

Sales Coaching Workbook

"The success of a sales strategy lies in understanding how to relate it to individual accounts and individual customers."

Neil Rackham,
Originator, Spin
Selling


edensilk
smarter marketing results

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Introduction

Consider these comments by Neil Rackham, originator of the SPIN Selling technique of questioning.

"Some years ago I was working with the senior sales management team in a Division of Xerox. Our task was to develop a sales strategy for an important new product. As the team assembled for our first meeting, one of the participants asked me, 'Is there some strategy round here for getting a cup of coffee?' His use of the word 'strategy' took me by surprise for a moment and reminded me of how easily a word can become abused. If a word had the right to sue for defamation of character, then 'strategy' would be making its lawyers rich. My thoughts led me to put a question to the group. 'What do we each mean by the word "strategy"?' I asked, 'are we sure we mean the same thing?'

The first reply came from a member with an interest in military history. 'Strategy', he explained, 'is the big picture. It's what the general does. It's overall planning. It's setting out the grand design unlike "tactics" which means putting the design into action - thinking on your feet.' This prompted another member of the group to ask, 'Would you say, then, that we managers should set the strategy and our salespeople should only be concerned with the tactics?' 'I'd go further than that,' said the military historian, 'only the generals should set strategy. Middle level officers should be concerned with tactics. The troops should execute the tactics, not decide them. Salespeople - and even junior sales managers - have no business meddling in strategy.' There was a murmuring of disagreement and then the most senior member of the group spoke. 'I suppose you'd say I'm the general here,' he began, 'but I don't feel happy about unilaterally setting strategies. Selling doesn't work that way. It's the salesperson who's there in the account who should be in the driving seat. In fact, I believe that the role of a senior management group like ourselves has little to do with strategy. We set the

constraints: things like pricing, availability, targets and so forth. In terms of strategy we're just a support function. It's the account representative who should be responsible for forming and executing account strategies.'

A third member of the group, trying to avoid potential conflict, offered a different perspective. 'The military model is too restrictive a way to think about sales strategy', he suggested. 'I'd define strategy in selling as working smarter not harder. We've got to be smarter about our overall sales planning and support. That's what sales strategy means for senior managers like ourselves. But we've also got to be smarter about how we use our people and how we set account goals and plans - and I believe that's what strategy should mean for our sales supervisors.' Seeing that the group was responding well to his point, he added, 'But, above all, we've got to be smarter about how we handle individual major accounts. And that's strategy for salespeople - finding better ways to influence key customers.'

There was a chorus of approval and the discussion moved on to other areas, leaving me well satisfied with the answers to my question. In particular, I was pleased most of the group recognized that sales strategy wasn't the sole province of top sales management but was a vital part of sales success at all levels. Unfortunately, that's not a universally accepted opinion among senior sales management and I was glad to hear it expressed.

Another thing which cheered me was the emphasis group members placed on strategy at the key account level. Over the years I've sat through many discussions of grand overall strategic approaches to the marketplace. All too often, these discussions are very convincing and satisfying to the generals but, when the elevated ideas get down into the trenches, they don't translate into actions which advance the sale. Everything I've seen in twenty years of studying selling has convinced me that unless strategy can be readily translated

into specific actions within individual accounts, then it's just empty jargon. I've seen many a failed strategic sales plan, full of high sounding phrases like, 'increase industry penetration by 20% through selling total systems not individual boxes'. When I've questioned the authors about exactly how a salesperson is supposed to act differently in order to execute such admirable intentions, I've generally received blank stares. Sales strategies rarely fail because of their noble grand intent. What usually brings them crashing is a dismal failure to think through their implementation at the account level. The success of a sales strategy lies in understanding how to relate it to individual accounts and individual customers."

In this workbook we'll be discussing strategy from an account perspective. We'll be down in the trenches with the troops, not up on the hill with the generals. For people like our military historian, who define strategy in strictly military terms, we're probably not going to be true strategists. At best we would be tacticians. But if you take a less traditional view of strategy, if you believe that individual salespeople and their managers are the key to successful sales strategies, then you'll know that it's what happens in the trenches which decides whether strategy succeeds or fails. It was no less an expert than Napoleon who said, 'strategy is a simple art; it's just a matter of execution.'

There's very little material, published or unpublished, to help you with down-in-the-trenches approaches to executing a sales strategy. In contrast, there's no shortage of grand strategic advice for the generals of the selling world. Admittedly, much of this advice is called 'marketing', which sounds more dignified than selling and is therefore more appealing to would-be generals. But as Jon Katzenbach of McKinsey puts it, many fine marketing plans sit on the shelf because nobody has answered the question, 'how will this plan make our salespeople behave differently with their customers?' That's an excellent question. And coming up with an answer is one of the most pressing issues facing major sales forces today. In this workbook we'll be sharing research findings with you and offering some models and methods that help to answer Katzenbach's question. We'll be looking at the customer's decision process and how to form an account strategy which positively influences the decision. The various pieces of advice we'll be offering will have one common factor. Without exception, they will focus on the account and on the customers within it. Too many sales strategies seem to forget the individual customer. They focus on the product or on the sales force. If the purpose of a sales strategy is to influence customers, then it seems logical that a good strategy must begin with a thorough understanding of the decision process from the customer's point of view.

1: How Customers Make Decisions

A further word from Neil Rackham: "The first time I remember being involved in sales strategy was when I worked with a large conglomerate in the chemical industry. I was a young consultant full of good intentions and weighed down by theoretical knowledge. My client, who I've since realised had a sneaking admiration for the theoretical, offered me his new marketing plan to read. It was an impressive document. The section on selling, I remember, covered such issues as sales force compensation, call reporting procedures, promotional tools, revenue curves and some satisfyingly complicated observations on the sales/marketing interface. It was such a neat piece of work that I showed it to my colleague and teacher, Bill Allen. 'I wish I could write like this, Bill', I told him, 'this is sales strategy at its very best.' Bill took the document and leafed through it. Then he handed it back and sighed. It was an ominous sign. Over the years, I'd come to recognize that Bill Allen's sigh was a prelude to one of those uncomfortable lessons which made him such a mercilessly fine consultant. 'Why do you think this is effective sales strategy?' he asked. 'Well,' I replied, 'it covers all the bases. It's theoretically sound and it's persuasively written.' Bill thought for a moment. 'Go home tonight,' he suggested, 'and re-read it. Then come back to me tomorrow morning and tell me if anything's missing.'

That night I went through the plan again line by line. It seemed even better to me the second time. The compensation strategy was elegant, the projected figures were plausible. Everything about it looked good. 'Perhaps it's a trick', I thought, 'Bill really believes this is a first class piece of sales strategy and he's just acting this way so that I read it a second time, carefully.' Next morning, when he again asked me what was missing I brought up a couple of minor

points about how profit curves might have been better than revenue curves but, overall, I stuck to my opinion that it was a very effective document. Bill waited until I'd finished and then turned on me. 'This plan claims to be a sales strategy,' he said, 'but it doesn't mention *customers*. Everything in it is about the company: how the company will collect and process sales data, how the company will spend its promotional budget, set discount pricing levels or pay its sales force. The basic rule of good sales strategy is that it should be all about customers. This plan isn't about customers. It's a failure.' I was crushed. I'd gone through the plan twice and it hadn't even crossed my mind that it was built around the sales desires of the chemical company rather than around the purchasing reality of its customers."

Strategy is about customers

Although he may not have recognized it at the time, Bill Allen was giving Neil Rackham probably the most important of all lessons about selling strategy. Whether we're talking of an overall strategy for a market or a specific strategy for an individual account, selling strategy is about customers. The measure of an effective selling strategy is that it succeeds in influencing customer purchasing decisions. If we assess a strategy's success by its impact on customers, then it follows that the better we understand the customer decision process and how to influence it, the better our strategy will be. What counts is the customer. Selling strategies which ignore the customer, or which don't take sufficient account of customer behaviour, are likely to fail. That's why the central focus of this workbook is on

understanding customer behaviour. We'll be using research studies and cases to explore the customer decision process and to show you how it changes during the course of a major sale. As we'll see, different selling strategies succeed at different phases of the selling cycle. The strategy which works best during the early stages of the sale may become ineffective as the selling cycle progresses.

It's all too easy, in major sales, to let your selling strategy get weighed down by procedures and techniques. We've seen many account strategies collapse because they became so complex that they lost the basic fact that decisions are made by people. All people, whether influencers, decision makers, purchasing agents or evaluation committees, normally go through distinct psychological stages when they make decisions. By understanding these stages and how to influence them, you'll find it easier to form practical account strategies which have a positive effect on your customers. Effective strategy begins with an understanding of how people buy. As we'll see, the strategies you develop as a result of adopting the buyer's perspective offer a powerful guide to your actions through difficult competitive sales.

At Edensilk we've become very cautious about strategy models which focus exclusively on how to sell. Many of the clients who have come to us for advice on increasing their sales productivity have shown us elaborate models of the selling process. These models are usually in the form of a series of selling steps they require their salespeople to take. A typical example might have selling stages like prospecting, qualifying, fact-finding, presenting, proposing, and closing. Each of these stages represents an activity which the salesperson is required to perform in order to execute the strategy. Generally, each stage is also associated with paperwork the seller or sales manager must complete. We usually find ourselves giving two pieces of advice. The first, simply, is to reduce the paperwork. In some organisations salespeople spend up to ten hours a

week completing paperwork in the name of selling strategy. Much of this time is unproductive; much of the information is faked to a point where it's becomes an unreliable guide for management action. A measure of the health of a sales organisation is the amount of time it spends relating to customers compared with the time it takes relating to the internal needs of a company. By this measure many organisations are sick and we've seen some that border on the terminally ill. So our first piece of advice is usually to cut the paperwork.

Our second piece of advice is to build a selling strategy which focuses on the steps the customer takes in making a decision, not on the steps that a salesperson takes in making a sale. The two are not the same. As we'll see in future sections of this workbook, strategies based on the selling process are usually far less effective than strategies based on the buying process. Our problem, as salespeople, is that it's far easier to understand the steps of selling than those of buying. And it's far more dangerous, because we tend to base strategy on what we understand, rather than on what's effective.

The research base

Before we examine each of the stages of a buying decision, let us briefly consider the origin of the ideas covered in this workbook. Apart from our own extensive experience, we must acknowledge the voyeurism of Neil Rackham. Neil openly confesses he is not a sales genius, or a sales strategist. But during the course of 25 years he 'watched' other people sell with the keen eyes of an occupational psychologist. He has directed research teams which have studied more than 35,000 sales calls in 27 countries. He's watched the behaviours of over 10,000 salespeople. He's studied many markets where strategy is paramount. In the computer markets he's worked with IBM and Digital, in telecommunications with AT&T and GTE, in banking with Citicorp and Chase Manhattan, in the business equipment markets with Kodak and

Xerox. From the mass of data Rackham has collected from these and many other corporations, he's been able to draw conclusions about customer behaviour and how it changes during the sale. These conclusions, we believe, have profound implications for account strategy.

His research uses a method called 'behaviour analysis'. At its most basic, it involved watching sales calls and counting how often the salesperson or customer uses certain key behaviours. This allows the building of statistical models which show how particular behaviours are associated with sales success. The behaviour analysis method has allowed the sound research principles of experimental psychology to be applied to the complex and subtle art of selling, an art which has stubbornly resisted objective analysis. As far as we know, Neil and his team are the first group of researchers to use these behaviour analysis methods as a tool for understanding selling and how to make it more effective.

The principal of Edensilk, Paul Curtis, was fortunate to be trained by Neil and his team in the early 90's in the UK while he was working there. Paul has practiced and refined Neil's models since that time.

The customer decision process

Earlier we said that the customer decision process in a major sale normally progresses through distinct stages. Three of these stages take place before the decision and a fourth stage happens after the decision has been made. These stages are usually visible even in simple sales. Think about your own purchasing decisions: buying a car, for example. How does your decision process begin? If you're completely satisfied with your present car, then there's no decision to be made. The decision process begins when you no longer feel totally satisfied. You begin to perceive problems with your car. Perhaps it's getting old, or it's less reliable or it doesn't look as good as

newer models; for whatever reason, you feel dissatisfaction. You're now in the first of the three phases of the buying decision, which we call Recognition of Needs. During this stage, you move from minor irritation to real dissatisfaction and finally to a point where you decide you're going to do something about it. Once you've made the decision to act, you leave the first stage of the buying process and move into the second, Evaluation of Options. In the Recognition of Needs stage, your chief concern is, 'Do I need to do something about my present car?' Now, in the Evaluation of Options stage, your concern becomes, 'What are my choices? Do I repair my existing car? Do I lease or buy? If I buy, then which one? How do I choose between the competing models?' This stage normally begins with a confusing array of choices and options. As it continues, you become increasingly clear about the option which suits you best. Finally, you settle on the option which you feel fits your needs better than others: let's imagine you decide to buy a good quality used car which you've seen in the showroom of a local dealer. Once you've arrived at this clear preference, you're moving into the final; psychological stage of the purchase decision. We call it the Resolution of Concerns phase and, as we'll see, it can be one of the most significant and complex stages of any decision. During this stage, although you've decided that you need to change and that this car is the best of the options you've considered, you may nevertheless feel reluctant about going ahead. You think about things like, 'What if there's some hidden defect I haven't discovered?' 'How will I tell the family I've decided to spend all this money?' or, 'Is their after-sales service really as good as they say?' Until you've overcome these fears you won't be ready to move ahead to make the final decision.

The process we've described in buying a car would probably apply equally to any purchasing decision where:

- The decision is made over a relatively long time period, rather than in a single meeting or call;

- There are competing alternatives to choose from;
- There are penalties or risks if you make a bad decision.

So, buying a can of beans in a supermarket isn't a decision which goes through the three stages because, even though there are competing alternative brands, the decision is usually made immediately and has negligible penalties if you've made the wrong choice. However, most of the big purchasing decisions we make as individuals do go through the sequence of Recognition of Needs, followed by Evaluation of Options and finally Resolution of Concerns which is illustrated in Figure 1-1. Think about the last time you made any large buying decision, such as purchase of a house. You can probably remember each stage, how it felt and how, as a buyer, you had different preoccupations at each point.

The same stages are present when one of your key accounts is making a major buying decision. First, people in the account become dissatisfied with the existing situation and begin to recognise a need to change.

During this Recognition of Needs phase, the most effective selling strategy, as we'll see in Section Three, is to uncover the source of dissatisfaction and to increase the customers' perception of its intensity and urgency. Then, once people in the account are agreed on the need to change, the sale moves into the second stage, and Evaluation of Options. During this phase the account is weighing the various options and their merits. Sometimes this involves a formal procedure within written specifications, a proposal process and an evaluation committee. At other times the procedure may be loose and relatively informal so that only one person needs to be convinced of which option is best. In

either case, your optimum selling strategy during this stage of the sale is to influence in your favour the criteria the buyer or buyers are using to evaluate available options. We'll be looking more closely at how to do this in Section Four. Finally, when there's a consensus in the account on which options adequately meet the criteria, the third and final decision phase, the Resolution of Concerns, begins.

In this final phase the buyer may show great anxiety about the risks of going ahead. As we'll see in Section Six, sometimes these concerns are expressed openly to you. However, that isn't always the case. Often the issues which arise during the Resolution of Concerns stage may stay hidden or may be expressed in the respectable form of

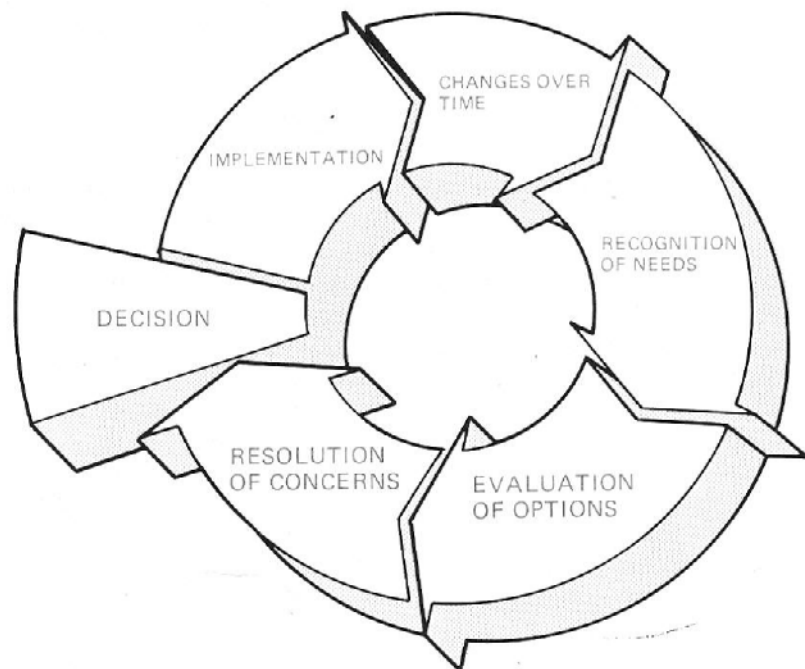


Figure 1-1 The customer decision process

price issues. A good selling strategy at this point in the sale is to find a way to uncover and resolve fears and concerns of this kind. It's here, in the final stage of the sale, that you are likely to be pressured to negotiate special terms or to make some additional concessions to get the business. In Section Seven we'll examine strategies for effective sales negotiation.

Next comes the decision. In smaller sales once the decision is made your

selling ends. That's not normally true in major sales. There's usually a stage of Implementation when you continue to support and help the account after the sale has been made. During this stage there are some interesting sales opportunities which many people miss. We'll see, in Section Eight how to use these opportunities to form an effective post-sale strategy.

Fred Mostyn, of Central Purchasing, British Petroleum, described the stages of a typical purchasing decision he would handle. This was before the research had been conducted which uncovered the three-stage model of purchasing decisions, so at the time Fred did not know how closely his description would compare with those findings. Here, with the stages in italics, is his description of a typical purchasing decision.

"There's not exactly a standard procedure but I suppose that most new purchases – where we don't have a routine order with a supplier – begin because someone in the organisation has a problem which can't be solved with existing equipment or supplies. Either that or there's dissatisfaction with something like quality or delivery (*Recognition of Needs*). Next we get a phone call or a request from a Department. We discuss things and try to form a specification with them. We find out a list of 'musts' and 'nice-to-have's'. We help people think objectively about how to make a cost-effective decision. Then we go to look at various vendors (*Evaluation of Options*). If it's a big decision, we send out a formal request for proposals. For smaller decisions the method varies quite a lot. Anyway, when we've found our short list, which might be one, two or possibly three potential suppliers, we look at each one carefully to check their references, their financial stability, their ability to deliver and so forth. We don't want to take unnecessary risks and so this vetting can be important, especially if we feel concerned about the supplier (*Resolution of Concerns*)."

Why the stages matter

The research project which first gave hard statistical evidence that sales fall into the stages we've just described was carried out across thirteen of the Xerox operating companies in Europe. Processing the data was very complex and Neil Rackham asked Dr Stuart Smith of Sheffield Polytechnic to help with some of the more difficult areas. When Neil was going through the initial printouts with Stuart, they saw for the first time the hard evidence in print to suggest that there were three broad stages to the decision process. Then Stuart asked the obvious question, 'What's so exciting about having three stages in a purchasing decision?' The answer is that it answers one of the most puzzling questions in selling.

The question will be a familiar one to many sales managers. 'How is it that some salespeople are very good at opening the business – at generating initial interest, at getting things started in the account – but then they seem to lose control in the middle of the sale when competition comes along? And how is it that I've got people who are very effective at handling the competitive parts of the sale but who aren't good at getting the final decision?' The obvious (and usual) answer is that different parts of the sale probably call for different strategies and different skills. Attributes which help a person open a sale aren't necessarily those which help as the sale progresses. That may be a fine answer for a researcher, but it doesn't help anyone manage a sales function. What we want is better account strategies for people in the parts of the sale where they are weak. But you can't develop better account strategies unless you understand how customer decision behaviour works. It's likely that customers behave differently at different points of the sale. If you understood these differences, then you could get your people to adapt their strategies so that they would be more effective in influencing customer decisions. Until this research was conducted, there was no research which could guide us. Sales managers adopted their own 'seat-of-

the-pants' way of selling.

Neil Rackham's first printouts showed that customer behaviour went through three distinct phases before the decision, and that successful salespeople used different ways of selling in each phase. For the first time there was evidence for a customer-based model of account strategy. It was an important discovery because we knew in theory that a good strategy model had to be customer-based not seller-based. Unfortunately, up to that time there hadn't been enough information on the psychology of the customer decision process to enable us to build a valid customer-based model. Like most other people who worked in sales, we knew a lot more about selling than we did about buying. We could produce strategy models of how to sell, in fact we had produced several of them. Each of these models had been based on the relatively conventional steps of the sale as described from the selling point of view. First you prospect, then you refine your prospects into suspects. Next you make approach calls to collect data and find facts. You then make sales presentations. Then you propose. Then you follow up your proposal and finally you close.

There's nothing intrinsically wrong with this kind of strategy model based on selling steps. But increasingly we felt uncomfortable with our own selling steps models because we didn't think they helped answer important questions about customer buying behaviour and how to influence it. Neil Rackham's research was a break-through.

Amazingly, since these discoveries were made in the 80's few businesses have really exploited the benefits of this approach. Neil Rackham's company has continued their research and refined their model; but the selling world at large continues to base the development of models mostly on their own processes.

However, we've worked to develop those germinal findings into practical methods and strategies for increasing the

probability of sales success at each of the decision phases.

Account strategy in the Recognition of Needs phase

We are agreed, then that during the first phase of a purchasing decision, people in the account are recognizing a need for change. This need usually begins as dissatisfaction with existing methods, systems, products of suppliers. During this phase customer dissatisfaction grows until it reaches a critical mass. When dissatisfaction reaches a sufficient level of intensity or urgency, the account makes a decision to change.

The most effective selling strategy during this phase is to uncover dissatisfaction in the account and to develop that dissatisfaction until it reaches critical mass. Few people would quarrel with developing dissatisfaction as the main strategic objective in the early stages of a major sale. It doesn't need a massive research project to show that dissatisfaction is necessary for change and that the vendor who can effectively uncover and focus dissatisfaction has a strategic advantage over competitors. The objective of our research was to discover exactly how successful salespeople create and develop customer dissatisfaction. Our first finding was simple but crucial. Successful people ask a lot more questions during sales calls than do their less successful colleagues. We found that these less successful people tend to do most of the talking. They become involved in product discussion very early in the sale. Frequently they give presentations as a means of generating customer interest.

Ineffective selling strategy generating initial interest through presentations

We worked with a consultant who had previously been successful in low-end capital goods selling. In his new

company, he was trying to introduce some innovative products and services to new clients. Because his company was little known in the Australian market he decided that the most effective selling strategy would be to visit prospective clients and to make presentations describing his firm's capabilities. He visited over 100 potential clients and made presentations which, on the whole, were very well received. He was delighted to get such a positive reception and was full of optimism that his work would eventually lead to large sales. Also, only one of his prospects ever reached the point of doing business with him. He'd learned the expensive way that giving presentations early in the selling cycle is an ineffective strategy for major sales.

What does this mean for account strategy? As we'll see in Section Three, effective strategy requires that in the early part of the Recognition of Needs phase, you hold back on product discussions and presentations. Instead, an effective strategy concentrates on developing dissatisfaction. Our research found that successful salespeople have some very powerful methods for developing dissatisfaction. In particular, they use questioning sequences which not only help the customer discover and articulate dissatisfaction but also intensify any dissatisfaction which the customer already feels.

Account strategy in the Evaluation of Options phase

Once the customer's dissatisfaction has intensified to a point where the account takes a decision to act, we enter the second phase, the Evaluation of Options. During this phase the customer's attention turns to making choices. Successful account strategy during this, the most competitive part of the selling cycle, centres on understanding, influencing and responding to customer decision criteria. As we'll see, effective

salespeople are able to change the way in which customers evaluate their products or services. It's particularly important in this phase of the sale for your selling strategy to differentiate you clearly from your competitors.

A common fault in selling strategy during this phase is failure to recognise that a shift has taken place in customer concerns. As a result, salespeople continue to behave as if they were still in the Recognition of Needs phase, uncovering customer dissatisfaction and developing needs. We had a clear personal illustration of this the first time we bought a computer system for our own company. We had decided we needed a comprehensive system to handle a number of specialist requirements. We were using cumbersome semi-automated methods which were so expensive that it was clear a new system would pay for itself in less than a year. We therefore decided to move ahead urgently, so we agreed on an outline specification which the new system would have to meet and we invited several vendors to visit us to find whether their system was what we were looking for. In other words, we were no longer in the Recognition of Needs phase: we'd already decided our need was urgent enough to justify changing our system. We were firmly in the Evaluation of Options phase. Our main interest in meeting the vendors was to make a choice through getting a better understanding of how well each vendor met the tentative specification we'd set.

The first seller we met spent a couple of hours trying to convince us that our present system had many costly disadvantages and that a new system would give us all kinds of benefits. If we'd been in the Recognition of Needs phase it would have been a very effective piece of selling. She certainly uncovered our dissatisfaction with the present system. If she'd called on us a couple of months earlier we would have been deeply impressed. Unfortunately for her, we were no longer in the Recognition of Needs phase. We knew the existing system was unsatisfactory. What we wanted to know was how to

choose between her system and the three others which we were considering. At the end of our meeting all that we had on our notepads was her name, the name of her company and some elaborate doodles!

The same story was repeated with the next two salespeople. Both of them put lots of energy into convincing us of the need to change. During the third discussion, when the seller was yet again telling us how much better it would be for us to have a new system, I became so impatient that I interrupted him. 'Just a minute,' I said, 'you're telling me things I already know. I *know* our existing system stinks. I *know* we need to change, that's why you're here. You don't have to convince me. But what I *don't* know is how to decide between your system and the others we're considering.' The seller obviously wasn't prepared for this and, in an attempt to retrieve the call, gave us a disorganized list of ways in which he thought his system was superior. The net effect of his visit was to leave us even more uncertain than before.

The following day we met the final salesperson. By this time we were confused, despondent and demoralized. Each of the people we'd spoken with so far had succeeded in strengthening our dissatisfaction with our existing methods. But none had helped us feel clearer about how to choose an alternative. The final seller began by saying, 'It's very confusing choosing between different systems. So I'd like to begin by looking at some of the factors you should consider to help you make the right choice'. He had our attention. This was what we'd been waiting to hear. Unlike his competitors, he'd understood that we were in the Evaluation of Options phase. Our concern was with making choices and we were attentive and impressed when we met someone who understood what we were going through. Needless to say we bought our system from him, even though we suspected that it was under-featured and overpriced.

What's the moral of this story? Three of

the four salespeople lost a potential sale because they made the elementary strategic mistake of not recognizing which phase of the customer decision process we were in. Yet each of them sold in the correct textbook manner. They each worked to uncover our needs and to make benefits. But, like untold thousands of unsuccessful salespeople, their failure to match their selling strategy to the buyer's decision process cost them business. In contrast, the last representative adapted his selling strategy to take account of where we were in the decision process, and consequently made the sale.

Of course, it's not always that simple. In our case we didn't have clear or fixed criteria for differentiating between the alternative systems. Consequently, until the seller helped us, we lacked an adequate basis for making a decision. We were typical of the less sophisticated customer who is a first-time buyer.

When customers frequently buy in a particular market, the opposite problem can exist. Instead of lacking purchasing guidelines, or criteria, the buyer may have criteria which are all too clear and fixed. The purchasing agent who buys repetitively in a market and for whom price is criterion number one, number two and number three would be an example. As we'll see in Section Four, even in cases like this there are selling strategies for influencing, and even radically changing, criteria which are apparently rigid and inflexible. But you can't set about influencing or changing a buyer's criteria unless you know what those criteria are. The most common strategic error which salespeople make in this phase of the sale is that they don't try to uncover the customer's guidelines, or criteria, for making the decision. In consequence, they don't know how to differentiate themselves from their competition or how to emphasise those things which will have greatest impact on the customer. This is clearly illustrated in the next case, where failure to uncover the customer's criteria for making the decision resulted in a lost sale. What's worse, as both seller and customer realised afterwards, the seller's

failure to uncover customer decision criteria resulted in a sub-optimal decision for the buyer.

Ineffective selling strategy failing to uncover decision criteria

John C sold industrial control systems. One of his key products was about five per cent more expensive than an equivalent product sold by his main competitor. However, John had learned to justify his slightly higher price by showing that his product had certain desirable technical features which his competition lacked. When he and his competitor each made a bid for equipping a new factory, John was told that the purchasing committee had been impressed by the technical features of his product. He therefore confidently expected to get the order because he felt able to justify the price difference. He wrote a proposal showing that this technical superiority more than compensated for his modest price premium and he made a presentation to the purchasing committee which focused on the same message. He was astonished, a few weeks later, to hear that his competitor had been given the order.

Several months afterwards he was having lunch with a member of the committee who told him, 'We were sorry not to give you the order, but your competitor could deliver the system in six weeks and you said it would take twelve. Delivery was our number one criteria, even though we like your product better'. 'But', John protested, 'I could have delivered the system in *five* weeks because I thought it would take you at least that long to get the site ready for installation.'

John's mistake was that he *assumed* he understood the committee's decision guidelines. Like so many salespeople in the Evaluation of Options phase, he lost a certain sale because he acted on the decision criteria he incorrectly believed were the most important ones. In

contrast, his competition won because they had found the crucial criterion and used it to their advantage.

As we'll see when we examine the Evaluation of Options phase more closely, there are a range of useful techniques for uncovering and influencing decision criteria which are an essential part of effective selling strategy in this crucial and competitive phase of the sale.

Account strategy in the Resolution of Concerns phase

Once the account has assessed competing alternatives, the sale moves into its final phase, the Resolution of Concerns. In this phase last-minute fears and concerns arise which can block the decision or cause customers to reopen discussions with competitors. Sometimes this phase is a non-event. For example, you might be a long-term supplier with an excellent reputation in the account. Because the customer knows that your product meets needs well, you've gone through the Recognition of Needs phase without difficulty. During the Evaluation of Options phase people in the account remain convinced that your product is better than alternatives. In circumstances like these it's quite possible that your customer has no concerns to resolve. You may be able to move straight from Evaluation of Options to the final purchasing decision.

Unfortunately, these ideal circumstances are rare. In a complex sale it's unusual for any vendor to meet all needs perfectly. During the Evaluation of Options phase it's uncommon for one vendor to stand out so clearly from all others that the choice is a foregone conclusion. A more usual outcome, at the end of the Evaluation of Options phase, is for the customer to feel that, in making a choice between imperfect solutions, one vendor is *on balance* preferable to others. In these circumstances it's not surprising that customers feel uncertain whether they

are making the right decision. If a customer feels that a decision is risky, then selling strategy must take account of this. An effective strategy, as we'll see in Section Six, must uncover and help resolve perceived risks. A dangerous strategic error, as the next case study illustrates, is to hope that perceived risks will somehow resolve themselves. They don't. People who are successful during this phase of the selling cycle are the one's who work to uncover and resolve issues which are troubling the customer, even if these issues are uncomfortable and difficult to discuss.

Ineffective selling strategy ignoring customer concerns

Ann Rivers, a partner in a local accounting firm, had for years been in discussions with a manufacturing company which wanted help in overhauling some of their financial control systems. She knew that the company had also been talking to one of the large accounting firms but she felt confident that she would win the business.

Just before the final decision she had a meeting with her prospective client. The client was less friendly than in earlier meetings and raised a number of minor issues about her proposal. She dealt with each issue well, but she was left with an uncomfortable feeling that the client was still unhappy about something. 'Shall I try to find out what's wrong?' she thought, 'or would that be dangerous? Perhaps it would be better to ignore his behaviour and just hope it goes away.' Sure enough, after bringing up another couple of insignificant issues, the client stopped raising objections. Ann was relieved. 'I did the right thing', she told herself, 'if I'd tried to find what was troubling him I might have opened up a whole can of worms.'

When Ann heard she'd lost the business and that the company had decided to go with the big firm, she

went back to see the client. 'We very nearly chose your firm', he told her, 'but we were concerned that a small firm like yours might not have the level of experience we needed. We discussed it for hours but, in the end, we felt it was safer to go with a larger firm.' Ann was stunned. Her firm was especially well qualified in this area and would have been ideal for the client. 'Why didn't you tell me you were concerned?' she asked. 'I nearly did,' the client replied, 'but I felt awkward about raising issues over professional qualifications.'

Ann lost the sale because she didn't understand one of the basic strategic rules for handling the Resolution of Concerns phase of the sale: it's more dangerous to ignore signals of customer concern than it is to explore potential concerns and get them out into the open.

Another common strategic error during the Resolution of Concerns phase is to try to pressure the customer into a decision. Neil Rackham tells a story of a major account sales executive from a Swedish company asking for advice on strategy with one of his key customers. 'They seemed very anxious to go ahead last month,' he said, 'but now they are dragging their feet. I think something's wrong. Do you think I should call them and put a time limit on the bid we submitted?' Neil advised him not to pressure the customer. A better strategy would be to visit the customer and to try to get his real concerns out onto the table. 'I don't think that would work', the seller complained, 'in Sweden that's not the way we do business. If you want to get decisions from customers who can't make up their minds, then you've got to pressure them a little.' 'And what if the customer doesn't respond to a little pressure?' Neil asked. He smiled, 'Then you pressure them a lot.' He replied.

A year later Neil met the sales executive again during a visit to Stockholm. He reminded him of the discussion. 'How did it turn out?' Neil asked. 'We did get the sale,' he replied 'but I think you were right. I went ahead and called the

account, telling them they had to decide within ten working days or we might withdraw our offer. I didn't hear anything for a week. Then I was away ill, so one of my colleagues went to visit the account on my behalf. The customer told him that the day before I called them there was a big meeting where concerns had been raised about the complexity of the implementation and whether they could handle it successfully. When they received my call their first reaction was to decide not to proceed. However, my colleague was able to get all their implementation concerns out onto the table and most of them had been resolved by the time I came back to work. So we made the sale, but I can see why you advised me against putting pressure on the customer.'

His story had a happier ending than most similar cases we've observed. Customers generally respond negatively to pressure during the Resolution of Concerns phase of the sale.

But if you shouldn't ignore customer concerns and you shouldn't pressure the customer for a decision, then what should you do to be effective during the Resolution of Concerns phase of the sale? We'll see, in later sections, that there are several strategies you can use to uncover concerns and to assist the customer in resolving them. Sometimes, at this stage of a sale, negotiation becomes an important selling tool. The customer may wish to negotiate special terms as a condition of going ahead, particularly over issues of price or delivery. There are some clear rules about successful sales negotiation, as we'll see in Section Seven. Most people make the mistake of negotiating too early in the selling cycle. And, frequently, negotiation turns out to be an unexpectedly costly strategy for getting the business. Nevertheless, as we'll see, sales negotiation can be a powerful tool if it's carefully used.

Account strategy in the Implementation phase

It's easy to take a naïve view of selling which suggests that once the decision is

made the selling job is over. That's a dangerously limited way to think about selling or account strategy. Very few major sales stop when the customer signs the contract. The majority of sales involve implementation, installation, after-sales support or some other continuing contact with the customer. The period after the decision is one of the most fertile areas of sales opportunity. In Section Eight we'll discuss some strategies for using the post-sales period effectively.

A summary and a look forward

In this section we've covered some basic points which we'll be looking at in more depth throughout this workbook.

Sales strategy should be about customers and how to influence them. It therefore follows that the better you understand customer behaviour, the easier it will be to form an effective selling strategy.

- Customer behaviour goes through three distinct phases in making a major purchasing decision. These phases are summarized in Figure 1-2.
- After the decision, there's usually a fourth phase of *Implementation* which is a neglected area of selling strategy but one which, if it's well handled, can generate significant additional sales opportunities.
- Each of these phases requires a different set of strategies and skills. A seller can be very effective in handling one of these phases but may not be skilled at another.

In the sections which follow, we'll examine in turn each phase of the customer's decision process. We'll put forward strategies which successful salespeople use to influence positively each phase of the decision. If there's one theme that runs throughout this workbook it's this: effective selling strategy isn't about grand design, and it

isn't about clever tricks; it's about thoroughly understanding your customers. It's about knowing the concerns your customers will have at different phases of the sale and

understanding how to respond to those concerns effectively.

Decision phase	Typical customer concerns during phase	Sign that this phase is over and the next one starting	Common strategic errors in this phase
Recognition of Needs	<ul style="list-style-type: none"> • Have we a problem? • How big is it? • Does it justify action? 	Customer accepts that the problem is severe enough to justify change and therefore decides to take action	<ul style="list-style-type: none"> • Failure to investigate/develop customer needs • Making product presentation too early
Evaluation of Options	<ul style="list-style-type: none"> • What criteria should we use in making a decision? • Which competitor best meets our criteria? 	Customer has a clear decision mechanism in place and has used it to select one or more final contenders	<ul style="list-style-type: none"> • Failure to uncover customers criteria • Little attempt to influence/change stated criteria
Resolution of Concerns	<ul style="list-style-type: none"> • What are the risks of going ahead? • What if it goes wrong? • Can we trust these people 	Customer makes the purchasing decision	<ul style="list-style-type: none"> • Ignoring concerns in the hope they'll go away • Pressuring the customer to make a decision
Implementation	<ul style="list-style-type: none"> • Are we getting value from this decision? • How quickly will we see results? 	New needs and dissatisfactions arise	<ul style="list-style-type: none"> • Failure to treat implementation as a sales opportunity • Failing to anticipate vulnerable implementation points

Figure 1-2 Phases of the purchasing decision

My Own Notes

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My Own Decisions & Actions

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