the solution is more expensive than what's currently available.

However, as you grow and start to deal with larger customers, contact with your end-users diminishes. You are no longer selling to like-minded technicians, you are selling to procurement or a buying committee. These people do not understand the benefits of your technical superiority. Now, when the salesperson says *"This is 10% more reliable than*

anything else available", the buyer is thinking *"Yes, but it's 15% more expensive"*. The buyer doesn't have the technical knowledge to understand that the impact of a 10% improvement in reliability more than offsets the extra cost. Your salesperson must make the buyer see that.

The buyer must recognise the value your solution delivers, and they have to work that out for themselves. Value is entirely a buyer perception and varies from individual to individual. The production manager values reduced disruption, the finance team value a reduced total cost of ownership and the sales director values the fewer missed orders that all arise from greater reliability. Once your salespeople know this, they can adjust their behaviour, moving away from feature-led conversations to value-led ones. But the second trap is, once they become aware of the need to focus on value, the temptation is to tell the customer what the value is – and unless the customer works it out for themselves, it's no value at all.

That means the salesperson doesn't have to tell the customer all the great things your solution can do. There's a real temptation when your solution has lots of capabilities to reel them all off in an attempt to impress the customer. We call that feature dumping. The problem is the customer might not want all the things your solution can do, and most certainly won't want to pay for them. Feature dumping creates price objections and gives the customer even more ammunition to use against you to win more discount. Our research shows that skilled salespeople uncover and develop the customer's needs first, and only talk about the elements of your solution that the customer has explicitly expressed a need for. That's what we call Benefit Statements, and they are the most persuasive sales behaviour there is. By avoiding Features and emphasising Benefits you are putting yourself in the strongest possible position.



Price is what you pay, value is what you get



Your sales team must develop a consultative, value-led sales methodology such as SPIN® Selling, to uncover and develop buyer's needs and value.

"The most dangerous negotiation is the one you don't know you're in"

As we have said above, the best way to avoid discounting is to build maximum value. However, no matter how good a job you do, it may be impossible to avoid a round of commercial negotiation with the procurement team. This team may derive no personal benefit from adopting your solution and may be targeted and rewarded on the cost reductions they achieve. They have no incentive to accept your proposed costs, however powerful your arguments are. They will expect a discount.

Those demands can be offset to some extent by selling value to each stakeholder. For example a buyer may be persuaded that your more expensive product has, in fact, a lower total cost of ownership than the current solution because of its superior reliability. However, even when it's clear your solution offers best value a buyer will try to get you to lower your price; it's their job.

How do you avoid discounting?

The first thing is, you don't. Customers who spend a lot with you quite rightly expect a better price than those who spend a little, and in this world of global transparency, it may be difficult to keep your pricing confidential. The key is knowing in advance what is an acceptable price for the volume being bought. Work out a pricing structure that encourages prospects to buy more but still gives you an acceptable margin. As the old saying goes, *"Turnover is vanity, margin is sanity"*.

Secondly, give your salespeople a clear mandate of how much discount they can offer; and don't give them a range to work within. If you tell a seller they can offer 10-20% discount you are guaranteeing they'll sell at 20% off.

Finally, train your sales team to negotiate effectively. There's no question that a professional buyer will be a highly skilled and trained negotiator. And, as the quote above points out, they can lure an unaware sales person into a negotiation before they know it. Train your sellers to negotiate effectively, never giving anything away without getting something in return. Remember different people value different things and that's just a truth in a buyer/seller relationship. You will have things that cost you little but have high value to the customer, and the customer will have things that are of high value to you. By trading low cost, high value issues you can achieve a true win/win outcome. Equip all your salespeople with these skills, don't just train your senior team to come in at the end to close the deal. For a start the negotiation will have begun long before the close is near, and it sends the wrong signal. The only thing a leader can do that a seller can't is give a bigger discount.

Have a clear pricing structure and equip your entire sales team with a mandate and the skills to deploy it.

Confidence

"If you're presenting yourself with confidence, you can pull off pretty much anything"

There is no doubt that confidence is a vital element in a successful sales person's armoury. We are not talking about the aggressiveness, arrogance or pushiness that typifies the archetypal (but inaccurate) view of a sales person. We are talking about a quiet, calm and unshakable belief in yourself, your solution, your company and the value you can deliver to your customer. Making a major buying decision can be scary, particularly if getting it wrong would adversely affect your company or your career. Prospects would never admit that to a potential supplier, but our research shows around 30% of buying processes end in a decision to do nothing, which is almost always a result of unresolved concerns. A confident sales person helps resolve any nagging doubts and guide the customer to a positive decision. Thus becoming a trusted advisor in the customers eyes and not just a sales person.

So how do you build confidence?

The key word is build, real confidence can't be learned, it comes from knowing you are doing the right things well. In B2B selling that means having sales skills that work. That's where SPIN® Selling comes in. SPIN® is the world's most widely validated sales methodology, a distillation of what actually happens when a sales person is successful. And that can be learned. Sellers who use SPIN® effectively will win more sales at better margins, and once a sales person sees that happen, their confidence will grow.

Train your sales team in a sales methodology that works, and confidence will naturally follow.



If you're presenting yourself with confidence, you can pull off pretty much anything



Delivering sales force transformation

"Change before you have to."

We have looked at the four elements of sales force transformation, but how do you implement strategies to go about changing them?

Strategic alignment is relatively straightforward. You simply need to check your sales strategy, environment, processes and skills are aligned and mutually supportive. You can probably do that for yourself but, if you can't see the wood for the trees, you can bring someone in to help you. If you have alignment that's great, if not you need to decide what needs adjusting and how to go about it.

Confidence will come naturally as skills are developed and successes achieved. Developing consultative selling and negotiation skills requires help. That's where an investment in expertise comes in.

You have a big enough sales team to consider in-house training, and you know getting the team together and focussing on your real-world sales scenarios will enhance learning and deliver optimum performance improvement. So the idea of sending individuals on open, public courses with participants from other companies doesn't appeal to you. But you're a medium sized company not a major corporation. You don't have the resources or funds to invest in the kind of bespoke, tailor-made, in-house solutions that Huthwaite deliver.

Huthwaite Mid-markets utilise specific programme designs and training materials so there are no design or customisation costs. But it's not a generic one-size-fits-all solution. Our expert facilitators work with participants to integrate the learning into your real world selling and negotiating scenarios. There are exercises and activities that enable the application of your newly acquired skills in real customer situations. Every participant leaves the event with a committed action plan of real-world tasks and objectives. You get all the benefits of a bespoke programme at the cost of a standard one.

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Change before you have to.

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What next?

Huthwaite International is a training provider specialising in sales, negotiation and communication. Our methodologies are unique. Proven through observational research and unique verbal behaviour analysis, we help individuals to understand and command their behaviours to maximise their impact in critical business interactions. We call it High Performance, Behaviour Change™.

Organisations around the world, from small businesses to many of the Fortune 100 depend on our methodologies for their commercial success.

Contact us

To find out how we might help your business contact us for an informal discussion.

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Further reading



Developing sales effectiveness

Learn how high performance sellers handle common scenarios and the tactics they adopt when a prospect isn't ready to buy

<https://www.huthwaiteinternational.com/developing-sales-opportunities>



Creating and capturing value

Learn the value creating behaviours needed for successful selling from our global study.

<https://www.huthwaiteinternational.com/creating-and-capturing-value>



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Change Behaviour. Change Results.™