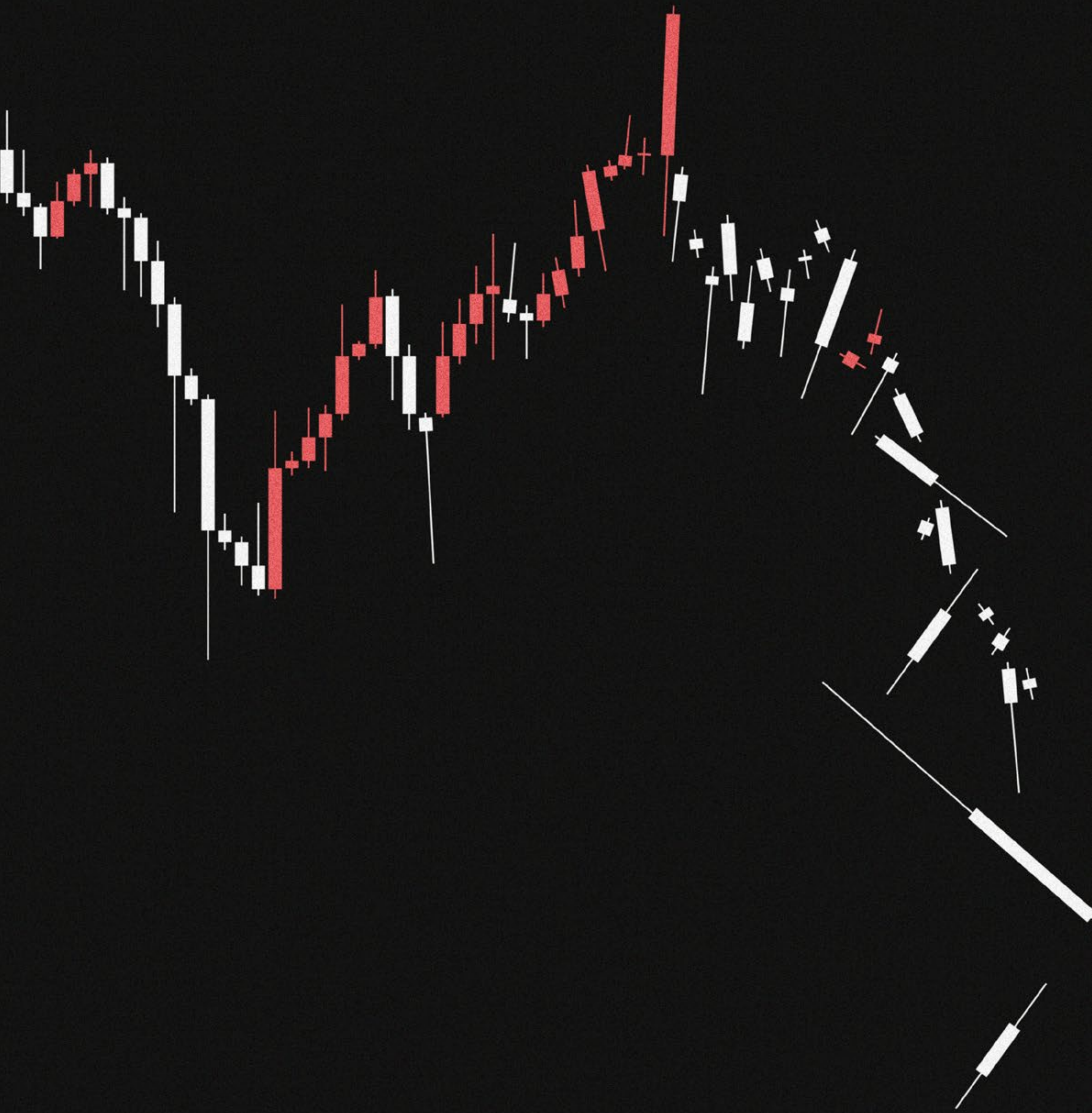
Huthwaite® International

Surviving economic uncertainty

Five key elements businesses must consider when economic factors impact planning and investment decisions.



Change Behaviour. Change Results.™

Introduction

There is no doubt that we are living in challenging times and global economic uncertainty is having a negative impact on business confidence, future planning and investment decisions. One of the few certainties we face is that, for selling organisations, things are getting tougher. As buying organisations entrench, delaying or even cancelling purchasing decisions, sales teams across all sectors and markets are having to up their game.

We look at five key elements to sales success in times of economic uncertainty.

Confidence through coaching

As confidence wains customers are looking for reassurance and a safe pair of hands when making a purchasing decision. Case studies and testimonials play their part, but at the centre of your brand is the demeanour of your salespeople. Nothing reassures a potential buyer more than a calm, knowledgeable and, most importantly, confident salesperson. When a salesperson thoroughly understands the buyer's needs and desired outcomes, and genuinely believes their product or service offers the best value solution, then confidence will follow.

However, confidence is fragile, even amongst the most experienced salespeople and, in uncertain times like now, even the most skilled salespeople will inevitably encounter more failed sales than usual. So, it's vitally important that sales management are on hand to keep morale high. At the very least sales meetings should be planned and reviewed jointly and, ideally, sales managers should attend meetings alongside their salespeople.

Managers need to act as coaches, sitting in but not leading the sales meeting - you can't build a sales person's confidence if you do all the work for them. The manager can use their observations to offer constructive, objective feedback on how a meeting might have been improved or perhaps, even if a sale is not made, to reassure the salesperson they did everything they could to secure it. In either event, the salesperson gets a meaningful, positive outcome that will help maintain, or even build, their confidence.

> In a nutshell: Expect sellers' confidence to drop and use management coaching to maintain it.

Aligning capabilities

There is nothing more disheartening for a sales team than having a carefully nurtured and developed sales lead blown out of the water by the actions of their own colleagues. Sadly, it happens all too often. As a sales lead develops it's inevitable that the contact between the selling and buying organisations widens and deepens. More and more people, on both sides, get involved in the selling/buying process. Unfortunately, from the sales perspective, not everyone on the team is always on message. The opportunities to derail the sales process are endless. An urgent call back request fails to be passed on quickly, or at all. An overzealous engineer who, in his or her eagerness to show candour and rigour, questions the efficacy of the proposed solution. A poorly presented proposal dotted with typing errors. Things like these create doubts about your organisation and undermine the confidence that your sales team have so carefully developed. Remember, we are living in uncertain times and even the smallest of slip-ups can sow enough doubts to stall, or even halt, the buying process.

So, what can you do about it? Make sales the core purpose of everyone in your organisation.

The reality is it should be; nothing happens, and no-one gets employed or paid, without sales. Every role in your business depends on sales for its existence, so why not make that transparent and explicit? Consider creating a matrix with axes of 'Opportunity to add customer value' and 'Capability to add customer value' and mapping all the roles in your business on it. Better still, get each team to map where they are and where they think they should be.

Of course, sales and marketing will, quite rightly, be up in the top right-hand corner of your grid as they have both the opportunity and (hopefully) the capability to create value – it's their job. But who would sit in the bottom left-hand corner of the grid? Who has absolutely no opportunity or capability to add customer value? The answer is most likely nobody. Certainly, those in back-office roles who have no direct customer contact will have less obvious opportunities to add value, but opportunities will exist. Think about it. Your production staff create a good impression by turning out well produced product that is reliable and fit for purpose – that's adding value. Your cleaners present an immaculately clean and tidy conference room for your prospect's visit, that creates a good impression – that's adding value. Your receptionist greets your visitors with a warm welcome – that's adding value.

Once everyone recognises the role they have in sales you can put in place processes and capabilities to support them. That could be as simple as a process for passing on incoming messages, to skills and learning, for example developing an engaging telephone manner. For those with more significant customer contact, for example your service personnel, there may be a need for more in-depth development.

> "In a nutshell: Get everyone to recognise they have a role to play in sales and equip them with the skills and processes to engage effectively."

Utilising your service resources

We've discussed the importance of having your entire organisation recognise the role they have in selling. Nowhere is that more important than within your service organisation. By service we mean anyone who is customer-facing but not sales, so for example, technical support, maintenance engineers, nurse practitioners or audit clerks would all be examples of service. In uncertain times service people will undoubtedly have more, and less restricted, access to your customers than your salespeople. And, most importantly, they have access to the people your solutions actually help, not just the finance and procurement people your sellers now have to deal with.

Your service team therefore have an unprecedented opportunity to spot, or indeed initiate, a buying opportunity. However, there's a problem. Many companies have tried to implement 'sales through service' training initiatives and failed. The reason is simple, most service people don't want to be sellers. Rightly or wrongly, in most organisations sales is a more highly regarded and more highly rewarded role than service, so anyone in service who wants to move over to sales will probably request the move. Those who are left, most of your service team, are there because that's where they want to be. They are inherently inclined to avoid selling so any sales training (which is what 'sales through service' training usually is) is bound to be resisted and ultimately ignored.

So how do you resolve this conundrum; how do you get those who have the most opportunity, but least inclination, to generate sales on your side? Step one is you don't try to turn them into surrogate salespeople. Better to recognise that service and sales are not binary states but the opposite ends of a continuum, what we call the service/sales continuum. The sequence could be as follows:

- At one end there is plain old service, you go along and fulfil the task you have been set. Everyone in service does that, it's their job.
- Then you have outstanding service, going that extra mile, doing a little more than was asked and expected of you. You would hope most, if not all, your service people will do that willingly; and by doing so they enhance your reputation – which leads to more sales. So, your service team will happily take the first step up the continuum.
- Next, we have sales intelligence gathering. Your service people have fantastic access to your end users. They see how your and your competitors' solutions are performing, they may physically see, or be told, when your competitors are visiting your customers. This gold for your sales team, so make sure it's harvested. Set up processes to report and gather sales intelligence. You are only asking your service team to report what they see and hear, you're not asking them to sell anything. Again, it's a step most will be willing to make.
- Next along is genuine 'sales through service', where the service person actively engages with the customer to initiate a sales conversation. We are not asking them to make the pitch, simply to start the ball rolling. It's getting the service person to stop saying "I can fix that" and, if it's appropriate, start saying "Perhaps you should start thinking about a replacement". The service person starts to identify problems and needs which, once again, are passed on to sales. Your service team become lead generators. It may be a step too far for some, but by no means all. You have turned your service team into a sales resource.
- After that, it's pure sales.

Of course, you need to train your team to develop the understanding and skills they need at each stage of the continuum. The important thing is to have the transparency to allow each team member to progress up the continuum only as far as they are willing to go – and equip them to work effectively at that level. By not asking anyone to step beyond their comfort zone you are much more likely to get engagement and the results that flow from it. However far each individual is prepared to move up the continuum you will be generating sales intelligence and sales opportunities that would have previously been missed. And, as individuals become comfortable, they may become willing to take the next step up. In time you will truly mobilise your hidden salesforce.

"In a nutshell: Train service to move along the service/sales continuum, but only as far as they are willing to go."

Negotiation skills

With uncertainty comes concerns and doubts, particularly when making a major buying decision. We have discussed how this can lead to deals being delayed or even cancelled. However, sometime a customer has to proceed to a buying decision regardless of the outlook; some buying decisions simply cannot be put off. When that's the case the customer will, now more than ever, be looking for the most watertight deal they can get. They will look to push as much of the risk and uncertainty back onto you, the supplier.

In larger customers this will involve handing the later stages of the buying process over to a procurement professional, who will almost certainly be a highly skilled, and well-prepared negotiator. You may encounter procurement regularly and have equipped your sales team to handle them, but typically the negotiation will have revolved around central commercial terms such as price, volume, contract length and payment terms. Your sales team may be expert at handling these issues and will probably have a clear, pre-agreed, mandate on what and where they can trade concessions. Now there are different issues on the table, ones you have probably not had to tackle before. Things like risk, guarantees, get-out clauses and contingencies will now be brought into the discussion and your sales team must be prepared to handle them.

Remember, the buyers will have planned for this and may present proposals that, superficially, appear innocuous but, if agreed, could place your company at huge risk or exposure. It's all too easy for an ill-prepared salesperson or sales manager to make a concession they should not. Even if the seller doesn't have the authority to sign off the detail, once the risky condition is spotted it's hard to backtrack. You've already agreed it so, even if you are able to withdraw from it, the buyer will almost certainly ask for some other concessions in return. Whichever way it pans out, you will end up with a worse deal than you would have liked.

It is vitally important that everyone understands the cost of conceding on every issue that might arise, especially the more unfamiliar ones. When preparing for a negotiation bear in mind three things; what do we want to negotiate? what do they want to negotiate? and what else is negotiable? Only by preparing and planning for every possible negotiable issue can you be sure of not being caught out.

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In a nutshell: Identify and plan for every possible negotiable issue.

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Effective qualification

Uncertain times can, in some circumstances, lead to a buying decision being postponed indefinitely. It has always been the case - over the last 40 years research has shown that around 20-30% of major business-to-business sales opportunities end in a decision to do nothing. Then there are the sales you lose to the competition. The most recent research puts that number at 32%. And, for salespeople, nothing is more unproductive than working on deals you don't win. The chances are 50-60% of your salespeople's time is wasted, and it's likely to become more whilst uncertainty persists. And what is the resource every salesperson will tell they don't have enough of? Time.

Sales are lost for only two reasons; you were outsold, or you were never going to win it in the first place. The good news is, it's possible to predict either of those outcomes. The bad news is most sales organisations don't do it, or only do it late in the process – when much of their time has already been expended. Effective sales organisations invest heavily, at the beginning of the sales process, to identify how likely it is that a sales campaign will succeed; they qualify opportunities hard and early.

That means taking a ruthless and objective look at the customer's requirements and your competitor's abilities to meet them. Finding out the customer decision criteria is easy - you just ask them. If you are responding to an Invitation to Tender or Request for Proposal you will have been given the criteria in writing. The hard part is gauging how the customer views the competing offerings, because it's how the customer rates you that matters. You may know what your greatest strengths, and your competitor's biggest weaknesses are, but does the customer share your view? You must use any friendly contacts with the buying organisation, and any intelligence on social media or the web, to get an outside view of your, and your competitors, perceived capabilities.

The question is then a simple one; can we meet all the prospect's key buying criteria and can we meet more of them better than our competitor? If the answer is no, withdraw. If the answer is not sure, find out. If you can't find out, withdraw. Only if you are as sure as possible that you meet the prospect's needs and can't be outsold should you invest in the sales process.

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In a nutshell: Qualify hard and qualify early.

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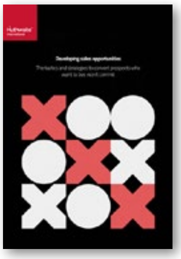
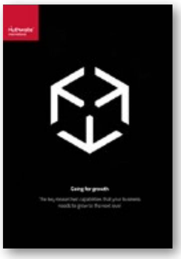
Further reading



Developing sales opportunities

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



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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