



Elements of Relationship Selling

Chapter 5
Prospecting and
Sales Call Planning

Chapter 6
Communicating the
Sales Message

Chapter 7
Negotiating for Win–
Win Solutions

Chapter 8
Closing the Sale and
Follow-up

Chapter 9
Self-Management:
Time and Territory

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PART TWO describes the

process of buyer–seller interchange that is the heart and soul of relationship selling. Chapter 5 discusses two important tasks that must be done before meeting with a customer—prospecting and sales call planning,

including a preapproach.

Once you have an appointment scheduled with your customer, preparing and delivering a great sales presentation becomes key. In Chapter 6 you will learn about ways to make a good first impression, strategies for approaching the customer for the first time, and characteristics of different types of sales presentations. Then you will learn how to use the sales presentation to build the relationship and convey the value proposition to your customers. Chapter 7 gives you tips on keeping the buyer–seller dialogue focused on win–win solutions, and provides specific negotiation strategies to get there.

Closing is about achieving the goals set for a specific sales call. Chapter 8 provides several approaches to closing, as well as ideas for dealing with rejection and maintaining a professional attitude. Also in Chapter 8 you will learn how to recognize buying signals and avoid several classic mistakes in closing, as well as how to do great follow-up after the sale.

The final chapter in Part Two, Chapter 9, provides a bridge from relationship selling to sales management. It covers the importance of good time and territory management to salespeople and their managers, including a number of tips on efficient and effective self-management.

In order to directly connect the sales process to sales management, each chapter in Part Two concludes with a section on the sales manager's role in the element of the sales process covered in that chapter.

5

chapter

Prospecting and Sales Call Planning

Learning Objectives

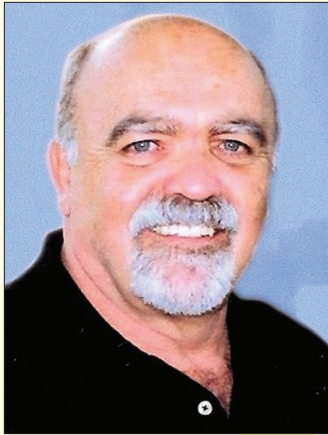
This chapter explores important issues in how salespeople successfully prospect and plan for a sales call (the preapproach). These important activities in advance of a sales call set the stage for success in relationship selling.

After reading this chapter, you should be able to

- Describe how to qualify a lead as a prospect.
- Explain why prospecting is important to long-term success in relationship selling.
- List various sources of prospects.
- Prepare a prospecting plan.
- Explain call reluctance and point out ways to overcome it.
- Describe elements of the preapproach and why planning activities are important to sales call success.
- Understand the sales manager's role in prospecting and sales call planning.

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expert advice

Expert: Jack Gillespie
Company: Founder and Broker, South Bay Brokers, Inc., Manhattan Beach, CA
Business: Second largest residential real estate brokerage firm in the South Bay area of Los Angeles. Presently employs 110 agents.
Education: BS in Political Science, California State University Northridge

Where do most of your new clients come from? That is, what brings them to South Bay Brokers instead of somewhere else?

South Bay Brokers is unique in that our company was founded within the communities from which our business thrives. We have the distinct ability to fully concentrate on branding our name and expertise in our neighborhoods without being restricted to a broad national identity. Our intimate knowledge of the area and quality of expertise in the field are keys to creating a solid first impression; however, our propensity to *exceed expectations* is what keeps our clients loyal, and keeps the referrals coming. These new and existing clients, buyers and sellers alike, also respond to our company's consistent market presence, which is reinforced by the volume of property listings that feature our signs and our informative advertising in our community publications.

Winning new clients and then ultimately fostering loyalty and repeat business from those clients is the lifeblood of a successful real estate brokerage firm. How do you go about keeping customers loyal to your firm?

We concentrate on maintaining relationships within our spheres of influence; mainly our affiliations, our clients, and the community in which they live. By supporting the fundraisers, events, and campaigns of our neighborhoods, schools, and charity organizations, we better our community and demonstrate that our realm of business extends beyond just the real estate transaction. Such personal

attention makes our clients more inclined to use us as a resource for anything real estate related—from valuations for financial planning to contractor referrals for property maintenance. Besides traditional forms of real estate marketing, one exclusive form of personal correspondence our company offers is a bimonthly e-newsletter that emphasizes the latest market area information and statistics as well as useful community information links. Each agent can monitor “clicks” on various articles presented in the newsletter and use that feedback to anticipate the needs and interests of his or her client. Ultimately, it is our ethics, honesty, and willingness to serve that keeps our clients loyal to South Bay Brokers.

Are there any specific customer groups that you have targeted as especially high potential prospects?

An adept knowledge of multiple property types and a diverse clientele are the core of our business. To overly target one segment of the marketplace would limit our proficiency and longevity. Our clients, both buyers and sellers alike, come to us with many different yet specific needs. For example, we need to be prepared to meet the requirements of a first time home buyer as well as an extremely savvy investor. “Farming” a specific clientele—that is, focusing on cultivating a particular client group—is one way for a salesperson to gain recognition and garner sales. But over the long run, in our business the best approach is a well-rounded perspective on prospecting due to the unpredictability of market conditions.



Prospecting: Customers Don't Start Out as Customers

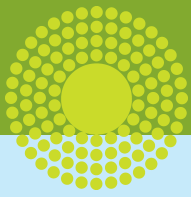
We have talked a lot about customers. It is now time to realize an important aspect of selling that has not yet come up in our discussion: today's customers didn't start out as your customers at all. Somehow, your company, through its various selling and marketing efforts, brought them to you, you to them, or both.

Your customers have probably gone through a series of stages with you. The process may start out with a **lead**, which is the name of someone who *might* have the potential to buy from your company. Leads come from many places, and later in the chapter we will review those sources. Many (if not most) leads never make it past that stage to become **prospects**. Unlike mere leads, prospects have to meet certain criteria to be considered potential customers. Prospects are considered a *very likely* set of potential customers. The process of analyzing a lead to see if it meets the criteria to be a prospect is called **qualifying the prospect**.

Qualifying the Prospect

The criteria applied to qualify potential prospects vary somewhat from company to company, but several standard qualifications exist for leads to be considered full-fledged prospects. Here are five key qualifying questions.

1. *Does the potential prospect appear to have a need for your product or service?* This criterion is fundamental. You have already learned that relationship-building approaches to selling don't involve arm-twisting, hard-sell techniques. You want to do business over the long run and eventually gain referrals (leads) from current happy customers about potential new customers. Thus, success in relationship selling depends on understanding that what you sell can satisfy a potential buyer's needs.
2. *Can the potential prospect derive added value from your product in ways that you can deliver?* This criterion is closely related to #1. In Chapter 3 you saw a number of ways beyond price and the product itself that a seller can add value for customers. To answer this question accurately, you must analyze the different ways you might do this with a potential customer. The more ways you can add value, the more likely you have a good prospect.
3. *Can you effectively contact and carry on communication/correspondence with the potential prospect?* Contact and communication with potential customers might seem easy, but this is actually a very important point. Some customers look good on paper but are not really accessible. The potential customer's geographic location and your ability to get an appointment with him or her fall within this criterion. Consider what type of contact is needed to develop the relationship. If access and communication lines are significant barriers, then it may be wise to move to another prospect.
4. *Does the potential prospect have the means and authority to make the purchase?* Quite often, as you learned in Chapter 2, a wide variety of people contribute to the ultimate purchase decision. The salesperson must determine (a) if the person being considered as a potential prospect can and will make a purchase and (b) how much effort and investment might be needed to see the purchase through to completion. Xerox pioneered a sales training package in the 1960s called Xerox PSS (for Professional Selling Skills). One of its classic training role plays partners a salesperson with a buyer to try to make a sale. The script



Four Classic Categories of Prospects

It happens over and over again. The sales representative delivers an outstanding presentation to the prospect. She not only knew all the facts about her product, but also about all of her competitors. Her vocal skills were impeccable, and she portrayed professionalism and confidence. Her close was strong and affirmative.

But her prospect—a very prominent physician—said he would “consider” using her product if it became “appropriate.” He may as well have said, “No.” What went wrong?

While it is true that everyone is different and unique, it's also true that people tend to fall into four basic behavioral types when it comes to buying a service or product. The success (or failure) of the sales call is dependent upon the sales representative being able to distinguish the correct behavioral type of the prospect, the sales message and also the appropriate communication style. For example, a sales representative cannot sell the same way to Donald Trump as he can to Richard Simmons, and vice versa. The product is the same in both sales calls, but in order to close the sale effectively, the approach and the message would (or should) be different to each of the four categories.

1. The Donald Trump—The Direct Type. This buyer is usually a Type A personality—think “Donald Trump.” They are usually in a hurry and tend to be very direct in their conversation. Direct Type buyers are often blunt and even interrupt the sales representative constantly. They state their opinions as fact. They are impatient and demanding, wanting to get to “the bottom line” quickly.

While you want to be direct and specific, provide alternatives so that the Direct Type buyer can make the decision to buy. Let this buyer speak and you listen. Do not go into all the details or try to control the situation. Ensure he/she “wins.” You must act quickly, because this buyer type decides fast. Whatever happens, don't take issues personally.

2. The Richard Simmons—The Interpersonal Buyer. This buyer is very friendly and excitable, often animated—think “Richard Simmons.” They cannot focus on details and jump from subject to subject. Because they don't always have the ability to listen for long periods, they may ask the same question several times. Interpersonal buyers are more interested in forming a relationship than they are in buying.

Schedule time for chatting and let this buyer speak, giving recognition as appropriate. Talk about people and feelings. As you converse with this buyer type, move closer and maintain a positive atmosphere. You want to show how your product will help to achieve popularity and recognition. Focus on the people aspects. Do not fail to socialize. Also, do not set hard restrictions, unless absolutely necessary.

3. The “Aunt Bee”—The Safety or Status Quo Type. These buyers usually appear calm and do not get easily excited; imagine speaking with “Aunt Bee” from the old *Andy Griffith* show. They listen carefully and ask specific questions. Completely new ideas/things make these buyers uncomfortable.

It is key to slow down your presentation and build trust. Provide the necessary information that this buyer needs logically, and secure commitment piece by piece. Ask specific questions to find out true needs, and then provide support. It is also advantageous to provide precedents or examples of previous success to reduce uncertainty. Be sincere and do not dominate.

4. The Albert Einstein—The Contemplative Buyer. These buyers are usually very quiet. They focus on details and ask questions. The “Albert Einstein” characters of the world study specifications and other information carefully. In fact, they may have even done some research on your product or service prior to your sales call.

When selling to this type, patiently provide facts and plenty of detailed information. Go slowly and do not invade his or her private space. Avoid talking about personal issues or small talk. Listen carefully, and then answer questions calmly and carefully. Be thorough; remember to include all relevant information, utilizing written supporting documentation. Find out what the key issues are and focus on them. Don't move too fast, move too close, or lose patience in providing all the requested information. Also, don't expect decisions right away.

In order to be successful, sales representatives must tailor their approaches and messages very differently to each Buyer Behavioral Type. Let's examine the differences below:

As the numbers suggest, sales representatives who try to use the same “canned” message will be effective only 25 percent of the time because the approach and message will be effective only for the buyer behavior type it was designed for. The ability to recognize the various behavior types and adapt the sales call appropriately takes training and practice.

Also, just as buyers fall into one of each of these buying types, so do sellers. More times than not, sales representatives will have to learn (and train) themselves on how to adapt their own behavioral type to the specific prospect they're calling on. Success in the sales arena will increase exponentially by training sales representatives on how to properly identify the behavioral type of their prospect, and how to adapt the sales approach and message appropriately.

Source: Alan G. Bayham, “Do You Know Who You're Selling to?” *American Salesman*, April 2008, p. 7.

(each player reads only the script for his or her role) gives the person playing the salesperson the task of making initial entry into the buyer's firm to present a new product. Unfortunately, the person role playing the buyer is told in the script that he or she has no authority to buy and cannot do anything to further the relationship until the salesperson starts to ask questions relevant to means and authority to make the purchase. Most salespeople participating in the role play never solve the dilemma. Sadly, this is a common problem in qualifying prospects.

5. *Does the potential prospect have the financial capability to make the purchase?* This issue is directly related to #4. Obviously, little is to be gained by pursuing a potential customer who does not have access to the money needed to buy what you sell. Thus, an important criterion is determining the prospect's financial status. The credit department of your firm may perform this role, or you may have to personally investigate the prospect's financial strength. It is far better to determine in advance that a prospect cannot afford to buy than to waste time pursuing someone who ultimately will not become your customer for this very straightforward reason.

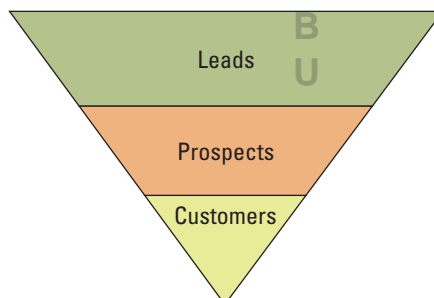
Qualifying prospects effectively is fundamental to success in selling. It often involves ranking leads according to their attractiveness. *A prospects* might be most attractive and most worthy of pursuit by the sales force, *B prospects* next, and *C prospects* last. Prioritizing customers is discussed in more detail in Chapter 9. Leadership 5.1 provides insights on four categories of prospects and how a salesperson might best prepare for each.

The overall process of moving from leads to prospects to customers is best portrayed as an upside-down triangle (see Exhibit 5.1). There are many, many leads, fewer leads that can be successfully qualified as prospects, and ultimately many fewer customers.

A CRM system as described in Chapter 2 can be of great help in tracking and qualifying leads and ultimately ensuring that prospects really are likely customers. The database aspect of CRM provides bountiful information on potential customers that is readily available to anyone with a laptop computer. By definition and design, a CRM system tracks the very information necessary for making these decisions.

In the past, salespeople had to rely on others in their company to perform customer analysis and provide reports for use in qualifying prospects, but today more and more salespeople are being trained to do their own data mining and analysis.

EXHIBIT 5.1 From Leads to Customers



In fact, to be successful today in relationship selling, you must be able to use to full advantage the information technology tools available. This important trend plays well into a later section of this chapter that explores various sources of leads. But first, let's ensure we understand *why* prospecting is so important to success in relationship selling.

Why Prospecting Is So Important

Think of **prospecting**, pursuing leads that you hope will develop into customers, as a way to fill your pipeline of future business. Today's business generated by current customers is well and good, but a salesperson always has to be thinking ahead to where business will come from next week, next month, and even next year. Prospecting is not a haphazard or part-time process in selling. Truly great salespeople are always engaged in prospecting in one form or another. They always have their sights set on where tomorrow's business is coming from.

Now you may be thinking, if we truly are engaged in *relationship* selling, shouldn't we be able to relax some on prospecting? After all, doesn't developing long-term relationships with our customers ensure they will stay loyal and provide business to us over and over for years? Why do we need to worry about getting new customers all the time? These are good questions with important answers. Yes, of course developing long-term relationships with your customers goes a long way toward sustaining your business. But all sales organizations are continually working to find new clients, take customers away from competitors, and build their market share. The lifeblood of business success is *growth*, from both existing customers and new ones.

Beyond this general growth perspective, several specific circumstances may make prospecting for new customers an even higher priority.

- *A customer gets into financial difficulty or goes out of business entirely.* This can be quite unpredictable, as with a number of financial institutions during the credit crunch and mortgage bust that began in 2008. If you have developed a long-term vendor relationship with a firm that is in financial trouble and have not been engaged in prospecting, you may find yourself in as much trouble as your client.
- *Your main contacts in the client firm leave or change positions.* This may result in a change in the relationship. If the result is not favorable for you, ongoing prospecting can buffer any business losses from that client.
- *Your firm needs to increase revenues to pay for expansion or other items.* In such cases, the compensation and rewards system of your firm may be altered so that salespeople are paid more for prospecting and securing new customers than for developing and maintaining existing ones. Chapters 13 and 14 discuss linking sales force rewards with desired outcomes.
- *A customer moves to a new location outside your area of sales responsibility.* In this case, the business may simply move to another salesperson in your company, but you will need to find replacement business for yourself. Prospecting ensures a ready pool of potential new customers.

In sum, prospecting is a key activity of successful relationship selling. How leads are developed from which prospects (and ultimately customers) are derived is the topic of the next section.

Sources of Prospects

Leads for potential prospects come from a variety of sources. Some sources involve activities initiated by the salesperson; others involve activities initiated at the sales organization level for which the salesperson can follow up. In Chapter 3, you learned that personal selling is but one element of the promotion mix of a firm. The other elements are advertising, public relations and publicity, sales promotion, and direct marketing.¹ One function of these other promotion mix elements is to secure leads for the sales force and even to stimulate prospects to make contact with the salesperson. Exhibit 5.2 summarizes various sources of prospects.

Loyal Customers

What better source of leads than existing customers, those who are loyal to you and your company and who are satisfied with your products and the service they have been receiving from you? Sometimes a loyal customer may give you a lead without being asked. More often, however, you will need to ask. This is a normal process of communication with your customers and you should not feel uncomfortable asking. This process is called getting a **referral** because the customer is referring more business your way. One study found that about 80 percent of customers are willing to provide a referral, but only about 20 percent of salespeople ask for one.²

An idea currently receiving much attention in relationship selling is how to turn loyal customers into “advocates” for you and your business. **Customer advocacy** means that a customer is satisfied, loyal, and willing to spread the word that he or she is pleased with you. Satisfied customers are an important source of **word-of-mouth** advertising—a powerful source of leads that have a strong chance of resulting in qualified prospects.

Customer referrals and advocacy are among the best sources of leads. These prospects are likely to meet your qualification criteria.³

Endless Chain Referrals

In an **endless chain referral**, the salesperson asks an open-end question during each customer contact, such as “Ms. Buyer, who else do you know who would

EXHIBIT 5.2 Sources of Prospects

Loyal customers	5	Internet
Endless chain referrals	1	• Social networking Web sites (Myspace, Facebook, LinkedIn, etc.)
Networking	B	• E-mail
• Friends and relatives	U	Telemarketing
• Centers of influence		Written correspondence
• Bird dogs		Cold calls
• Civic and professional groups		Prospecting by others in your firm
Directories		Other forms of prospecting
Trade shows		
Conferences		

Sources: *Accelerating Customer Relationships: Using CRM and Relationship Technologies*, by Ronald S. Swift, © 2001. Reprinted by permission of Pearson Education Inc., Upper Saddle River, NJ.

benefit from our products?” When the question is phrased this way, the buyer is free to recommend as many potential prospects as possible. Later, when contacting these leads, the salesperson should use the buyer’s name.

“Mr. Prospect, I was talking with one of my clients recently, Ms. Buyer, and she mentioned to me that you might have a need for our products.”

This method is best used when the person giving the referral is in a long-term customer relationship with you, but it can be used even when the referrer is a prospect who doesn’t buy from you. The point is to always ask for suggestions of potential new customers.

Networking

All salespeople have a variety of contacts. Using these contacts to develop leads is referred to as **networking**. Network relationships between salespeople and those with whom they interact can take several forms.

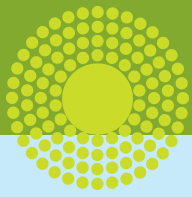
Friends and Relatives. A primary network involves your friends and relatives. Northwestern Mutual Life Insurance Company encourages new agents to start their networking with this group. The idea is to think of friends and relatives as a core circle of potential leads for prospects and use an endless chain approach to work concentrically out from the core. Northwestern Mutual has shown that after a few years, successful agents have developed an entirely new set of customers and prospects who are not even directly connected to the core of friends and relatives. But starting with that core group is fundamental to success.

Centers of Influence. People are **centers of influence** if they are in a position to persuade a salesperson’s potential customers. For example, a salesperson selling sporting equipment to a school system might visit with coaches, trainers, and sports medicine experts to try to win influence over a purchasing agent. These people are analogous to the group we called influencers in the buying center (discussed in Chapter 2).

Bird Dogs. No, not the canine kind! In selling, **bird dogs** (also often called “spotters”) are people who come into contact with an unusually large number of people in the course of their daily routine. Salespeople can use bird dogs as their eyes and ears in the marketplace. For example, a tour operator might ask a bellman at a resort hotel for referrals of promising clients or even compensate the bellman for mentioning the tour guide’s services to guests as they settle into their rooms. Some bird dogs work in client firms. Receptionists tend to hear much of what goes on in an organization. A long-standing rule of selling is to cultivate a rapport with anyone in a firm who is in a position to provide information about the potential for gaining business.

Civic and Professional Groups. One highly useful way of forming networks is to join groups. New agents with State Farm Insurance are encouraged to join Rotary International, Kiwanis, and the like, especially when they enter a new community. The friendships developed there are a terrific source of leads for the agents, and the agents’ membership provides a source of strong goodwill for State Farm in the community. Likewise, if you are engaged in B2B selling, seek out primary prospects in professional groups that represent the industry you are targeting.

However, a note of caution is in order. Salespeople have been known to overdo it when joining organizations. Some become so tied up in leadership roles with groups that they lose too much valuable time from their core job of selling. Be careful to network selectively, targeting civic and professional groups that you believe will return the most leads for your time and effort invested. Leadership 5.2 provides additional tips on networking.



Networking 101

So you've decided to do some networking. You attend an after-hours event, arriving early with a stack of business cards. By the end of the evening you've met a lot of people and exchanged a lot of business cards. On the way home, the faces are all a blur. You're stressed out—all "networked out."

A few days later, in a better frame of mind, you call each person you met, working your way through the stack of cards you collected. You ask each one if they need your product or service. Most say they do not. You're exhausted again.

This could give networking a bad name.

But is this what networking is all about? Does it have to be a nerve-racking, enervating process that leaves you with an empty feeling? No, it doesn't have to be. In fact, it can be a fun, fulfilling process.

"Fun?" you ask. "Walking into a room full of strangers is your idea of fun?" Trust me, it can be fun, but first you'll have to make a paradigm shift, move beyond networking into what I call the "R-Zone"—the "R" stands for "relationships"—to a place where you're not really networking so much as building relationships.

Here comes the simple, unadorned truth: One of the most effective ways to build a relationship is to help the other person get what he or she wants first.

This "give first" approach will turn everything you've ever known about networking on its ear.

And it's very simple: Just go into a room full of strangers telling yourself, "All I'm here to do is to help each person I meet get what they want." Obviously, that requires that you first find out what they're looking for, and that you actively listen and ask questions that help you understand their needs. Also, that you be resourceful when it comes to coming up with contacts and possible options for your new contact.

When you're in the R-Zone, you're not talking to people about high school reunions or past jobs. You're not searching to find names of people you know in common. You're not discussing current movies. You're not even being witty. You're focused on only two things: What the other person is looking for and how you're going to help them find it. When you come up with the name of someone they can call—even if it's only someone who can point them in the right direction—it's amazing how they'll warm to you.

There's an old adage, "It's not what you know, but who you know that counts." While the statement is true, it also oversimplifies. For, as many will tell you, simply knowing an important or powerful person is no guarantee your calls will be returned. The other person must perceive you as worth knowing. That's what gets calls returned. And, there's no faster way to be perceived as someone worth knowing than to give first.

Here are some other thoughts that can guide you as you develop your ability to work in the R-Zone.

- Do less better. One reason so many people find networking exhausting: They get frantic. They feel obligated to meet everyone at a given meeting. They have to "work the room." Leave working the room to the professionals. Go into a networking event with limited objectives. Just tell yourself, "I'll count this as a good experience if I can have five quality conversations with five quality contacts." And after you meet five, don't feel obligated to hang around and meet more . . . unless you want to. Pace yourself and do less better.
- Speak with confidence. Don't be shy when it comes to telling new contacts about what you can do for them. Speak with calm conviction. Project confidence. Believe in yourself. If you don't believe what you're saying, no one else will.
- Prepare a memorable introduction. In a quiet moment, reflect on why clients or customers like to do business with you. Then, write down what you would like to say that sets you or your business apart—the benefits more than the features. The introduction should begin with your name followed by your business name. Then it should tell them, from their point of view, why they should want to do business with you—in 20 seconds or less. Practice saying your "introduction" in front of a mirror. You don't have to repeat it word for word each time. Feel comfortable with the general concepts and phrases. Then begin saying your introduction to new contacts.
- Join a contact group. Whether it be an industry association, a charitable organization's board, or a religious group, make an effort to put yourself in situations where you meet new people.
- Tell people what you want. Although in this article I've focused mainly on helping other people get what they want, when building a relationship you should be clear about what you're looking for, as well. When you give first, it's amazing how quickly people look for ways to help you find what you need. An effective strategy is to tell people what you're looking for right after your introduction—something like, "And this week I'm looking for someone who can introduce me to . . ." or "This week I'm looking for companies who need . . ." naming a specific person or need.
- Practice putting yourself in the R-Zone. When meeting new people, make an effort to really listen to what they're saying. As much as possible, find out what they want. Put yourself "at source" to help them find it.

Networking really isn't enough because it's not enough just to make contacts. To be effective, we must build relationships, something that sounds easier than it is. It takes genuine caring and listening skills that make you a valuable asset in any work situation. Don't always assume that a person you meet at a networking event is looking for a new

client or a job. The person may really be looking for a golf instructor, an electrician, a PC technician, a new car . . . or even a friend! Be there for them. And stay in the R-Zone.

Source: Debbie Mrazek, "How to Evolve beyond Networking into the "R-Zone," *American Salesman*, December 2007, p. 27.

Social Networking Web Sites. Especially when prospecting for younger customers, social network Web sites such as MySpace, Facebook, and LinkedIn can be very effective. LinkedIn is particularly good at connecting businesses and salespeople with both customers and others the need to interact with to be successful. It can help promote events and also provide a highly convenient means for ongoing business relationship building.⁴

Directories

A variety of **directories** are available that can serve as lead generators. These directories may be print copies, or more likely nowadays they are accessed online or via CD-Rom. The usefulness of directories depends heavily on the type of business you are in and the types of clients you are targeting as customers. Many industry groups have their own directories, often published by trade associations and made available to salespeople for a fee. Also available are many general directories, such as *Moody's Industrial Manual*, the *Dun & Bradstreet Reference Book*, *Standard & Poor's Corporation Record Service*, and the *Thomas Registry of American Manufacturers*, to name only a few. Of course, the good old Yellow Pages and the R. L. Polk city directories (criss-cross phone books) are valuable resources.

Many listings formerly available only in hard copy are now available online. Go to any search engine and type in the word "directory." You will be overwhelmed with sources of information on businesses and individuals. Whether online or in hard copy, a variety of specialty directories and listings are for sale. For example, a local medical society might sell a mailing list or database of all the physicians practicing in a particular geographic area for use by pharmaceutical reps.

Internet

In the age of Google, the Internet is obviously one of the richest (and most convenient) sources of leads. The Internet is used for lead generation in two primary ways. First, salespeople use it to research potential clients and their industries, with a focus on answering as accurately as possible the five qualifying questions for prospects presented earlier.

The second main way companies use the Internet for prospecting is by using their own Web site to generate inquiries from prospects. They either solicit information on a prospect's needs or make special offers to individuals who respond (probably by e-mail) to a pop-up, banner ad, or other promotional offer or mechanism on the Web site. Again, social networking Web sites can greatly facilitate these processes. Smartphones have opened the door for Web surfing and e-mail virtually anywhere, anytime.

One potential problem with this approach is that, to this day, not everyone has access to the Internet on a regular basis. This necessitates providing alternate means

of contact (such as phone or fax) for prospects who do not regularly use the Internet. Another problem is that customer inquiries or requests must be responded to rapidly. If the firm does not have a well-designed way to contact these prospects quickly, it can do more harm than good, since prospects are expecting a prompt response but do not receive it. Yet another problem is the growing consumer backlash against aggressive and invasive pop-ups, which are often viewed as detracting from the usefulness of the Internet. Finally, security concerns still overwhelm all other consumer issues surrounding e-commerce. Prospects may want to provide contact information online but ultimately fail to do so because of privacy concerns.

E-mail. E-mail prospecting is a subset of using the Internet. It typically involves outward communication from the sales organization to the prospect. Usually the firm buys an e-mail list and sends an unsolicited communication to members of the list, with a means for the prospect to reply (by return e-mail, going to a designated Web site, etc.) The proliferation of e-mail prospecting has led to a growing concern about **spam**, or junk e-mail messages. Many e-mail users (especially business users) filter the spam out of their e-mail inboxes before they even have a chance to view the messages. Legislation against e-mail spam seems almost inevitable.

Overreliance on technology in general in prospecting can be a problem, as evidenced by Innovation 5.3.

Telemarketing

Many firms support their salespeople through **telemarketing**. **Outbound telemarketing** involves unsolicited phone calls to leads in an attempt to qualify them as prospects. This approach has come under increasing scrutiny by the federal government and many state governments. Strict guidelines and regulations have been adopted about when telemarketers can call. Opt-out lists are available to ensure prospects do not receive such calls at all. The Federal Trade Commission (FTC) is the key agency regulating telemarketing. The FTC Web site provides up-to-date information on telemarketing regulations. The declining reputation of outbound telemarketing, the resultant regulation and litigation, and especially the new opt-out lists have drastically reduced the effectiveness of outbound telemarketing as a prospecting tool.

Often salespeople, especially in B2B markets, prospect by phone themselves rather than relying on mass telemarketing. This approach has the distinct advantage of allowing the salesperson to hear potential prospects' responses, both favorable and unfavorable, firsthand. It also helps minimize the time and information gap between prospect identification and initial sales call.

Inbound telemarketing holds promise for prospecting. Like Web sites, inbound telemarketing gives prospects a way to receive more information from a sales organization. As with other approaches, the key to success with this method is to ensure timely response to customer inquiries, ideally by the salesperson who will be calling on the prospect when he or she becomes a customer.

Written Correspondence

Salespeople may choose to prospect via written correspondence with potential customers. This may be a personalized effort using a letter, proposal, samples, or a personal note. Or it may be part of an unsolicited mass direct-mail



When Technology Is a Prospecting Crutch

Many salespeople are relying too heavily on technology today as a sales tool to:

- Contact new prospects
- Maintain contact with current customers
- Handle after sales service issues
- Cultivate relationships with customers

Although technology is a wonderful tool and has made it possible for salespeople to save time and stay in touch—it is at what cost? Relationships, especially sales relationships, are about people. People want and need human contact. This e-mail tip is a wonderful way to stay in touch with my clients and prospects, but it will never replace a personal visit or telephone call.

- How often have you sent an e-mail versus picking up the phone?
- How often have you sent a fax versus setting an appointment with a customer to discuss the issue?

Yes—technology lets you get more done easier and is often faster (I mean, I am sitting at my computer in my

home-office with a glass of wine while I write this, and who knows where you are or what you will be doing when you read this.) I love technology, but I also enjoy talking with my friends, visiting with clients and getting to know people on a personal basis—face to face. Nothing can ever replace that—not the fastest computer, glitziest Web site or smallest handheld device.

Why not try the following for the next 30 days (if you can stand the high-tech withdrawal):

- Call 1 friend every day.
- Call 5 clients every day just to say hi.
- Call a relative to say you were thinking about him/her.

No e-mails except when absolutely necessary to send critical information. I know it will be hard, but, hey, they might enjoy hearing from you.

Be careful not to assume that everyone is as technologically advanced or competent as you are.

Source: Tim Connor, "Are You Using Technology as a Crutch," *EnzineArticles.com*, October 6, 2006, accessed at <http://ezinearticles.com/?Are-You-Using-Technology-As-A-Crutch&id=319978>, October 3, 2008.

campaign by the firm. The former has the benefit of the personal touch, but it means that the salesperson may be spending too much time writing instead of selling. The latter, often called **junk mail**, is less personal but has the advantage of volume. It takes large numbers of bulk mailings to generate large numbers of leads.

Trade Shows

Most people are familiar with **trade shows**, major industry events in which companies doing business in a particular industry gather together to display their new products and services. Such events are usually held annually or semiannually. Examples include the annual housewares show in Chicago and the annual consumer electronics show in Las Vegas.

Trade shows provide leads in several ways. First, the listing of participants can be quite rich in terms of developing potential prospects. Second, networks can be developed and enhanced through contacts made at trade shows. And finally, there are opportunities to actually sell as customers come by your booth to view and learn about your new products.

Exhibit 5.3 shows the results of research conducted with 457 executives on the top 10 categories of prospect generation. They rated trade shows second.⁵

Prospecting Approach	Percentage of Firms Using
Direct marketing	73%
Renting a booth at a trade show	71
Print advertising	69
E-mail marketing	63
Speaking engagements	48
White papers/sponsored research	30
Radio advertising	20
Outdoor advertising	14
TV advertising	14
Other	16

Sources: Jennifer Gilbert, "The Show Must Go On," *Sales & Marketing Management*, May 2003, p. 14. © 2003 VNU Business Media. Used with permission.

Conferences

Some sales organizations create their own **conferences** or other events to provide a forum for prospecting. Typically such conferences combine information sessions with social outings, and they are usually held in attractive locations.

Cold Calls

Making **cold calls**, also referred to as canvassing, means telephoning or going to see potential prospects in person, without invitation. Historically, salespeople dislike cold calling. In many industries it is discouraged nowadays because it is very expensive to call on individuals whose likelihood of purchase is unknown.

This is not to say that if you find yourself in a remote city with some extra time, a personal visit cold call on an interesting prospect company might not be worthwhile as a fact-finding mission. Such junkets often provide invaluable information (and sometimes surprises) that can lead to the development of a business relationship. Likewise, if you have some spare time at home or on the road, it might be fruitful to cold call by phone. Innovation 5.4 gives excellent strategies for improving your success with telephone cold calls to potential prospects and their gatekeepers.

Prospecting by Others in Your Firm

Chapter 2 highlighted the trend toward the use of cross-functional teams in selling and Chapter 3 discussed the intertwined roles of selling and marketing in modern organizations. These trends bring to light an important issue—prospecting by people in your firm *other than salespeople*. To the extent various support personnel, engineers, design people, and especially marketers and executives are out in the marketplace interacting with customers, they can employ the same approaches to lead generation and prospecting as salespeople. For this approach to provide any benefits, the firm must have a formal mechanism in place by which prospecting information collected by nonsales personnel can be recorded and disseminated to the sales force. Typical CRM systems allow for easy entry of such information into a database.



The Art of the Cold Call

As energy prices continue to skyrocket and the cost of travel dramatically increases, companies large and small are once again turning to the telephone. Though it continues to be one of the most cost-effective tools in the sales arsenal of business outreach tools, as anyone who has ever been in sales will tell you, “cold calling” is one of the most intimidating and difficult tasks you can undertake. I have seen former chief financial officers (CFOs), and chief executive officers (CEOs), sweat beading on their foreheads, hands trembling, as they made call after call, only to fail miserably.

What many fail to realize is that using the telephone effectively is a cultivated skill. Experience does not replace expertise and unless an individual has made the investment in understanding and developing this highly specialized communication skill, it is unreasonable to expect that they can succeed using it.

By far the greatest common denominator for failure is fear. No one wants to admit it, but even seasoned sales professionals cringe at the idea of cold calling prospects. So what is it about cold calling that strikes such fear in us? We all fear what we don't understand. The first step is developing a methodology that allows us to control, and even overcome, the irrationality that fear can often become. But how do you turn fear into confidence and failure into success? How do you master the one sales effort that can make a pivotal difference in the overall success of an entire company? Like any skill, using the telephone requires practice, knowledge, and above all patience.

At this point it is important to distinguish the difference between telemarketing and actual telephone prospecting. The concept of telemarketing is based on the use of scripts; repetitive, marginally successful predigested dialogue that often is written by people that don't understand the basics of successful telephone usage themselves. It is also, for the most part, perceived to be numbers driven. Unfortunately what works for basic “widget” sales significantly changes when you cross the widget boundary into the world of large, complex, and often protracted business relationships.

Successful telephone prospecting is not driven solely by the number of calls you make, but rather, the number of effective calls you make. In fact, making too many calls should be the first red flag that you're not making the right kind of calls. Any telephone effort that is not “results” driven instead of numbers (or task) driven will almost assuredly fail. Likewise the value of the true telephone professional and what they can accomplish should never be underestimated, or undervalued, particularly by the company for whom they work.

Harnessing the energy of fear and converting it into the synergisms of success lies in developing techniques that remove the elements of the unknown, changing them into a step-by-step approach with a clear and unfettered view of what you want to accomplish.

The following is a step-by-step approach to the techniques, that when applied to the individual talents of the seasoned telephone professional, transforms the common telephone into one of the most viable and effective tools in the first offensive line of any company.

As with any business the selling cycle of your particular company is unique and my intention is not to imply that all business outreach criteria are the same, but there are universal aspects to the process. It is important that you realize that you still have to do the heavy lifting yourself; this is only a methodology to get you there.

Before Making the Call

1. *Market Understanding.* Before making the first call it is important to make adequate preparations. It begins with product knowledge and understanding your market, and how your product or service fits into that landscape.
2. *Focus.* Create a master plan. Set up your target prospects. Both time and momentum are lost when you have to stop to determine who to call next.
3. *First Five Seconds.* The first five seconds of a call will determine how an entire relationship is defined. Introductions should be fluid and concise and your voice should be relaxed and succinct. Remember the most important element of a successful call, is telling the recipient what they need to hear, not what you want to tell them. As with all sales initiatives, it's also about listening, not only to what a prospect says, but also the way he or she says it. Knowledge is always the driver, but emotions are the vehicle it moves on.
4. *Practice Talking Points.* I am not an advocate of canned scripts, but having fluid and concise talking points and practicing them until they become second nature is extremely important. It is easy to fall into the mindset that sophisticated rhetoric implies professionalism. It doesn't. We all think and remember in three-second intervals so making statements simple and concise tend to get the message across more effectively, without sounding pretentious. Stumbling verbally is the surest way to imply a lack of expertise and you risk losing control of the call.
5. *Familiarization.* Use the Internet to familiarize yourself with your prospect. If the Internet is not available there are various publications that will give you

a quick overview of your prospects and how they can best use your product or service. Use the same to find out the names of various individuals within the organization. Mentioning familiar names or market specific trends in a conversation implies a common history. Mentioning names within the organization, particularly management names, will imply that you have multiple contacts and will significantly lessen the tendency of some lower-level individuals to try to shut you down prematurely.

6. *Names.* Practice pronouncing difficult names. If a name is particularly difficult, write it out phonetically and put it in your notes for easy reference. The fastest way to ruin the illusion of an implied history is to mispronounce a name. I will often call the CFO's office just to be referred to a particular person or office. "I just spoke with Bob Peterson's office and it was suggested that you would be the best person to talk to." The more you know about your business and the various players, the more you will be able to overcome the obstacles that can suddenly pop up.
7. *Gatekeepers.* Secretaries have an ever-evolving responsibility as "gatekeepers." They should always be referred to as "assistants" and they can make a huge difference in your success. Always use their names when talking to them and always have the sound in your voice that you already know them. People respond unconsciously to a warm voice that sounds familiar.
8. *The Power of a Question.* Again the first five seconds of a call are critical. Even before giving your initial introduction, try asking a question using that person's name. "Sarah, can you help me I'm not sure I'm in the right place." This stops the initial qualifying that we all do and focuses the individual on helping you rather than trying to size you up. Thanks to telemarketers we are all increasingly sensitive to being cornered by unwanted sales calls.
9. *Call Business Plan.* Every call requires a business plan. Before you call, you should already know what you want to accomplish. Make an outline of all the information variables that you will need to make the deal happen. Questions are the key to understanding any opportunity. Take time to consider the questions you need to ask and how you will ask them. You can often lead a sales process just by asking questions and how those questions are answered will often tell you how serious your prospect really is. Determine the decision makers from the decision influencers. How many deals have been lost just because the wrong people were involved?

Positioning

Positioning is one of the finer nuances of telephone sales and perhaps one of the most critical. In a way, positioning is like an acting job, sounding as if you are on the same level as your prospect, whether it be a manager or a director, or even a CFO. This does not mean you should try to mimic these levels, but you should have the same tonal comfort and familiarity in your conversation. People are more relaxed and typically more honest when they perceive that they are talking to a colleague.

As you begin to develop this technique of "Implied Same Status," keeping your voice relaxed and friendly also requires "balance." It is easy for "friendly" to become "gushy" or worse, pretentious, and once that boundary is crossed, it is very hard to go back.

I once had a trainee listen to my calls to better demonstrate how these concepts work. At the end of the day she said to me, "This was helpful, but tomorrow, can we call people who don't already know you?" I looked at her, "We already did." The truth was every call I made that day was to people I didn't know. The illusion was not perceptible, even to someone who was looking for it.

So why does the sound and intonation of your voice make such a difference? We all have an unseen "Body Language" to the way we speak. At least 60 percent of what we communicate when we talk is nonverbal. If your speech pattern is uneven, or laced with nervous breaks, or you unconsciously use a reverse inflection (ending sentences with a rise making them sound questioning) it sounds as if you are unsure of what you are saying, or worse, untruthful. If you also sound anxious, your prospect unconsciously will become anxious as well. We transfer what we project. Even a smile can be heard and felt.

Also when you're talking to people, listen for responses better known as "vocal receipts." If you hear responses, even if it's nonverbal, it means they are listening, if not, there is a good chance they aren't. You never want a person to stop listening before you stop talking. If you sense this is happening, ask a question. Soliciting a response is a good way to regain control.

Understanding these basic personality links and how they reflect in our speech patterns also helps us understand the motivations and needs of others, particularly prospects. The way to best develop this skill is to listen to yourself. Using a tape recorder is one way, but the best way I've found is to call my own voice mail and leave a message. When you do this, you will hear things that you never heard before and ultimately, you will never sound believable to others, if you don't first sound believable to yourself.

Source: Kim Michael, "Conquering the Fear of Cold-Calling," *American Salesman*, August 2008, p. 7.

Other Forms of Promotion

Mass-market advertising, public relations and publicity campaigns, and sales promotion methods also generate leads. A salesperson may get a call from a potential prospect responding to such promotion yet never know what generated the call. CRM systems typically require that, when such an unsolicited call is received, the salesperson ask the source of the referral and enter it into the system. Truly integrated CRM systems accumulate this information and distribute it back to the marketing department to show the effectiveness of various promotional initiatives (more leads generated means a more successful promotion).



Set a Systematic Prospecting Plan

You have seen that effective prospecting contributes to the success of relationship selling by allowing for better qualification of leads as potential prospects. It is important to use a prospecting plan, which includes the following steps.

1. *Set goals for your prospecting activities before you begin.* Answer the question: What would you like to achieve by prospecting? Make sure your goals are
 - a. *Specific.* Goals should be clear, concise, understandable, and without ambiguity of purpose.
 - b. *Measurable.* Put some numbers to your goals; include a time frame for accomplishment.
 - c. *Attainable.* Be sure your goals are realistic, not “pie-in-the-sky” goals that you can't actually accomplish.

Here is a goal that is specific, measurable, and attainable: “I will write a personalized follow-up letter to each potential prospect within one day after each prospecting appointment or phone call.”

2. *Study and practice the various methods of prospecting.* Make it a point to use multiple prospecting approaches over time. Choose the approach for each situation that is most likely to pay off.
3. *Keep good records.* If your company has a database-driven system like CRM, always record prospecting information there. If not, keep your own records in an Excel file or other spreadsheet application.
4. *Be prompt in follow-up.* If a prospect contacts you for more information, respond to him or her right away. The term “hot” prospect means just what it sounds like. The prospect is stimulated to receive information about your product *now*, not later. Prompt follow-up shows prospects you are an efficient and caring salesperson.
5. *Pay attention to the results of your prospecting efforts.* Don't get into the grind of using a particular prospecting technique just because someone tells you to. It's not the prospecting itself that's important—it's the *results*. In your records, make notes about what worked and what didn't. Talk to your sales manager if you are having trouble using any of the prospecting methods.

Make the Best Use of CRM in Prospecting

By now you can see how useful CRM systems are in supporting your prospecting activities. Here are two keys to success.

- *Know your system.* Learn all you can about it. Understand its capabilities to help you as a salesperson.
- *Use your system.* Some salespeople are rather reluctant to fully utilize the available technology. Whether you are using smaller software programs like ACT or GoldMine, or a full-fledged CRM system by Siebel or a similar vendor, consider yourself very fortunate to have available a comprehensive tracking system for customers. Today, the recipe for successful relationship selling is three parts great selling skills and two parts information technology and personal management skills.

Resist Call Reluctance

Chapter 2 examined buyer and seller roles. Although exceptions do exist, *sellors* are the ones usually expected to *initiate* customer relationships. Yet sometimes salespeople resist prospecting because (of all the activities required in successful relationship selling) it is the one that involves making cold calls (see Innovation 5.4). Salespeople must overcome this **call reluctance** if they are going to succeed.

There are many reasons for call reluctance. Most of them involve a lack of confidence in one's ability to perform the task.⁶ The key is what to do about it. Much of the solution to call reluctance lies in effective training and support by management. Sales managers can help tremendously by employing the following approaches.

- Use role plays and exemplar videos to show various aspects of prospecting and potential prospect responses, as well as effective salesperson handling of questions and objections.
- Prospect together—salesperson and manager—until the salesperson is fully comfortable with the prospecting role.
- Set realistic goals. When we said that effective goals should be *attainable*, the point was not trivial. When sales managers set ridiculously high goals for converting prospects to clients, salespeople are bound to get discouraged and may even leave the company.
- Train salespeople to view prospecting as a numbers game. They must understand that to have a continuous pipeline of customers, a salesperson must continuously seek out new prospects.
- Keep as your target finding prospects who can become valued *long-term* clients. You already know that relationship selling yields many more benefits to both parties than other selling approaches.



Planning the Sales Call: The Preapproach

At this point let us assume you have qualified a prospect as a potentially good future customer. You believe this person has the potential to develop a long-term relationship with you and your firm that will reap excellent returns for both parties. You clearly see that you and your product or service can add value for your prospect's firm. You are now ready to do some additional preparation for making a sales call on this prospect. Planning the sales call is called the **preapproach** because you are preparing some things before actually making the initial approach to set the appointment. (Note: The approach step will be discussed in Chapter 6.)

In truth, many salespeople accomplish some of the preapproach activities in the process of prospecting. At least, they lay the groundwork for the preapproach based on the research they have done in identifying the target prospect. Think of preapproach activities as the things you focus on between qualifying a lead as a definite prospect and picking up the phone to make the appointment. The preapproach is a planning step. You are doing research, thinking about the potential client and how to approach him or her with your value proposition, and examining the best way to contact the client to make the appointment. A terrific amount of groundwork is laid during the preapproach that pays off during the actual sales call and beyond. The work you do here ensures that you make a good first impression on the prospect on the phone and/or face to face.

The preapproach includes the following elements.

1. Establish goals for the initial sales call.
2. Learn all you can about the prospect.
3. Plan to portray the right image.
4. Determine your approach.
5. Prepare a sales proposal.

These tasks do not need to be accomplished in order. In practice, you will likely be working on them simultaneously.

Establish Goals for the Initial Sales Call

It is amazing how many salespeople call on clients without setting specific goals for what they want to accomplish in the call. This is not professional, nor does it make good use of your client's valuable time. Like goals for prospecting, goals for the sales call must be specific, measurable, and attainable. They must take into account your firm's goals, your own goals as a salesperson, and the client's goals.⁷ Use your judgment as to how much you can accomplish in one sales call—especially the first one, where you and the customer are just getting to know each other. Salespeople tend to map out in advance goals across several planned sales calls with a client. The nature and scope of your goals will vary depending on your business and the client. Some sample goals for a first sales call might be

- To have the prospect agree to a demonstration of your product.
- To have the prospect agree to contact several of your references.
- To have the prospect initiate the process in his or her firm to allow your company to be set up as a vendor.
- To set up another appointment to address specific issues brought out in the initial sales call.

Note that none of these goals involves actually making a sale. If getting an order on the first sales call is realistic, then by all means set that goal. As time goes by and your relationship with a customer blossoms, you and the client can work together on mutual goal setting to build each other's business.

Learn All You Can about the Prospect

If you are engaged in B2B selling, you must pay attention to both professional and personal aspects of the potential customer. Some of the sources used in your

prospecting research can serve you well here. You can turn to the Internet for more information on the professional (company) side. Other sources of information on the prospect and his or her company are noncompeting salespeople in your network who have been calling on the firm and members of the firm's buying center whom you can contact comfortably before the sales call. Exhibit 5.4 lists sample items you can research before making an initial sales call.

The idea is to obtain enough information to match yourself and your company to your prospect's situation and needs right from the very first sales call. It is also important to avoid mistakes such as mispronouncing a buyer's name or not knowing the client firm is going through a merger. Missing such major personal or professional aspects gives a very poor first impression.

Plan to Portray the Right Image

Image is important in forming a good first impression. In most cases, the first real impression you make on a prospect occurs when you meet him or her in your first face-to-face sales call. You can lay the groundwork for an excellent impression by sending written materials in advance along with a professional letter, or by being very professional when you set up the sales call appointment by phone. Planning the right image includes two key aspects: deciding what type of presentation to prepare and deciding what to wear for the sales call. Chapter 6 provides more on first impressions and image in the discussion about the approach.

Type of Presentation. Chapters 6 and 7 provide considerable detail about how to get ready for a great presentation as well as various sales presentation strategies. For now, you need to know that you actually decide what type of presentation you want to make at the preapproach stage. Here are some key issues to consider.

- How much technology should I employ, and what types (PowerPoint, laptop, etc.)?
- How formal should the presentation be?

EXHIBIT 5.4 Sample Items to Research before the Sales Call

Information on the Person	Information on the Company
Name	Size of firm
Personal interests	Types of products offered
Personal goals	Other vendors currently used
Attitude toward salespeople in general	Corporate culture
Impression of your company and its products	How decisions are made (buying center or otherwise)
Any history of dealings with your company	Purchasing history of competing products
How rewarded/compensated by the firm	General policies on buying and vendor relations
Receptivity to socializing with salespeople	Any unusual or especially relevant current circumstances

- How long should I allow for the presentation? How long for Q&A?
- What materials should I send the prospect in advance and what should I bring with me?

To answer these questions, you must learn as much as you can, in advance, about the prospect's preferences. If you have trouble determining critical answers from your research, it is perfectly acceptable to query the prospect or his or her gatekeeper about preferences, either by phone (perhaps when you make the appointment), by follow-up letter, or by e-mail.

Your goal at the preapproach stage should be to ensure you can show up at the prospect's office with the confidence of knowing that what you have prepared will be comfortable for the prospect, be a good fit to his or her style, and have the highest possible likelihood of gaining a favorable reaction. Bottom line: a great first impression!

Grooming and Attire. Grooming, or general personal cleanliness and professional appearance, is a given in professional selling. You *must* look the part of a competent, trusted business partner to succeed in relationship selling. Visible tattoos and body piercings, unclean fingernails, unkempt hair, and the like tell the prospect you are not playing in the professional leagues. People with poor grooming habits or attention-grabbing skin art or piercings will *not* be successful in sales.

Attire is less dogmatic than grooming for several reasons. Of course you don't want your clothing to appear sloppy and unkempt, and you don't want unusual jewelry or accessories to distract from your sales message. However, many firms have shifted to business casual all the time, so you can choose whether to match that attire or dress up to a more professional image. Here are a few tips:

- If the client suggests dressing in business casual, do so.
- When in doubt, dress up to business attire.
- When you do the preapproach, ask the prospect or gatekeeper about the dress code.
- *Never* dress down below the client's level of attire.

Following these simple rules will ensure your first impression is enhanced, not hurt, by the way you are dressed.

Determine Your Approach 2

The approach means how you are going to contact the prospect initially to set up an appointment and begin the dialogue. Part of the preapproach is assessing options for the approach itself. Often the telephone is used, although other viable options include e-mail, letter, or even an initial in-person interview. Your preapproach research should help you determine which of these is most appropriate for use with your particular prospect. Chapter 6 provides more information on making the approach.

Prepare a Sales Proposal

An excellent way to plan out the sales process in advance is through the use of written sales proposals. A sales proposal formalizes much of what we have learned in this chapter and focuses on the value proposition. It provides an effective means

to approach the prospect. The appendix at the end of this chapter guides you through the development of a sales proposal. The research, time, and energy you put into this preparation at the preapproach stage will pay off in multiple ways during the sales call.

The Sales Manager's Role in Prospecting and Sales Call Planning

Given the critical importance of the tasks to be performed by a salesperson prior to the first meeting with a customer, sales managers often find themselves serving as a key resource to salespeople engaged in prospecting and sales call planning. As we have learned, prospecting sometimes can be a bit intimidating, and the best sales managers carefully monitor the progress their salespeople are making on their prospecting plan.

It is important for the manager to be especially sensitive to the potential for sales call reluctance. One highly effective way to coach and mentor salespeople on prospecting activities is through ongoing “work-withs” by the sales manager, in which he or she spends a day or so periodically traveling with the salesperson on visits to customers. In cold calls, the sales manager can occasionally reverse roles and actually do the selling while the salesperson observes, in order to provide an example. Besides the opportunity to observe a salesperson in action, work-withs also provide ample time while traveling in between sales calls for general discussion between salespeople and their managers about prospecting, as well as two-way constructive debriefing of calls after they have taken place.

The sales manager can be a terrific source of ideas and information for the preapproach. Often, he or she will have direct access to more or different information that would help the salesperson better prepare for making the sales call. The salesperson can share a draft of a sales proposal or presentation materials with the manager beforehand to solicit input and ideas. And, importantly, sales managers are in the very best position of any manager in a company to ensure that the company's standards of professionalism, image, and branding are upheld consistently by the sales force through their interaction with the company's customers.

Summary

Prospecting is important to building new and future business. Leads must be qualified as prospects based on criteria established by the salesperson and his or her firm. Numerous approaches to prospecting exist. One of the most effective is referrals from loyal customers. A prospecting plan can ensure that salespeople do a thorough and systematic job of prospecting. If a salesperson suffers from call reluctance, the sales manager should provide training support to help the rep overcome it.

The preapproach (the planning stage just before the sales rep approaches the prospect) is one of the most important aspects of relationship selling. The preapproach is the salesperson's opportunity to prepare a presentation that will make a strong first impression. Good preparation during the preapproach also builds confidence that comes across in the sales call.

Key Terms

lead	networking	junk mail
prospect	centers of influence	trade shows
qualifying the prospect	bird dogs	conferences
prospecting	directories	cold calls
referral	spam	call reluctance
customer advocacy	telemarketing	preapproach
word of mouth	outbound telemarketing	
endless chain referral	inbound telemarketing	

Role Play

Before You Begin

Before getting started, please go to the appendix of Chapter 1 to review the profiles of the characters involved in this role play, as well as the tips on preparing a role play.

Characters Involved

Bonnie Cairns

Abe Rollins

Setting the Stage

Abe Rollins has just received a referral from a fellow Rotarian that Budget Beauty Biz (BBB) is going to open a new store in District 10, its first store in the area. BBB is a major chain that sells discount hair products, and several of Upland Company's products in the hair care category (shampoo, conditioner, creme rinse, hair spray, mousse, gel, and hair color) sell very well in BBB's stores. Upon further inquiry, Abe finds out the new store will be in Bonnie Cairns's sales territory. This will be the first new account Bonnie has opened, and Rhonda Reed (the district manager) asks Abe to help Bonnie develop her preapproach.

Bonnie Cairns's Role

Bonnie schedules a meeting with Abe to discuss preparing for making contact with the new customer. At this point, nothing is known about the new BBB store except that it will open in about six months and the buyer, José Reynaldo, will be in town in about a month to begin meeting with vendors for initial inventory orders. Bonnie needs to discuss with Abe the entire set of issues regarding the preapproach. She prepares a list of questions for Abe about what she should accomplish during the preapproach.

Abe Rollins's Role

Abe has a wealth of experience over the years in calling on new customers. He also enjoys helping Rhonda by coaching new salespeople. He is delighted to meet with Bonnie and prepares in advance an outline of the things she needs to accomplish during the preapproach on BBB.

Assignment

Work with another student to develop a 7- to 10-minute exchange about what Bonnie needs to accomplish during the preapproach stage with BBB. Both parties should come to the table prepared with extensive lists of preapproach issues, and the role play should be used to make decisions on specifically what Bonnie should do before calling José for that first appointment.

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Discussion Questions

1. Someone says: “Our firm focuses on maintaining long-term relationships with our customers. We don’t have to do any prospecting.” Evaluate this statement.
2. List three or four criteria you could use to qualify a lead as a likely prospect. How would you find out if the lead meets these criteria?
3. What are some reasons a potential prospect might not be readily accessible? How far should you go to try to overcome such an accessibility problem before you move to the next lead?
4. Pick any three of the sources of prospects discussed in the chapter and pick a product or service you like. Develop several ideas for how you would use each source to locate leads for the product or service you are interested in selling.
5. Who is currently in your own network that you could use for prospecting? How might you add to your network?
6. Why do you think a salesperson might experience call reluctance? How can it be overcome?
7. The chapter provides sample goals for an initial sales call on a prospect. (a) What other goals can you come up with that might be appropriate for an initial sales call? (Try for three or four more.) (b) Develop three or four goals that would be appropriate for a sales call on an *established* customer.
8. Why are grooming and attire so important in relationship selling? How do you know if you are dressed appropriately for a customer?

Ethical Dilemma

We have seen in the chapter how important telemarketing can be in generating prospective customers. Recently the U.S. Congress passed and the president signed the “Do Not Call” law. After several court challenges, the register is now in place.

The national Do Not Call Registry (www.donotcall.gov) offers individuals the opportunity to register their phone number with the federal government. (Many state governments have similar registries.) Telemarketers must check the list and are prohibited from calling any phone number on it. Fines are high at \$11,000 per infraction, so telemarketers have a real motivation to follow the law.

There are exceptions to the prohibition. Companies that have had a business relationship with the individual in the last 18 months, telephone surveyors conducting a phone survey, and political organizations can still call numbers on the list. However, everyone agrees this should cut down on the ability of telemarketers to make unsolicited phone calls.

Telemarketers argue, and modern selling practices suggest, that although abuses occur, telemarketing is a valid method for making prospective customers aware of new products and services. In addition, the telephone is one of the best methods for reaching certain target markets, such as senior citizens. Finally, fundamental questions about free speech and the ability to make a living are called into question if people are prohibited from engaging in a legal form of communication.

Questions

1. Should marketers be prohibited from using the telephone to solicit prospective customers? Why or why not?
2. If you worked for a company that used telemarketing to help generate new prospects, how would you feel about losing this source of customers?

CASE 5

Mini Case

Strong Point Financial Services

Rafael Sanchez is about to begin his career as a financial investment representative with Strong Point Financial Services, a national company specializing in investment opportunities for individuals. Strong Point provides its customers with the ability to trade and own individual stocks and bonds. It also helps them manage Individual Retirement Accounts (IRAs) and 401(k) accounts.

Strong Point emphasizes a conservative investment philosophy of “buy and hold” and seeks clients who have the same philosophy. It differs from investment firms that encourage account holders to execute stock or bond trades often, thus creating commissions for the investment representative. The target market for Strong Point includes small business owners, empty nesters (people whose children have grown up and left home), two-income households with no children, and retired people. Strong Point's investment reps have had much success targeting this group of customers, and Rafael is eager to get started.

Rafael has just finished a seven-week training program for Strong Point's new investment representatives. He learned about the products and services Strong Point provides, who is included in the company's target market, how to identify potential customers, and how to represent and sell financial services. Now that Rafael is back in his company-assigned territory of southeast San Diego, he has been assigned a company mentor to help him through his first two years of employment with the company. Rafael's mentor, John Green, has been with the company for 11 years and has been extremely successful. In their first meeting, Rafael and John discuss how Rafael can begin to develop a list of prospects that will generate some clients for his new investment practice.

JOHN: “Rafael, what do you plan to do to begin generating clients for your business?”

RAFAEL: “Well, at training, they said there is no substitute for knocking on doors and introducing myself to people. I'll start doing that tomorrow. I already have a couple of neighborhoods picked out—places where a lot of retired people live.”

JOHN: “That sounds like a good idea, and it looks as though you've picked the right neighborhoods. How many prospects do you plan to see in a day?”

RAFAEL: “I want to make at least 20 contacts, which as you know means getting their name, address, and phone number so I can follow up with them later. If I can get other information, such as whether they are already invested in the stock market or what their investment philosophy is, that will be great. But right now, I'll settle for an OK to contact them later with information about a potential investment in which they may be interested. If I reach my goal of 20 contacts per day, by the end of four weeks I'll have 400 names and addresses in my database. It'll require a lot of work and shoe leather, but I got into this business to be successful and that's what I plan to be.”

JOHN: “That sounds great. What else do you have planned?”

RAFAEL: “Well, I've contacted the local chamber of commerce. They keep a listing of all businesses owned by individuals and a separate list of businesses employing fewer than 50 people. I figure this will be a good source of information to begin targeting small business owners. They're sending me the lists and I should have them by the end of the week. Another thing I'm considering is having a booth

at the local home show—you know, the one where home builders and building products suppliers display their home plans and products. I hear they get a big attendance at the show and I should be able to make some contacts there. What do you think?”

JOHN: “Those both sound like great ideas, especially the chamber of commerce lists. I'm not sure what your success will be at the home show, but it's worth a shot. In a couple of months you should consider putting on a seminar on one of the topics the company has provided, such as the difference between stock and bond investing. The last person I mentored, Maria Santiago, found that many of her current clients were people who had attended one of her seminars.”

RAFAEL: “Thanks for the tip. I'll keep the seminar idea in mind and start thinking about an appropriate topic. As you can tell, I'm eager to get started.”

JOHN: “That's great. I'll touch base with you later in the week to see how things are going. Good luck.”

Questions

1. Which methods of prospecting discussed in the chapter has Rafael decided to use? Are they the most appropriate for his situation?
2. As Rafael continues to develop his client base, what other sources of prospects do you recommend he try? Why do you think these methods may be successful for him?
3. Assume you are Rafael's mentor, John Green. What recommendations would you make to help Rafael get the most out of his prospecting efforts?

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Appendix: Sales Proposals



As mentioned in the introduction to Part Two, Chapters 5–9 are designed to systematically guide you through the entire sales process—prospecting and sales call planning; communicating the sales message; negotiating for win–win solutions; closing the sale and follow-up; and self-management. In practice, salespeople often plan out this process in advance through the use of written sales proposals that are provided to clients prior to making a sales call. Preparing a sales proposal accomplishes two important functions: (1) It forces the salesperson to formalize much of the advanced planning discussed in this chapter—the things that need to be done *before* going face-to-face with a buyer; and (2) it focuses the dialogue between buyer and seller on the *value proposition* from the very beginning, thus laying the groundwork for an effective long-term buyer–seller relationship. Sales proposals are an exceptionally professional way to approach the job of relationship selling.

In the course, your instructor may have you prepare a sales proposal and also role play a complete presentation with a buyer (perhaps played by one of your classmates, by the instructor, or by someone else). On the Web site for this book (www.mhhe.com/Johnston3e) you will find a Sales Proposal Handbook, which includes a complete set of instructions and accompanying templates for a sales proposal assignment. In the handbook, the required content of the sales proposal is cross-referenced to the chapters in your book that contain information you will need to prepare each of the parts of the proposal. For now, let's briefly take a look at the four key components of a professional sales proposal.

- *Seller Profile.* Includes introductory information on you as the salesperson, your firm, and the products you foresee ultimately discussing with the buyer.
- *Critical Questions to Be Addressed.* You will learn in Chapter 6 that a great way to establish initial communication with your buyer is through the use of well-reasoned, insightful questions. Asking the right questions will show the buyer that you have done your homework and are prepared for the sales call. One approach to using effective questions is a technique called SPIN selling, which will be described further in Chapter 6.
- *Outline the Features, Advantages, and Benefits (FAB) of the Product.* Buyers today are very busy and pressed for time. They appreciate succinct, to-the-point information about sellers' offerings. One convenient way to provide what they need is through the FAB approach, which is also described in Chapter 6.
- *Provide a Value Analysis in Financial Terms.* In Chapter 3 and its appendix you learned about the importance of conveying a strong value proposition in

relationship selling. A key part of a sales proposal is quantifying the value of doing business with you to the buyer.

In this chapter, we built a strong case for the importance of taking time to do good prospecting and a thoughtful preapproach. The groundwork laid during these activities ensures a strongly favorable first impression with a buyer and pays off by getting the overall relationship off to a great start. Think of a sales proposal as a natural bridge between the prospecting/preapproach and the actual approach to the buyer. A sales proposal formalizes what you have learned during the analysis stage and presents an initial inquiry to a buyer in a way that will hopefully lead to the opportunity to meet with him or her in person. The next chapter prepares you for that in-person sales call.

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chapter

Communicating the Sales Message

Learning Objectives

Read the Expert Advice for Chapter 6 and you will see how difficult and important it is to deliver a great sales presentation. Sales presentations are complex and require different skill sets for almost every situation. Successful salespeople know that building strong customer relationships depends in large part on their ability to do a good job presenting their products and services to customers.

In this chapter, you will learn about the building blocks of a sales presentation. The chapter will discuss how to prepare for the sales presentation and what specific information you need to get ready. It will also talk about the initial contact with the customer (the approach). Finally, the sales manager's role in the sales presentation will be discussed. While the salesperson is ultimately responsible for the presentation, the manager helps

prepare the salesperson and does everything possible to ensure his or her success.

After reading this chapter, you should be able to

- Understand the characteristics of a sales presentation.
- Identify sales presentation strategies.
- Discuss the steps in preparing for the sales presentation.
- Discuss the steps involved in approaching the customer.
- Understand how to apply your sales knowledge to the customer's needs.
- Understand how important product demonstrations are in the presentation.
- Define the keys to a great sales presentation.
- Understand the role sales managers play in sales presentations.

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expert advice

- Expert:** Mr. Randy Dorn, Division Vice President
- Company:** Allied Barton Security Services, San Antonio TX
- Business:** Allied Barton Security Services is a leader in the physical security sector, providing security services through its network of U.S. branch offices. It has revenues in excess of \$250 million a year. Meeting client's needs and exceeding expectations for more than 77 years, Allied Barton utilizes state-of-the-art technology and industry recognized programs.
- Education:** Bachelor of Arts in Business Administration and Economics, Bethel University

Based on your experience, what do you think are the four most important characteristics of a successful sales presentation?

It is important to understand the customer's needs and to develop a presentation that communicates how we, as a service provider, will address those needs. Our customers must deal with many business issues in order to grow and expand their business in a competitive marketplace. Their focus must rest on their core competencies rather than the burden of managing a security program. That's why they outsource their security services to companies such as ours. Therefore, an effective sales presentation must:

1. Demonstrate knowledge of the client's unique security needs.
2. Effectively convey the business outcome the company will achieve by allowing Allied Barton to address their security needs.
3. Communicate the customized solutions that Allied Barton will bring to their security program to address their needs and ensure the business outcome is achieved.
4. Provide documented evidence, in the form of case studies that demonstrate how Allied Barton assisted other customers with similar needs.

It is very important to do up-front research on the company you are presenting to and to understand the challenges and mandates that the decision makers have.

How important is it to establish a relationship with the customer in their decision to choose one security company over another?

It is critical to have a relationship with the prospective customer long before a formal presentation may be requested. It is during this early relationship building stage that the real selling takes place. The prospective customer must see our business as one that addresses their central needs, not our own. The relationship involves a consultative approach that educates the prospective customer on how they can improve profits and productivity, while we add value in areas of their business that we can affect. We therefore need a clear understanding of their goals, strategies, visions, and mandates. It is through a close relationship that we get to know the customer well enough to understand how we can make a significant impact.

What role do sales managers play in preparing a salesperson to deliver an effective sales presentation?

The sales managers are experienced sales professionals who strategize with the salesperson on every sales proposal. They ensure the salesperson is gathering the right information regarding the prospective customer's needs in order to develop a customized security program. Sales managers also assist the salesperson in producing the written proposal that highlights Allied Barton's recommended solutions to the customer's needs and they maintain the proposal writing database that links potential customer needs with appropriate solutions. Managers ensure the latest information is in the database regarding solutions, along with case studies of success stories from other Allied Barton customers. On larger contracts the sales manager will personally attend the presentation as a member of the presentation team.



Communicating the Sales Message

As you have seen, building winning relationships with customers is a long process. So far we have focused on the importance of understanding your own products and value proposition, gaining knowledge of the customer, prospecting for good potential customers, and developing a preapproach that puts your best foot forward when you first contact the prospect to gain an appointment. This chapter builds much of the *content* needed after the preapproach stage to prepare for the actual sales call. It then offers a road map for giving a great presentation when you are in the sales call.

With this chapter, you are ready to enter a critical stage in which you communicate the sales message to the customer in the sales presentation. (Refer to the Relationship Selling model and Sales Management at the beginning of the chapter to see where we are in the process.) So far you have focused on learning about your company (products, services, and capabilities), your customers, and the relationship selling process. In this chapter, you establish contact with the customer and begin a process that will culminate in a sale and strong relationship.

How important is the sales presentation? Read the Expert Advice to see the critical role of the sales presentation in security selling. The **sales presentation** is the delivery of information relevant to solving the customer's needs. It often involves a product demonstration. Much of the time it also includes any data or other facts to support the case that the company's products and services are the best choice for the customer. It is in this critical stage that the salesperson begins to establish the link between the company's products and services and solutions to the customer's problem(s).¹ As you have seen, customers move through a process that ultimately leads to the selection of a product. During the sales presentation, salespeople want to transition customers from mere interest to desire, conviction, and finally to purchase the product.

The stereotype of a sales presentation is a salesperson standing in front of a customer (or group of customers) talking and demonstrating the product. In reality, sales presentations are carefully choreographed interactions in which the salesperson tries to discern the customer's real needs and concerns while at the same time providing critical information in a persuasive way to help the customer appreciate the benefits and advantages of the product. Remember, the goal is not simply to "make the sale" but to create a strong value proposition that will lead to a mutually beneficial long-term relationship.



Getting Ready for a Sales Presentation

Great sales presentations don't just happen. They are the result of careful planning and preparation. As you saw in Chapter 5, getting ready for the presentation is just as important as actually meeting with the customer.

There are many elements to this part of the process. It is critical to know the characteristics of a great sales presentation, understand the various sales presentation strategies, and incorporate technology effectively. Salespeople must also establish the goals and objectives for the meeting and make sure that everything is set for a good first impression. They need to be able to answer two fundamental questions before a sales presentation: (1) What do I want to accomplish in this meeting? (2) Am I ready to make the sales call?

1. *Explains the value proposition*
Answers the customer question: What is the value added of the product?
2. *Asserts the advantages and benefits of the product*
Answers the customer question: What are the advantages and benefits of this product?
3. *Enhances the customer's knowledge of the company, product, and services*
Answers the customer question: What are the key points I should know about this company, product, and services?
4. *Creates a memorable experience*
Answers the customer question: What should I remember about this presentation?

Characteristics of a Great Sales Presentation

If someone asked you, “What makes a great sales presentation?” would you be able to answer? Many of us could give examples of a bad presentation, such as not listening to the customer, but what are the characteristics of a great sales presentation? Exhibit 6.1 shows them. A great sales presentation explains the value proposition; asserts the advantages and benefits of the product; enhances the customer's knowledge of the company, product, and services; and creates a memorable experience.

Explain the Value Proposition. First and foremost, a sales presentation must clearly explain the value proposition for the customer. As we discussed in Chapter 3, identifying customer needs and creating solutions using your company's products and services is at the heart of the value proposition. However, a salesperson must have the skill and flexibility to adapt the value proposition based on customer feedback during and after the presentation. In addition, there is a huge difference between the salesperson knowing the value proposition and the customer understanding it clearly. Often the salesperson must use several tools to communicate how the company is creating value for the customer. In addition to an oral presentation, salespeople often use nonverbal communication, PowerPoint presentations, written proposals, and other support information to further explain the value proposition.

Assert the Advantages and Benefits of the Product. Customers want to know the specifics of how your product is better than the competition. As you shall see later in this chapter, identifying a product's features, advantages, and benefits is essential to a great sales presentation. They form the basis of your product's value to the customer.

Enhance the Customer's Knowledge of the Company, Product, and Services. Many products require detailed explanations for the customer to fully understand what is going on. Take, for example, an Oracle salesperson trying to explain a new feature in the Oracle Enterprise Manager Suite of software products. The salesperson could talk about the product's development and productivity, but it might be more effective to educate the customer about cost savings. Another option might be to demonstrate the product, an important presentation tool we will talk about later in this chapter. In any case, your presentation should enhance the customer's knowledge about the product.

In addition to specifics about the company's product, customers may want to know a variety of things about the company, other products and services, and even the people they will be working with. An effective sales presentation will educate customers about all these things.

Create a Memorable Experience for the Customer. Ultimately, for any sales presentation to be effective the customer must be interested in it. It needs to be an event the customer will remember after the salesperson is gone.² There is no rule that says sales presentations should be boring. On the other hand, the presentation must always be professional and the salesperson should never substitute glitz for a skilled delivery of relevant information.

Sales Presentation Strategies

There are four basic types of presentation strategies, shown in Exhibit 6.2. The most appropriate one in a given situation depends on the salesperson's individual selling skills, feedback from the customer, and the company's preferences. Think of the four strategies on a continuum with the memorized presentation at one end and the problem-solving presentation at the other.

As you move along the continuum, you will find two fundamental differences. The first is the focus of the presentation strategy. In the memorized presentation the focal point is the product/company. At the other end of the continuum, the problem-solving strategy focuses on identifying customers' needs and solving their problem(s). The second difference is in the talk/listen ratio. In the memorized presentation, the salesperson does most of the talking and very little listening. As you move through the presentation strategies, that ratio begins to reverse. The customer talks more and the salesperson listens more. In a problem-solving presentation, the salesperson does very little talking (at least initially) as the customer explains his or her needs and problems. Let's look at each of these four presentation strategies in greater detail.

Memorized Presentation. At first glance the very structured **memorized presentation strategy** may seem inappropriate in most situations. The focus is on the product and the presentation is based on the memorization of specific canned statements and questions. The salesperson is not really interested in determining the needs of the customer. Companies, and salespeople, who adopt a memorized presentation strategy believe they can make a compelling argument for the product without spending time learning more about the customer's problems and needs.

EXHIBIT 6.2 Sales Presentation Strategies

Presentation Strategy	Focal Point of Presentation	Talk/Listen Ratio
Memorized	Product	90/10
Formula	Product	70/30
Need satisfaction	Customer	40/60
Problem solving	Customer	30/70

There are a number of flaws in this presentation strategy. A primary disadvantage is that the salesperson may discuss aspects of the product that are not important to the customer while leaving out critical information. By not determining the customer's real needs, the salesperson risks wasting everyone's time. What is more, the very nature of memorized presentations limits customer participation. As much as 90 percent of the total presentation time may be taken up by the salesperson's dialogue. This is a big negative for many prospects, who wonder, "How can the product be the best choice for me if the salesperson does not listen or even ask me about my needs?" Finally, this type of presentation tends to seem high pressure, as it usually solicits the purchase decision several times. For all these reasons, the memorized presentation may not seem the best choice for building a customer relationship—and it's probably not. However, there are several advantages.

First and most significantly, memorized sales presentations ensure consistent delivery. They are frequently the result of careful company analysis and development, and offer companies the assurance that critical information will be given to the customer in a uniform and reliable manner. The more you encourage customers to be involved, the less control you have in the presentation. Some companies believe that controlling the flow and order of the presentation increases the probability of success.

A second advantage is the ability to deliver more information in the same amount of time. By focusing on the product and not the customer's needs, the salesperson can convey more facts (making this a viable presentation style when time is very short). Next time you take a sales telemarketing phone call, notice that the caller is most likely working from a memorized presentation script.

This presentation strategy can also be reassuring for inexperienced salespeople. Since they can learn the presentation and have very little opportunity to change it, new salespeople may worry less about forgetting something or losing their place.

While set questions are included in a memorized presentation, they are most often designed to solicit a simple response that will move the customer through the purchase process. The salesperson may ask a question for which the answer is already known. "If I could save you 50 percent off your current copying charges, would you be interested?" The salesperson is not concerned about the customer's true copying charges (how they break down, what services the customer uses most often). Rather, the question is asked to get customer acceptance of the product. Most customers respond yes, and the salesperson has created buy-in for the product.

Formula Presentation. The **formula presentation** is also highly structured but increases customer interaction by soliciting more information. It follows a prepared outline that directs the overall structure of the presentation but enables the salesperson to gain some customer feedback. This type of presentation begins to shift the focus more to the customer. It still focuses on the product but encourages the customer—through questions, trial closes, and objections—to become more involved in the presentation. The talk/listen ratio changes to more listening (30–40 percent) and less talking (60–70 percent).

Formula presentations are based on the simple acronym AIDA, which sums up the buying process. The salesperson must get the customer's *attention*, create *interest* in the product, develop a strong *desire* for the product, and move the customer to *action* (buying the product). Moving through the process requires buy-in and agreement, which means customer involvement.

The formula presentation strategy affords some definite advantages. Both company and salesperson can feel confident that critical information will be conveyed to the customer in a carefully constructed format. Moreover, the more ordered approach means salespeople will be better prepared to handle objections and questions. Finally, incorporating greater customer feedback into the presentation increases the likelihood of product acceptance and purchase.

On the other hand, if the salesperson does not do a good job of asking questions and anticipating objections, this strategy is not flexible enough to handle more complex selling situations and customer interaction. It is best used when a relationship has been established and the customer will be rebuying. The salesperson is already familiar with the customer's specific needs and is trying to gain acceptance of a new order, which could be a reorder of existing products or the sale of a new product into the customer's product mix.

Many companies, including Procter & Gamble, use some type of formula presentation with their frontline sales force. Consumer products salespeople tend to know their customers well and the object is often for them to carry more of an existing product (more sizes of Crest toothpaste, greater inventories of Bounty paper towels). A highly structured presentation that lets them hit specific selling points in a predetermined formula while still soliciting customer feedback can be very effective. The key to the success of the formula strategy is customer knowledge, since the presentation itself is relatively inflexible. More sophisticated selling situations require different sales presentation strategies.

Need Satisfaction Presentation. Unlike the memorized and formula presentations, the **need satisfaction presentation** shifts the focus to the customer and to satisfying the customer's needs. The talk/listen ratio shifts in favor of listening, especially early in the presentation. As much as 60 percent of the first half of a need satisfaction presentation is spent asking questions, listening, and determining the customer's real needs. Even later in the presentation, the salesperson should be willing to ask additional questions to clarify problems and concerns.

The key to success with this strategy is the right combination of questions, listening, analysis, and presentation. Too many questions and the customer may doubt the salesperson's ability and knowledge. Too few questions and the customer will feel the salesperson is not really interested in his or her problems and needs.

Need satisfaction presentations can be broken down into three parts. The first stage, **need identification**, involves questioning the customer to discover his or her needs. This often begins with an open-ended question. "Ms. Grace, what exactly are you looking for in a new office network system?" Based on the customer response, the salesperson begins to ask more focused questions and zero in on a specific need. The questioning is not always linear. More circular questions uncover other needs, perhaps even problems or concerns the customer was unaware of. After identifying the customer's need(s), the salesperson moves from need identification to **need analysis**. Combining knowledge of the company's products and services with the recognition of customer needs, the salesperson must quickly (often during the presentation itself) analyze the customer's needs to determine how best to meet them. Finally, during **need satisfaction**, the salesperson presents the company's solution (products and services) to the customer's needs.

Creating a more interactive presentation can intimidate inexperienced salespeople. The salesperson gives up a degree of presentation control for a greater

understanding of the customer's problems and concerns. If done well, need satisfaction presentations can establish profitable buyer–seller relationships. If done poorly, they can limit the company's access to that customer in the future. Salespeople generally need a great deal of training and confidence to use the need satisfaction presentation strategy successfully.

Problem-Solving Presentation. Considered the most complex and difficult presentation strategy, **problem solving** is based on a simple premise: The customer has problems and the salesperson is there to solve them by creating win–win solutions. We explore negotiating win–win solutions in Chapter 7, but it is important to understand that problem solving is the preferred presentation strategy for building long-term customer relationships, and creating win–win solutions is a critical aspect of this strategy. The focus is on the customer, which means the salesperson spends much more time listening than talking. The salesperson does more analysis before the presentation. This strategy generally puts greater pressure on the salesperson, who must have the skills to identify and analyze the customer's needs and present the company's solution.



Setting Objectives and Goals

The sales presentation is a critical time in the relationship-building process. You need to have a clear idea of what you want to accomplish. Ultimately, of course, the goal of the presentation is to secure a purchase commitment from the customer. However, you don't just walk in asking for the purchase order. Successful salespeople understand that the purchase order does not come until the customer believes the company's products and services offer the best solution to his or her needs. Often this will not happen in the initial meeting.

The goal of the presentation will dictate much of what happens during the meeting with the customer. In defining the goal, salespeople need to consider where the customer is in the buying process. They also need to have a clear understanding of the customer relationship. If the company has a long-established relationship, the salesperson can focus on other objectives than with a new customer. Finally, salespeople should know the specifics of the current situation. Is the company introducing a new product? Offering a new pricing program? Is the customer unhappy with something?

The presentation is affected by many factors. Based on their analysis of these factors, salespeople will identify at least one of five principal goals.

- Educate the customer by providing enough knowledge about the company's products and services.
- Get the customer's attention.
- Build interest for the company's products and services.
- Nurture the customer's desire and conviction.
- Obtain a customer commitment to action (purchase).

Every presentation should strive to meet at least one of these goals and often more than one. For example, it should be possible to move a customer from attention to interest in one presentation. Early in the relationship-building process, the salesperson may want to focus on educating the customer about the features, advantages, and benefits of the company's products and services. At some point, however, the goal of the presentation will be to obtain customer action.

You may think that once a relationship is established, the goals will change. But it will always be important to educate, maintain interest, nurture desire and conviction for your products, and of course, keep the customer action oriented (buying). While it is important to have a goal for the presentation, the salesperson needs the skills and flexibility to deal with sudden opportunities (or threats) that may come up during the presentation.

Approach the Customer: Initiating the Relationship

Approaching the customer really means launching the buyer–seller relationship. You have spent a lot of time preparing the presentation. Now the approach is your first contact with the customer. It is a very important time as you move from introduction to transition into the sales presentation. Leadership 6.1 highlights the importance of creating a good first impression. Let's examine the customer approach more closely.

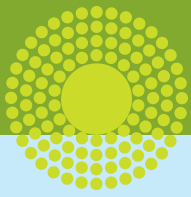
Tips for Making a Good First Impression

First impressions are important in setting the tone for the presentation.³ Does a good first impression guarantee the sale? Absolutely not. Can a bad first impression lose a sale? Yes. Ultimately, a good customer relationship begins with the content and delivery of your presentation, but the first few minutes set the tone for everything else. Let's break down the first impression into three parts: before you meet the prospective customer, when you greet the customer, and the first three minutes of the presentation.

Before the Meeting. It is important to use your time before meeting the customer to put yourself in the right place at the right time. There is a simple rule in selling: Never make the customer wait. It is the salesperson's responsibility to be at the site before the presentation is scheduled to begin. Given the technology available today, there really is no excuse for being late. If you've never been there before, go online and get directions using MapQuest, Google Maps, or a similar site. If for some unexpected reason you are running late, use your cell phone to call the customer. Few things create a worse first impression than showing up late for a presentation.

Most salespeople make it a practice to arrive early. The “just-in-time” approach to making a sales meeting is not a good idea. A good rule of thumb is to get there at least 15 minutes before the scheduled start time. However, your time is also valuable, and all the time spent waiting for sales meetings would total many hours each year.

So it's helpful to have a checklist. First, be sure your customer knows you have arrived. Introduce yourself to the appropriate person (secretary, receptionist, assistant) and tell him or her you are there for the sales meeting. Second, as you wait use the time to run over any last-minute notes or even the presentation itself. PowerPoint allows you to print a copy of the presentation; review it one last time so everything is fresh in your mind. If it is an existing customer and you haven't checked with the office to learn the customer's latest activity, do so now. Update yourself on the status of the most recent order or find out what your company has done to address a current problem or issue. If you are confident that you are completely ready for the customer meeting, use the time to check voicemail or e-mail.



Never Underestimate the Power of Your First Impression

It seems obvious to most of us, but there are still some salespeople out there who do not grasp the importance of their first impression on a prospect. Communicating a positive first impression will heighten your sales performance as well as your sales success. Here are eight tips to improve the way you first meet your prospects.

1. Above all, portray a confident but not superior manner. A lack of self-confidence is readily apparent, and if you don't seem to believe in yourself, how is your prospect supposed to believe in you and your product or service? At the same time, don't cross the subtle line between confidence and arrogance.
2. A clean, neat appearance is essential to making a positive first impression. Showing up in wrinkled or dirty clothes and unkempt hair suggests a lack of respect for your prospect. Do your best to dress slightly above (never below) the type of prospect you are calling on.
3. Another simple but important tip is to smile. Smiling fosters a positive atmosphere, which is exactly what you want if you hope to persuade a prospect to work with you.
4. When conversing with your prospect for the first time, try to use his or her name. That tells the prospect he or she is important enough for you to remember the name. However, be sure to pronounce the name correctly. Mispronouncing it can cause a fatal setback to the new relationship.
5. Showing that this meeting is important to you is key to creating a positive first impression. A casual or nonchalant attitude will make the prospect wonder if you are serious about the value of your product or service. He or she may also wonder how important

fulfilling needs, solving problems, or filling wants really is to you.

6. Don't apologize for taking your prospect's time. Extensive apologies simply raise questions regarding your confidence in yourself and your product or service. If you think it is necessary to apologize for taking up a prospect's time, you must not think your product or service is worth the time.
7. Be comfortable and relaxed. If you exude discomfort when meeting your prospect for the first time, you are sure to inspire the same feeling from the prospect. You want your prospect to feel at ease talking to you about his or her wants and needs. The first step in establishing a comfortable relationship is for you to be comfortable yourself.
8. Finally, position yourself through everything you say and do. The first encounter can set the stage for the rest of your professional relationship with your prospect. If you make antagonizing or distracting comments, you jeopardize the positive feelings needed for the relationship to flourish.

Yes, first impressions really are lasting impressions. Too many salespeople forget this simple truth. Following these eight tips will help you establish positive, fruitful relationships with your prospects from the very start. All sales relationships begin with the salesperson's first impression on the prospect, so don't ruin your chances from the beginning. Remember, people pay attention to those whom they perceive as having something important to say, and they often make that assessment in the first 30 seconds. You might win or lose the sale right there. It's up to you!

Source: Bill Brooks, "The Power of First Impressions," *American Salesman*, April 2006, pp. 3–6. Reprinted by permission of © National Research Bureau, 320 Valley St., Burlington, Iowa 52601.

Greeting the Customer. As we said earlier, the first few minutes of a presentation are critical to success.⁴ Keep a few basic rules in mind as you create that first impression. First, make sure your overall look is appropriate. You may want to take a moment and freshen up. Second, make sure all wireless communication devices are turned off or put in silent mode. Having your cell phone go off just as you reach to shake hands will not start the meeting off on a good note. Third, be organized. Cause a minimum of disruption as you enter the customer's office. Walking in with stacks of paper or your laptop open sends a negative impression of your overall organizational skills.

If the customer extends his or her hand, shake it firmly. If you are unfamiliar with the surroundings, look for a place to sit. In a conference room, if the customer sits at the head of the table, sit to one side close to the head. If the customer sits at a long side of the table, look for a chair across from him or her.

Most of the time, however, you meet customers in their office. The customer will give you verbal or nonverbal cues about where to sit. If there is a desk with chairs on the other side, move there immediately after greeting the customer. In large offices the customer may have a separate seating area (sofa and chairs with a coffee table) and you should follow his or her lead. If no cues are forthcoming, you may want to ask, "Where would you like me to sit?"

The First Three Minutes. The period just before the approach varies depending on your personal style, the customer's personal style, and the environmental situation at the time of the presentation. It's often helpful to spend some time developing a personal rapport with the customer.⁵ Noncontroversial topics like the weather or sports (of course, depending on how the local team is doing, this may or may not be controversial) are the best subject choices. The key is to know when to make the transition from customer greeting to customer approach. Spend too long in small talk, and the customer will perceive you are wasting time. Be too abrupt, and you'll create an awkward moment. Initially, you may find these transitions difficult. However, in time you will develop a sense of the right moment to make the transition. Always remember the customer knows why you are there and it will not come as a surprise when you launch into the presentation.

Approach Strategies

The **approach** is what sales professionals call the first part of the sales presentation. It is a transition point from the greeting to the main body of your presentation where you will deliver the primary sales message to the customer. While you may have spoken by phone or e-mail, most customers clearly prefer a face-to-face presentation. A well-executed approach can set up the rest of the presentation so you can move the buying process much more efficiently and effectively. The customer approach has two objectives: (1) get the customer's attention and (2) create enough interest in you, your company, and its products and services that you can continue the presentation.

The five common approach strategies are shown in Exhibit 6.3.

Referrals. One of the best ways to approach the customer is to be referred by a third party (often a satisfied customer). The **referral** is effective because of the third party's external endorsement of the company and by extension the salesperson as well. Research suggests the referral increases the credibility of the salesperson's points during the presentation and reduces customer anxiety about their validity.

A number of customers, however, do not wish to be used as referrals. There are many reasons for this reluctance. The relationship between the company and customer may deteriorate while the customer is being used as a referral with other prospective customers. Or the salesperson may also be calling on the customer's competitors.

Customer Benefit. Customers want to know how your products will benefit them, so telling them is a good way to begin a sales presentation. By starting the presentation with a solution to at least one of the customer's problems, you create an instant win-win situation. One caveat: It is essential that you be well prepared

- **Referral**

Mr. Render, my name is Charlie Smith. I am with Xentury Business Machines and you will remember we spoke by phone several times. Our networked copiers and printers offer great value and performance for businesses like yours. Indeed, you know Ms. Ferrino with Avalon Products and she suggested I give you a call. Ms. Ferrino has been a customer for five years and is very satisfied with our products and service.

- **Customer benefit**

Ms. Santorum, your company needs reliable and cost-effective trucks to deliver your flowers every day. This new Ford van has the lowest costs per mile of any full-size van in the market, and our quality ratings (show appropriate studies) are among the highest in the industry. The new Ford van will not only get your flowers to their customers every day but will do so for the lowest cost of any full-size van.

- **Question**

Our company can offer you a bundle of services that is the best in the industry. Are you interested in hearing more about them?

- **Assessment**

Ms. Yeaple, as a successful businesswoman you want to be sure you are maximizing your current assets. I would like to evaluate your investment portfolio. There is no cost to you for this evaluation. If you would take a few moments to complete this short financial questionnaire, I will prepare an analysis of your current portfolio. Thank you.

- **Product demonstration**

and have a thorough understanding of your customer's current situation, problems, and needs. Otherwise, this approach strategy could actually do more harm than good. The customer might be annoyed by your misperceptions.

Question. There are two advantages to the question method. First, getting the customer involved in the presentation is always a positive, and asking questions in the approach involves the customer right from the start. This goes a long way toward establishing customer buy-in to your sales message. Second, by getting customer feedback you are positioning yourself for success in the presentation. Ask questions that can focus the customer on the problem and help you gain greater acceptance; then structure the questions so they will lead into the presentation.

The risk of the question approach is that you may get an answer that will effectively end the presentation. If the customer answers yes, you are in an excellent position to transition into your presentation. But if the customer answers no, you will have to reestablish a point of contact or end the presentation.

Assessment. One technique that salespeople in certain industries (IT, insurance, financial services) have found effective is the assessment approach. You ask the customer to complete a set of questions. Then you collect the data, analyze the information, and make a presentation to the client based on your analysis.⁶ The assessment approach is really a part of a larger problem-solving presentation strategy in which you put together a solution for the customer based on his or her feedback.

This approach can be effective for several reasons. First, it is relatively non-threatening. You are not actually asking the customer to buy anything but simply requesting information that you will use to provide additional feedback. Second,

the end result is generally an assessment that you can go over with the customer. Financial planners, for example, often ask prospective clients for a summary of their financial history. Based on the responses, the planner/salesperson prepares a financial plan for the customer. At the end of the presentation, the financial planner offers suggestions on how his or her company can help meet the customer's needs.

Product Demonstration. We will discuss the product demonstration in greater detail later in the chapter. Some salespeople find it an effective approach strategy. With certain products, such as automobiles, demonstrating the product is crucial to the presentation. Laptop computers and sophisticated graphics software let salespeople demonstrate products that are difficult to exhibit in a customer's office (security systems, for example).

Once you start the product demonstration, it is important to move quickly into the rest of the presentation, including the buying process. Salespeople often use the product demonstration in conjunction with another approach, such as the question, to get customer involvement while demonstrating the product.

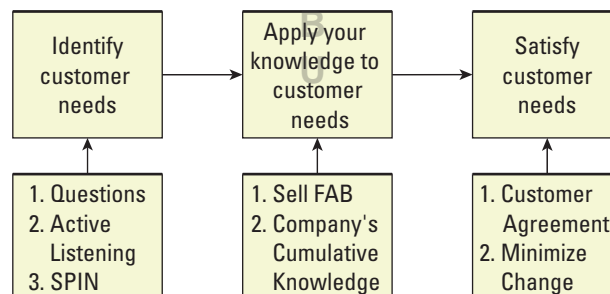
The Sales Presentation: Building the Relationship

Once the approach has established a relationship with the customer, it is time to move into the sales presentation. You did much of this work as you prepared for the sales meeting—but every salesperson will tell you there are always surprises. The customer might convey a new, critical piece of information, pose a new problem, disagree with your value proposition, or any one of hundreds of other challenges that a salesperson faces during a sales presentation. However, at the heart of the presentation is a simple process of identifying the customer's needs and applying your knowledge in a way that will solve the problem, add value to the customer's business (and your company), and build a successful relationship (Exhibit 6.4). Let's begin with identifying the customer's needs.

Identify Customers' Needs

How important is identifying the customer's needs? Very. Research suggests that being able to focus on customers and correctly identify their needs is one of the key characteristics that distinguish high-performing salespeople. Indeed, of all the

EXHIBIT 6.4 The Sales Presentation



elements in a sales presentation (approach, handling objections, and closing) the single factor shown to differentiate successful salespeople from the rest of the pack was their ability to discover the customer's need(s). Relationship selling is based, in large part, on the salesperson's ability to identify those needs and develop win-win solutions that benefit both the customer and the company.

The need identification process really begins before the first customer meeting as you study the customer's business and get ready for the sales presentation. By learning about the customer, you will develop an initial assessment of needs. This will change as you talk with the customer and go through the need identification process. Even after the presentation, as you move forward in the relationship, you should continue to assess and update your understanding of the customer's needs.

Questioning Drives a Great Presentation. Identifying the customer's needs is not a complicated process, but it does require salespeople to perform several tasks very well. The first skill is asking the right questions at the right time. This may seem easy but, as we saw earlier, high-performing salespeople are significantly better at it than low performers. Asking questions and listening (which we will discuss shortly) are not easy for many people, especially in stressful situations like a sales presentation. Many inexperienced salespeople believe (incorrectly) that they should be talking and in control of the presentation.

A second and sometimes more difficult problem is the potential struggle within the customer. In the course of the presentation, he or she may become threatened by your questions. The customer may perceive that your proposed solutions could place him or her in jeopardy (if the presentation uncovers inefficiencies that are the customer's responsibility). In addition, remember that salespeople are change agents. By definition they are asking the customer to change by buying their product. Change creates conflict for the customer. What if you are wrong and the customer is blamed for buying your product? What if you are right and the customer fails to buy your product? As you can see, asking tough questions is threatening to both salesperson and customer. The basic categories of questions salespeople can ask during the presentation are summarized in Exhibit 6.5. Let's examine each type more closely.

Unrestricted/restricted questions. Encouraging the customer to open up and share information, unrestricted questions impose few limitations. Often referred to as open-ended or nondirected questions, they draw out information by allowing the customer to frame the answer. Restricted questions, on the other hand, require yes/no or very short answers. They direct the customer to a specific, very short response.

EXHIBIT 6.5 Categories of Questions

Question Type	Advantage	Disadvantage
Unrestricted	Encourages customer to speak	Is time consuming
Restricted	Gets specific information	Discourages dialogue
Data collection	Uncovers relevant data	Wastes customer time
Investigation	Helps uncover customer needs	Difficult to manage responses
Validation	Provides customer buy-in	Can derail presentation

Most of the time salespeople will use both types of questions. Unrestricted questions encourage the customer to speak more freely and allow the salesperson to develop a richer, more complete understanding of the customer's issues. Restricted questions provide specific information the salesperson can use to shape the presentation. Indeed, it is common to move from one question type to the other. It is a good idea to get the customer more involved by asking unrestricted questions, but asking too many of them will almost certainly create time pressure on other parts of the presentation. There are particular pieces of information the salesperson may need during the presentation, and restricted questions are the most efficient way to get the information.

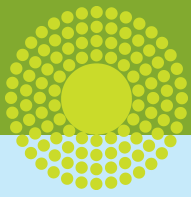
Data collection questions. These questions gather basic data about issues related to the customer's current business or historical perspective. While the information can be helpful, salespeople should limit data collection questions in a presentation for several reasons. First, customers may provide information that interferes with elements of the presentation. Given the access to information today, it is the salesperson's responsibility to be familiar with as much of the customer's business as possible. A general rule is to ask data collection questions that verify existing knowledge. Second, if a salesperson asks too many data collection questions, the customer may perceive a lack of preparation, and wonder, "Why doesn't this person already know this about my business?"

Inexperienced salespeople may incorrectly assume that asking customers questions about their business is the same as identifying their needs. This is not true; customers expect salespeople to know about their business before the presentation even begins. Data collection questions can be useful, but use them sparingly and do the customer homework before the presentation so that you don't waste time asking unnecessary questions.

Investigation questions. These questions probe for information about problems, opportunities, or challenges in the business. The answers are often critical in correctly identifying the customer's needs. By encouraging the customer to talk about current issues and concerns in the business, salespeople gain valuable insight. Successful salespeople use these questions to assess the customer's current state of mind.⁷

Validation questions. At various critical points in the presentation, you want to validate something with the customer. You might reaffirm the customer's needs or some key fact that came out of the investigation questions asked earlier in the presentation. Validation questions are important for two reasons. First, they help get agreement from the customer and move him or her through the buying process. Validating the customer's needs eliminates a point of disagreement later in the presentation. Second, they keep the customer involved in the presentation. Even if the response is simply yes or no, the customer is mentally engaged.

Keep in mind a few basic rules as you ask questions. First, go over them before the presentation. Poorly worded or inappropriate questions will do more harm than good. Second, always anticipate the answers. This is not to say you script the answers, but asking questions for which you have no general idea of the response can lead to real problems if you are surprised by a customer's response. Face-to-face time with the customer is limited, and fumbling for a response to an unexpected statement will not instill confidence in your abilities. Third (and most importantly), once you ask the question, listen to the customer's answer.



Leadership 6.2

The SPIN Selling Approach

Situation Questions: Finding facts about the customer's existing situations.

- Are used more in failed sales calls.
- Are overused by inexperienced salespeople.

Problem Questions: Learning about the customer's problems, difficulties, or dissatisfaction.

- Are used more in calls that succeed (especially for smaller sales)
- Are asked more by experienced salespeople.

Implication Questions: Learning about the effects, consequences, and implications, of the customer's problems

- Are strongly linked to success in larger sales.
- Build up the customer's perception of value.
- Are harder to ask than situation or problem questions.

Need Payoff Questions: Learning about the value or usefulness of a proposed customer solution

- Are strongly linked to success in larger sales. Increase the acceptability of your solution.
- Are particularly effective with influencers who will present your case to decision makers.

Source: Anthony Sigrorelli, "Transition to Consultative Selling," *American Salesman*, 46(1), January 2001, 11–16. "SPIN Selling," Neil Rackham (McGraw-Hill, NY; 1988). Used with permission from Huthwaite, Inc.

SPIN to Customers' Needs. Based on research conducted by Huthwaite, Inc. (and company founder Neil Rackham), the **SPIN** strategy is a comprehensive selling approach based on a series of questions about: **s**ituation, **p**roblem, **i**mplication, and **n**eed payoff.⁸ This approach works very well with large, important sales. A number of multinational companies have adopted the SPIN selling approach, including UPS and Bank of America. Leadership 6.2 summarizes the SPIN selling approach.

Situation questions. These questions provide basic information about the customer's circumstances. Often they are broad questions designed to substantiate information the salesperson already knows. You don't want to overuse these questions, since customers may tire of answering them. Situation questions suffer from the same problems as the data collection questions we discussed earlier, but they do offer a format for establishing rapport with the customer.

Problem questions. Based on his or her own research and responses to the situation questions, the salesperson moves on to more specific problems. Asking directed questions gets the customer concentrating on particular problems and issues. An effective tool when used by experienced salespeople, problem questions are much more useful in identifying the customer's needs than situation questions.

There are two goals for problem questions. First, the customer's responses offer critical information the salesperson will use in discovering the customer's needs. Second, in answering a carefully planned set of questions, customers will (if all goes well) admit they have a problem. While problem questions are valuable, the salesperson must continue to ask questions that will help the customer see the full effect of the problem.

Implication questions. Once a problem has been defined, the salesperson must help the customer recognize its implications for his or her business. Implication questions help customers realize the seriousness of the problem and begin to search for solutions. You *must* get agreement on the problem before asking implication questions. These questions are instrumental in moving the customer closer to the value proposition you will offer in the presentation. As the customer comes to recognize the full implications of the problem, he or she becomes less concerned with the cost of the solution (your products and services) and more interested in solving the problem.

Need payoff questions. The transition from problem identification and clarification to problem solution begins with need payoff questions. It is not enough to make the customer aware of a problem, nor to define its scope and potential ramifications. At some point the salesperson must move the customer to the solutions offered by the company. While problem and implications questions focus on establishing the customer's problem, need payoff questions directly connect the problem with the value proposition. If the customer agrees to the need payoff questions, the salesperson is in a strong position to successfully complete the sale. Conversely, if the customer disagrees, the salesperson has not yet established a significant problem for the customer to act on.

Listen

Should salespeople be better talkers or listeners? Many people unfamiliar with selling would probably say talking is more important, but the idea that salespeople are fast-talking individuals not really interested in customer's opinions is far from accurate. Listening, really listening, to customers is a vital trait of successful salespeople.

Despite its importance, most people (even those in selling) listen actively only 25 percent of the time. That means people don't really hear what is being said three-quarters of the time. Not surprisingly, the likelihood of correctly identifying a customer's needs if you are listening to only one quarter of what he or she says is pretty small. Interestingly, people can listen more effectively than they speak. Research suggests that most people can hear up to 800 words per minute but speak around 140 words per minute. The slowness of speech leads too many listeners to become distracted.

Active listening involves a commitment by the listener to focus on the speaker, concentrate on what is being said without thinking about other things, and take in nonverbal as well as verbal messages.⁹ People speak with their voices, but they also speak nonverbally. Facial expression, arm and hand movements, body positioning, and eye contact all communicate just as much as the spoken word. Active listeners focus not just on what is being said but *how* it is being communicated. (We will talk more about nonverbal communication later in the chapter.)

Exhibit 6.6 summarizes recent research on how to enhance your active listening. When salespeople take the time to change from passive to active listening, they notice changes in the way customers react to them. Little things like providing nonverbal cues to a customer who is speaking (nodding your head, making direct eye contact) and clarifying or rephrasing information can make the customer much more responsive. In turn, that customer is more likely to pay attention when you are speaking.

1. *Listen patiently to what the other person has to say, even though you may believe it is wrong or irrelevant.* Indicate simple acceptance, not necessarily agreement, by nodding or perhaps injecting an occasional “mm-hmm” or “I see.”
2. *Try to understand the feeling the person is expressing, not just the intellectual content.* Most of us have difficulty talking clearly about our feelings, so it is important to pay careful attention.
3. *Restate the person's feeling briefly but accurately.* At this stage you simply serve as a mirror. Encourage the other person to continue talking. Occasionally make summary responses such as “You believe our product does not add value” or “You feel you are not getting good service.” Keep your tone neutral and try not to lead the person to your pet conclusions.
4. *Allow time for the discussion to continue without interruption and try to separate the conversation from more official communication of company plans.* Focus on sales presentation and not smaller, less vital company issues.
5. *Avoid direct questions and arguments about facts.* Refrain from saying, “That is just not so,” “Hold on a minute, let's look at the facts,” or “Prove it.” You may want to review evidence later, but a review is irrelevant to how a person feels now.
6. *When the other person touches on a point you want to know more about, simply repeat his or her statement as a question.* For instance, if he remarks, “Your company is the most expensive in the industry,” you can probe by saying, “So, you believe my company is the most expensive in the industry.” With this encouragement, he will probably expand on his previous statement.
7. *Listen for what is not said, evasions of pertinent points or perhaps too-ready agreement with common clichés.* Such an omission may be a clue to a bothersome fact the person wishes were not true.
8. *If the other person genuinely appears to want your viewpoint, be honest in your reply.* In the listening stage, try to limit the expression of your views since they may influence or inhibit what the other person says.
9. *Do not get emotionally involved yourself.* Try simply to understand first and defer evaluation until later.
10. **BE QUIET.** Let the other person talk. Actively listen to what he or she has to say.

Source: Dan Sharp, “Guidelines for Active Listening and Reflection,” October 2008, www.salesconcepts.com. Reprinted by permission.

Apply Your Knowledge to Customer Needs

While identifying the customer's needs is essential in communicating the sales message, that's just the beginning of the salesperson's task. It is now time to take your knowledge of your company's products and services and apply it to the customer's needs. Providing solutions that solve customer problems is the essence of a salesperson's role in the relationship-selling process. You are the critical link between what the company has to offer the customer and the customer's needs.

Sell FAB. Good salespeople are very knowledgeable about their company's products and services. They know product performance characteristics, service

turnaround times, and a host of other important features. These facts are important, but customers do not buy features. They buy solutions to their problems. So you need to link your knowledge of company products and services facts to solutions that meet customers' needs. This process is often referred to as **FAB** (features, advantages, and benefits).

By applying the FAB approach, salespeople can make the company's products and services relevant for the customer. A **feature** is any material characteristic or specification of the company's products and services (say, antilock brakes on a car). An **advantage** is a particular product/service characteristic that helps meet the customer's needs (antilock brakes stop the car faster and in a more controlled fashion). A **benefit** is the beneficial outcome to the buyer from the advantage found in the product feature (the car will provide greater safety for the driver and passengers).

Let's examine the FAB approach in greater detail.

Features. All products and services are the sum total of physical characteristics and specifications. Consider the purchase of a new laptop computer. The buyer will learn the processor speed, hard disk drive size, screen size, and a host of other product **features**, or characteristics. Go to the Hewlett-Packard Web site at www.hp.com and click on home/home office. Then go to the Notebooks hyper-link. Several models are listed and their product features are described.

By themselves, however, product features are not very persuasive. Indeed, most customers will never even see the processor or hard drive in a new computer. No matter what the buying situation, customers do not buy product features. They buy product benefits that meet their needs.

Advantages. Customers want benefits, but they also want to know how your product is better. What makes it better? Why should I buy your product/service over one of your competitors'? In short, they want to see the **advantages** of your product.

If you return to the HP Web page, click on through to a technical presentation of the notebooks. There you will see various product features such as versatile performance and mobility. Clicking on one of those boxes takes you to a specific model that lists the various processors. The Processor box describes the various Intel and AMD chips used in those models. HP highlights the product advantages using phrases that speak to the Pavilion, "powerful processors . . . [that] enhance gaming, digital music; digital photography, and video editing." This translates the features of the Intel or AMD chips into advantages customers will understand.

Unfortunately, most salespeople get a lot of training on the features of products and services but little training on the advantages and benefits. Remember, the task here is to apply your knowledge of the company's products and services to the customer needs you identified earlier in the sales presentation. Simply knowing the product's physical characteristics and specifications is not enough; understanding the product's advantages for your customer is good but still probably not enough to get a commitment. Ultimately, the customer must see how those advantages benefit him or her directly.

Benefits. Extending the application from product features to product advantages and ultimately to product benefits answers one of the most fundamental questions customers have in the relationship-building process: "What's in it for me?" Ultimately, there will be no relationship if you cannot answer that question.

Customers need to understand specifically how your product benefits them, solves their problem, or meets their needs.

Often, your customer will be comparing your product with at least one competitor. In the highly competitive, information-rich world of today, customers expect salespeople to have a thorough knowledge of their competitors' products and their benefits.

If you go back to the HP Web page one more time, notice it does not describe the benefits of a long-life battery. Why not? Because the company wants salespeople to do that. By phone call or visit, an HP rep (direct salesperson or distributor's agent) will identify the particular customer's needs and then define the most relevant product advantages as benefits.

For example, engineers for a manufacturing company would find the high-speed Intel or AMD processor's ability to process the latest graphic-intensive software an advantage because it allows them to work sophisticated engineering programs while they are traveling. It is the salesperson's job to recognize the key customer issue (ability to work while traveling) and translate the product features into advantages (long battery life) and benefits (no more downtime while traveling).

This is an example of the synergy companies seek between their marketing communication (such as the HP Web site) and the salesperson calling on the customer. While the Web site is outstanding at presenting product features and even identifying basic product advantages, direct contact with a salesperson (either inside or outside sales) is needed to connect the advantages to benefits for a given customer.

Collect the Company's Cumulative Knowledge. Salespeople are on the front line meeting customers and giving presentations. However, everyone in the organization supports them in one way or another. The support of areas like product development, customer service and support, and manufacturing is indispensable as salespeople apply the organization's cumulative knowledge to meeting the customer's needs. It is always helpful and often mandatory to tap into the knowledge base of the sales firm.

If a customer needs modifications to a product or has special service requirements, the salesperson calls in people from product development and manufacturing to get a true understanding of the issues and costs involved in making changes to existing products. When the customer has tight delivery and scheduling deadlines, it is important to contact the right people in the company to get the best, most up-to-date answers quickly.

Team selling is based in part on the premise that no one individual can successfully develop and manage large customer relationships. Applying your knowledge to the customer's needs really means applying the company's cumulative knowledge to those needs.

Satisfy Customer Needs

The ultimate goal of the presentation is to satisfy the customer's needs by identifying them, applying your knowledge to them, and creating a plan of action for the customer that incorporates your products and services to address them. Although the relationship-selling process certainly is not finished after the sales message is communicated (as you'll see over the next two chapters), every sales presentation should focus on customer satisfaction. No matter how much negotiating remains,

no matter how tough it is to close the sale or build that long-term relationship, the customer should receive some satisfaction as a result of the sales presentation.¹⁰

Get Customer Agreement. As you have undoubtedly noticed, a sales presentation is based on interaction with the customer. Through a prescribed process of preparation and customer communication, the salesperson comes to learn the customer's needs and develops a plan of action for solving the customer's problems. At every step in the presentation, it is important to get customer agreement.

This agreement can take many forms. Sometimes you ask a question. "Do you agree that my product provides the best value for your business?" Sometimes you make a statement. "We agree you need a product that offers great value and specific performance characteristics, and I have demonstrated how our product offers the best combination of performance and lowest cost of any product in the market." Often agreement can be a simple yes or no.

Customer satisfaction in the presentation is not a single event. It builds as a series of agreements during the presentation. When you secure agreement at many steps in the presentation, the customer will be much more compelled to agree to the purchase at the appropriate time. As you will see in Chapter 8, closing the sale is a process that begins at the start of the presentation.

Minimize Change Conflict. As we discussed earlier, the sales presentation can create more stress for the customer than for the salesperson. The presentation is based on the assumption that you have a better solution than the customer is currently using, and customers can react negatively to your presentation even if (sometimes because) they find your product superior to their current choice.

One key to leaving a customer satisfied at the end of the presentation is to minimize change conflict. To help customers feel less conflict about the purchase, you can manage their expectations. Clearly explain the specifics of your value proposition and then deliver exactly what you promise. Overpromising and underdelivering is one of the surest ways to destroy a buyer-seller relationship. Also, make sure that details of the purchase agreement are known to everyone in the sales organization and all relevant individuals in the customer's company. Misunderstandings between other people often lead to disappointment later in the relationship.

Establish the Relationship. It is critical to build the buyer-seller relationship with every presentation, indeed every customer interaction. Sales presentations are big events. Salespeople need to be sure that no matter what happens to the potential sale on the table, the relationship is not damaged. Phone calls and e-mails are everyday occurrences, but getting face to the face with the customer raises the stakes for you and your company.

Most of the time a sales presentation is the best opportunity for a company to forge a new relationship. Keep in mind the basic elements of relationship selling: Focus on creating value for the customer and always conduct business with the highest ethical standards.



Keys to a Great Sales Presentation

Successful sales presentations don't just happen. They require preparation and a lot of hard work. This section examines ways to turn a good presentation into a great one.

- Justify the need for a product demonstration.
 - Does this sales presentation need a product demonstration?
- State the objective of the demonstration.
 - What do I want to accomplish with the product demonstration?
- Design the demonstration.
 - What will the demonstration look like?
- Rehearse the demonstration.
 - Can I deliver the product demonstration effectively and efficiently?
- Plan for unforeseen circumstances.
 - Have I identified key times or events when unforeseen events could disrupt the demonstration (power failure, lack of proper display facilities in the room, disruptions for the customer)?

Demonstrations

Have you ever heard the phrase “talk is cheap”? This cliché highlights a basic concept behind product demonstrations: At some point the salesperson must prove the claims and statements in the sales presentation. There are few selling tools more effective at proving the worth of a product than a product demonstration.¹¹ The product demonstration is not without risk (which we will discuss shortly), but when properly planned and executed, it offers three distinct benefits to the salesperson.

First, a successful buyer–seller relationship is based on trust and credibility. Fundamental to that trust is the customer’s belief that your product will perform as promised in the sales presentation. Product demonstrations are an excellent tool that can *build credibility with customers*. When you prove the sales presentation with a product demonstration, the customer is more likely to accept you.

Second, seeing the product in action *creates a greater connection between the customer and the product*. Consider the last time you went shopping for clothes. By trying them on, you were demonstrating the product to yourself. If you liked the outfit, the demonstration worked and your probability of buying it increased dramatically. If you went into a clothing store and were told you could not try on that suit or dress, you would probably not purchase the product or even shop at the store. The same is true in all buying situations. Allowing the customer to interact with the product and see it in action can generate a strong affiliation between the customer and product. The product becomes more than words on a page or facts in a brochure.

Third, product demonstrations can *enhance the effectiveness of your communication*. People can process nonverbal information much faster than spoken words. By demonstrating the product, you are presenting information in a format that is probably more interesting and memorable for the customer.

Think about your own experiences. Would you rather have someone describe the horsepower, torque, and six-speed transmission of a new Porsche or experience it for yourself by test driving one? If you are choosing a new printer for the office,



How to Be a Better Communicator

Good communication skills have to be learned. Most people are poor communicators. It's not that they don't try, but without proper training and practice it is difficult to listen or communicate effectively. Debra Condren, a business psychologist and president of HumanInvestment.com in New York, offers seven tips to help salespeople become better communicators.

1. *Focus on listening.* This lets the other person know you are paying attention to his or her thoughts and expertise.
2. *Ask for clarification.* Making sure you've heard the person correctly goes a long way toward keeping communication clear. Asking for clarification gives the person you are speaking with a chance to confirm exactly what he said or refine what she wants to convey.
3. *Be brief.* Deliver your sales message in as few words as possible. The less you say, the more likely you are to be heard.
4. *Don't repeat yourself.* Even if you don't get an acknowledgment that the customer agrees, don't try to drive your point home by saying it again a different way. Say it once and move on.

5. *Periodically ask, "Am I making sense?"* Asking for feedback as you are speaking lets others know you are more interested in their reaction and creative input than in being right.
6. *Have an open-door policy.* When customers feel that you are approachable, they are more likely to keep the lines of communication flowing.
7. *Use self-deprecating humor.* Research shows that the ability to laugh at oneself is a key indicator of emotional intelligence (the ability to connect well with other people). Connecting and listening are two key skills of good communicators.

As you can see, good communicators need many skills.

Source: Craig Harrison, "Tip Sheet: A Failure to Communicate Should not Be an Option When Doing Business," *PR News*, August 21, 2006, p. 1, and "How to Be a Better Communicator," *Sales & Marketing Management*, February 2003, p. 46. © 2003 VNU Business Media. Used with permission.

what do you think will be more effective: (1) a brochure detailing the pages per minute, 256 color combinations, and networking capabilities or (2) a file sent to your printer that is printed automatically in full color? Demonstrating the product makes all other communication during the presentation more effective. Once the customer sees the printer in action, the brochure the salesperson leaves takes on more meaning.

Innovation 6.3 talks about the importance of good communication. Keep those points in mind as we examine product demonstrations more closely.

Prepare for a Successful Demonstration. Clearly, the demonstration is an effective tool in the sales presentation—when it works. But when it fails or does not meet the customer's expectations the negative effect is significant. This is why it is so important to prepare for the presentation.

Exhibit 6.7 is a checklist of things to consider as you prepare for a product demonstration. Not all items are appropriate in every situation, but in general, when you have completed the checklist you should be ready to give a successful demonstration. There are three key points to keep in mind as you prepare for a demonstration: develop objectives, get customers involved, and practice.

First, *develop objectives for the demonstration.* We spoke earlier about the importance of setting presentation objectives, and the same is true for product demonstrations. Most products have many characteristics that could be incorporated into a demonstration. Consider the specific customer's needs and develop

a demonstration that shows how the product will address those needs. If the customer for a copier is interested in speed, the demonstration could focus on pages printed per minute. The objective could be, "The customer will know how fast and dependable the copier is as a result of the product demonstration."

Second, *get customers involved in the demonstration*. Imagine looking at a new car and not being allowed to test drive it. It's the same principle in any product demonstration. The more involved the customer is in the demonstration, the more he or she will connect to the product and your presentation. Be sure the customer knows how to use the product. There are few things more dangerous in a product demonstration than a customer who does not know how to use the product correctly.

Third, *practice, practice, and practice the demonstration*. You generally have only once chance to be successful in a product demonstration. You must be absolutely comfortable with the product and the specific characteristics you are demonstrating and know how to deal with unforeseen problems (which will almost surely appear at some point in time). Practice not only the demonstration itself but also your words and actions during the demonstration. Since you will be talking and showing the product at the same time, you need to know both very well. One benefit of practice is that it builds confidence. When you have mastered a demonstration, indeed an entire presentation, you are more confident in front of the customer.

The Demonstration: More than Just the Product. Is the product itself the best demonstration tool? Yes. Is it the only tool available to demonstrate the product's features, advantages, and benefit? No. Sometimes it is not possible to demonstrate the actual product in front of the customer, and you'll need to find other tools to help in the product demonstration. Evaluate the best possible format to demonstrate the product.

Many other tools can enhance the demonstration or even substitute for a live product display. In some cases, the product has not even been produced. Consider architects bidding on a big construction project. They have no product to show, so they must rely on models and drawings to demonstrate their vision of the final product (the building itself).

Another situation, often found in technology, is the demonstration of something that cannot be seen. How can a salesperson for HP demonstrate how the Pavilion actually processes information faster than the competition? One way is to compare a set of prescribed functions using a competitor or older model with a new Pavilion. The demonstration should show the same functions being performed faster on the new machine. You don't really see the product working, but you see the results of the faster processor. Another tool might be charts that highlight the relative speed differences between the competitors and the Pavilion.

A powerful tool commonly used in education and business is Microsoft's Office Suite of business software. Incorporating Excel, Word, and PowerPoint software into a presentation can enable the salesperson to convey a great deal of information. PowerPoint and programs like it can graphically display many elements of a product demonstration. Through the use of graphics software, embedded video, and other tools, the salesperson can develop a successful demonstration without actually having the product in front of the customer. Almost every computer manufacturer sells portable projectors. Among the more popular are Dell and Mitsubishi. With them, salespeople can take very sophisticated demonstrations right into the customer's office.

The Value Proposition

You remember the discussion on value creation in Chapter 3. We talked about the importance of value in the relationship-selling process. Creating value for their customers is really why companies are in business. However, customers must see the value of the company's products and services. The sales presentation is where that value is conveyed to the customer.

Chapter 3 highlighted many ways a company can create value for its customers. The job of salespeople is to identify their customers' needs and apply their knowledge of their company and its products to satisfy customers. Critical to that process is the **value proposition**, which is the summary of the value the customer receives based on the expected benefits and costs.

A realistic assessment of benefits and costs can be a persuasive tool to support the claims of the company's products and services. Customers today are often looking for a strong business case to justify the purchase decision. They ask a valid question, "How is your company adding value to my business?" Refer to the appendix to Chapter 2 (Relationship Selling Math) for an in-depth discussion of building a financial business case in relationship selling.

A value proposition should be part of every presentation. Assessing the value proposition for your customer should be part of your preparation. Of course you will learn more about the customer's needs during the presentation, but by assessing the customer value of your company's products before the presentation, you can anticipate objections. As we shall examine in Chapter 7, many customer objections deal with the value added by your company's products. If the price is too high (a common objection), the customer is really saying he or she has not been convinced the value of your product exceeds the cost. The customer does not believe your value proposition. Defining the customer value of your company's products and services and communicating it are essential to success in relationship selling.

Nonverbal Communication

Nonverbal communication is the single most important element in the communication process. Research suggests that over half of all communication is a result of things we see or feel. These include but are not limited to facial expressions, posture, eye contact, gestures, and even dress. Surprisingly, less than 10 percent of communication is based on the actual words we speak in a conversation. The remainder (about 40 percent) of what we take in is the result of *how* we hear the communication (vocal clarity, pitch, tone of voice).

Given the importance of nonverbal communication to the total communication process, salespeople need to know how to interpret their customers' nonverbal communication. They also need to know how to use nonverbal signals to communicate. How you sit, what you wear, even the amount of space between you and the customer sends a message. Let's examine nonverbal communication more closely.

Customer Nonverbal Communication. We spoke earlier about active listening and how important it is to focus intently on the customer. Customers, indeed all of us, speak volumes in the way we move. We communicate with almost every part of our body. Our hands, legs, facial expressions, even the way we hold our body (slumped over, sitting straight up) all convey a message. A person who has arms open and palms extended is sending a much different message than a person with folded arms and legs.

Face. The face is the single most important feature of nonverbal communication. Without saying a word, a customer can convey acceptance or rejection, anger or amusement, understanding or confusion, with a facial expression. We all know the meaning of a smile or a scowl, but the face can convey many subtle messages as well.

“The eyes are the window to the soul” is a famous saying. Watching a customer's eye contact can tell you a lot about what he or she thinks of your sales presentation. A customer who stares blankly at the presentation is not really interested. Yet the more intently the customer stares, the greater the likelihood he or she is reacting negatively. When people are really focused on oral communication, they usually look down or up to enhance their concentration. Turning away indicates the customer believes the presentation is over—or wishes it were.

Arms and hands. Arms open, palms extended is one of the clearest signals the customer is open to the communication. Conversely, folded arms with closed hands indicate he or she is not receptive to what is being said.

Many gestures have different meaning around the world. Gestures and hand movements that are accepted in one culture can have very different meanings somewhere else. It is always helpful to know the customer's culture before interpreting these kinds of signals—or attempting to send them.

Body language. When a customer leans forward in the chair, he or she is showing interest, while leaning back indicates a lack of concentration in the presentation. Quick movements indicate something has changed in the customer's mind. He or she may have a question, want you to conclude the presentation, or even feel bored.

No single customer movement or action should be taken out of context. People lean back in their chair for many reasons besides boredom. Without thorough knowledge of the customer's behavior patterns, it would be dangerous to infer too much from a specific gesture or even a single meeting.

Salespeople need to balance what they are seeing (nonverbal communication) with what the customer is saying (oral communication). When the presentation is going well and the customer accepts the information, verbal and nonverbal communication will likely be consistent. When the two forms of communication are inconsistent, the customer's comments may not express his or her true feelings about the presentation.

Salesperson Nonverbal Communication. Just as customers convey a great deal through nonverbal communication, so do salespeople. Literally hundreds of nonverbal signals are conveyed in every sales presentation, and salespeople need to be aware of their own nonverbal communication. Customers watch salespeople for nonverbal messages. Slight movements (looking away from the customer, glancing at the clock) can convey a message that was not intended. Here are some critical nonverbal cues.

The space between you and the customer. We all operate with concentric circles of space around us. The concept of territorial space is based on research that suggests that people have varying levels of space around themselves that they do not want people to enter without permission. Have you ever met someone and felt crowded? When their space is violated, people become uncomfortable. A salesperson should never violate a customer's space.

There are four levels of space around a customer. The most accessible is **public space** which is at least 12 feet away. Almost anyone is welcome in this space, and this is often the distance between a salesperson and the group in a public presentation. **Social space** is from 4 to 12 feet and is often the space between customer and salesperson in a personal sales presentation. Think of it as the desk between the customer and salesperson in the customer's office. In this space, keep in mind your position relative to the customer. Standing while the customer is seated can be uncomfortable for the customer when you are this close. **Personal space** is two to three feet and should not be violated except for a handshake. Even then, the salesperson should be careful not to suffocate the customer. Finally there is **intimate space** (up to two feet). This space is reserved for family and close friends. Violating it is rude and even offensive.

Body movements. When you look down or appear ill at ease, it suggests to the customer that you are not confident in the presentation. If the customer senses a lack of confidence or preparation, the presentation will probably not be successful, no matter what you say. You need to communicate confidence in your facial expressions and body movements. An open, accepting demeanor conveys a positive message to the customer before you have even said a word.

It is helpful to study your customers and match their style. Some people have a more conservative style than others, and being too gregarious or entering the customer's personal space can send negative nonverbal messages.

One caveat in nonverbal communication: Do what comes naturally. Don't try to be something you aren't. You'll just confuse and alienate customers. The key is to blend basic rules of nonverbal communication with your own communication style. Practice your nonverbal communication in front of a mirror or have a friend watch as you run through your presentation. Too often practicing a presentation consists of going over the words and PowerPoint slides without taking the time to practice the nonverbal messages you are sending the customer.

What to Do When Things Go Wrong

No matter how much planning and hard work you put into it, you can't control every aspect of the sales presentation. Indeed, most presentations offer at least one obstacle. Successful salespeople realize that even when they have created the right setting for the presentation, things still come up to distract the customer. It is wise to consider what to do in difficult situations *before* they happen. While every situation introduces unique challenges, we will focus on three: interruptions during the presentation, inappropriate sales presentation environment, and a failure of technology.

Interruptions during the Presentation. Most of the time you are presenting at the customer's business, which means you do not control the environment. Of course it helps when the customer tells the staff to hold all calls, but that is no guarantee there will be no interruptions. Cell phones, pagers, and superiors can still find the customer when necessary.

What do you do when the customer is disturbed during the presentation? First, assess the nature of the call. If it's confidential, withdraw to give the customer space to deal with the issue in private. Second, consider any interruption an opportunity to assess the progress of the presentation and plan where you want to go from here.

Third, be patient and allow the customer to refocus attention on you before proceeding. Perhaps the customer needs to make some notes after the interruption or simply take a few moments to collect his or her thoughts. Don't proceed without first getting some indication that the customer is now focused again on you and the presentation. Fourth, briefly restate the key points you have covered in the presentation. You might validate where you left off with the customer by asking a question. "I believe we were talking about the benefits of our extensive product inventory to your manufacturing needs, is that correct?" Wait until you have the customer fully engaged before proceeding with the rest of the presentation.

Inappropriate Environment. Another issue for a salesperson meeting at the customer's place of business is the location of the presentation. A personal office or conference room with all the necessary equipment and privacy is ideal, but it's not always available. In pharmaceutical sales, for example, salespeople often meet with the doctor between patient visits and have only five to ten minutes.

The key for dealing with less than ideal conditions for a presentation is preparation. Be knowledgeable and confident enough in your presentation that you can improvise in a difficult environment. If you have a 30-minute presentation and the customer says he or she has to leave in 15 minutes, make the necessary adjustments and go for it. Customers often appreciate salespeople who can accommodate unforeseen challenges in their presentation.

Technology Failure. In the high-tech world of today's selling environment, where PowerPoint and video are part of many presentations, salespeople need to be prepared when (not if) technology fails. What do you do when the computer crashes, the projector bulb burns out, or the customer wants the presentation in a room with no technology capabilities? As we have discussed already, technology can certainly enhance a presentation, however, it is not the basis for the presentation.

The solution is simple. Always have a backup plan when technology fails. If your presentation is in PowerPoint, bring a set of overhead transparencies and a hard copy of the presentation just in case. Even when the computers are down, you can usually get access to an overhead projector. The customer can follow your hard copy even if you cannot project it on screen. You should always bring a copy of the presentation anyway to leave with the customer.

Many companies now are equipping their sales force with portable projectors to use when the customer does not have the proper equipment. This gives salespeople a great deal more flexibility in location. They are no longer dependent on the customer to set up for a computer-generated presentation. The key in these situations is to develop a plan of action to deal with any possible technology glitch. A good rule of thumb is to expect the unexpected.



The Sales Manager's Role in the Sales Presentation

Ultimately, the salesperson is responsible for the presentation. Yet salespeople do not operate alone. As part of their company's sales force, they are supported by hundreds (even thousands) of other employees. The sales manager plays a significant role in the overall success of a sales presentation. As the salespeople's immediate supervisor, he or she is responsible for providing all the tools they need. Let's examine the sales managers' role in more detail.

Managers Are Essential to a Great Presentation

Salespeople operate in the customer's environment, and they rely on the sales manager to support their efforts back at the office. Without that support they would be unable to sustain an effective presence with customers in the field. The two basic roles for the sales manager are mentor and salesperson.

Many managers come out of the sales ranks, and every manager is expected to work with salespeople to enhance their effectiveness during the presentation. Most organizations consider the role of **mentor** very important. Helping salespeople improve their skills is part of the job description.

The second role is that of salesperson. Yes, even sales managers have sales responsibilities. Customers, especially large customers, expect to see the manager as part of the sales presentation. The manager's presence makes customers feel important. Also, customers, at certain levels in their organization expect to negotiate with a sales manager.

We will discuss these roles in much greater detail in Part Three.

Providing the Tools for Success

The manager needs to equip salespeople for success. First, the salesperson needs the proper training to get the job done. Sending a salesperson in front of a customer without sufficient training will ensure failure. (We will discuss training in Chapter 12.) Second, the manager needs to provide the equipment for success. Today that means computers (laptop or desktop), mobile communications (cell phones), and other technologies the salesperson needs to deliver a persuasive message to customers. Third, the manager needs to develop and manage effective reward and compensation systems to ensure a highly motivated and satisfied sales force. (A detailed discussion of this topic is found in Chapter 13.)

While we will explore the manager's tasks and responsibilities to the salesperson later in the book, it is important to recognize now that managers do play an important role in the salesperson's success during presentations.

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Summary

Communicating the sales message is critical to the relationship-building process, and the most effective tool for communicating that message is the sales presentation. The sales presentation is direct, face-to-face communication with the customer that begins to establish the link between the company's products/services and the solution to the customer's needs.

There are three fundamental steps in communicating the sales message. First, it is important to spend the time getting ready for the sales presentation. A great sales presentation (1) explains the value proposition, (2) asserts the advantages and benefits of the product, (3) enhances the customer's knowledge of the company, products, and service, and (4) creates a memorable experience for the customer. The four basic sales presentation strategies vary by their focal point (product or customer) and talk/listen ratio. The salesperson must be able to work with technologies. Portable computing systems and wireless communication devices can greatly enhance the overall effectiveness of the presentation. Finally, every sales presentation needs a specific goal to answer the fundamental question "What am I trying to accomplish in this presentation?"

The second step in a great sales presentation is approaching the customer. The approach begins with a good first impression, which has three distinct parts: (1) before the presentation, (2) greeting the customer, (3) the first three minutes of the presentation. There are five approaches to starting the presentation: (1) referral, (2) customer benefit, (3) question, (4) assessment, and (5) product demonstration.

The third step in communicating the sales message is the actual presentation. Within the sales presentation there are three elements. First, the salesperson needs to identify the customer's needs by asking questions and actively listening to the customer. The SPIN approach for identifying the customer's needs consists of four types of questions: (1) situation, (2) problem, (3) implication, and (4) need payoff. Second, the salesperson needs to apply his or her knowledge to the customer's needs. In this phase it is helpful to think in terms of features, advantages, and benefits (FAB). Customers do not buy features; rather, they buy the product benefits. Finally, the salesperson must satisfy the customer's needs in the presentation. Selling represents change, and change (even for the better) can be difficult for the customer. By minimizing conflict and getting customer agreement on major points, the salesperson can enhance the probability of success.

There are four keys to a great sales presentation. First, the product demonstration is one of the most valuable tools available. Second, every salesperson should have a clear idea of the value proposition for the customer. Third, realize that nonverbal communication is the single most influential component of the communication process. Finally, every sales presentation offers challenges. Very few presentations are totally trouble free. The salesperson needs to understand what can go wrong and how to deal with it.

Salespeople are ultimately responsible for the sales presentation, yet sales managers play a critical role in supporting them. They should provide the tools for success (training, equipment, compensation/reward systems) that sustain the salespeople's efforts. Managers are mentors and also have a sales role. They are often responsible for major clients or for supporting salespeople in the field when they call on important customers.

Key Terms

sales presentation

memorized presentation

formula presentation

need satisfaction
presentation

need identification

need analysis

need satisfaction

problem-solving
presentation approach

approach

referral

SPIN

active listening

FAB

features

advantage

benefit

value proposition

nonverbal

communication

public space

social space

personal space

intimate space

mentor

Role Play

Before You Begin

Before getting started, please go to the appendix of Chapter 1 to review the profiles of the characters involved in this role play, as well as the tips on preparing a role play.

Characters Involved

Tracy Brown

Alex Lewis

Rhonda Reed

Tracy Brown (can be male or female depending on the composition of your student group) is buyer for Max's Pharmacy, a small (eight-store) chain in the area. Max's concentrates on its prescription business but also stocks typical "front end" health and beauty aids. The front end of a Max's Pharmacy is not very big (average about 3,000 square feet of floor space), so Tracy has to be careful to only stock good sellers, items that are likely to appeal to customers who are in the store to pick up prescriptions, and items a pharmacist or physician might suggest customers purchase. Tracy runs a half-page ad in the local newspaper twice monthly to promote new and "hot" products merchandised in the front-end area of Max's stores.

Setting the Stage

Upland has just introduced "Happy Teeth," a teeth-whitening product to compete with the very successful Procter & Gamble product Crest Whitestrips. (Note: To familiarize yourself with this type of product and get information to use in your role play, visit the P&G Web site at www.p&g.com and click through to the Crest Whitestrips page. Also, drop by your local food or drugstore and take a look at a box of Crest Whitestrips.)

Upland sales rep Alex Lewis is about to call on Tracy to present Happy Teeth to Max's Pharmacies to gain distribution as a new product in Max's stores. Rhonda will be working with Alex on the day of the sales call. Because Alex has other business to discuss with Tracy during the call, he will have only 10 minutes to present Happy Teeth to her.

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To develop this role play, Alex will need to identify and present to Tracy some features, advantages, and benefits (FABs) of Happy Teeth related to both (a) end users of the product (shoppers in Max's Pharmacies) and (b) Tracy's (Max's) business (what's in it for them). Benchmark what you learn about Crest Whitestrips to come up with these FABs. Assume that Upland will be introducing Happy Teeth at a 10 percent price advantage over Crest Whitestrips, that Happy Teeth has been shown through clinical testing to get teeth whiter faster than Crest Whitestrips, and that the whiteness provided by Happy Teeth lasts longer than that provided by Crest Whitestrips. Beyond that, make up any other reasonable FABs you like for use in the presentation.

Tracy Brown's Role

Tracy has been a customer of Alex's for 12 years, and a high level of trust exists in the business relationship. Although Tracy will have some questions and minor concerns/objections about the new product (you can make these up in advance as well as come up with some during the actual presentation), ultimately Tracy will agree to the purchase without giving Alex too much trouble.

Alex Lewis's Role

Alex must prepare and present a maximum 10-minute presentation to Tracy about Happy Teeth. He wants her to stock the product in the front end of each Max's Pharmacy and to feature Happy Teeth in an upcoming newspaper ad at a special price of \$5 off, for which Upland will compensate Tracy in promotional "push" monies. Alex would like to sell three dozen per store for a total order of 24 dozen. He needs to use the elements of a good "need satisfaction" presentation and incorporate all other relevant presentation tips provided in the chapter.

Rhonda Reed's Role

In the call itself, Rhonda should only briefly greet and engage in pleasant conversation with Tracy before and after Alex's presentation. Her key role is to observe Alex's presentation carefully during the sales call. Afterward, Alex and Rhonda will leave Tracy's office and Rhonda will give Alex at least five minutes of constructive feedback/coaching about his performance. The feedback should cover both verbal and nonverbal aspects of his presentation.

Assignment

Work together to orchestrate the sales presentation, buyer responses, and manager feedback/coaching encounter. Limit the sales call to 10 minutes and the manager feedback/coaching discussion to five minutes.

Discussion Questions

1. As a customer, think back to a recent sales presentation that you felt went well. What made it good? What did the salesperson do (or not do) that most impressed you? Did you buy the product or service? What did the salesperson do that convinced you to buy from him or her?
2. Imagine you are working for a company that sells teleconferencing equipment. Draft a value proposition for selling your equipment to a sales manager who has 10 salespeople traveling two weeks a month to visit customers all over the country.
3. Identify three selling situations where a memorized sales presentation may be appropriate. Explain why they would be appropriate.

4. You are the sales manager for a company selling components to companies in the auto industry and are considering upgrading computer equipment for the sales force. Draft a document detailing the specifications for the new computer system. Your reps need access to a great deal of product information and run a simulation detailing the functions of the product. They need a computer that can handle a sophisticated simulation program.
5. Identify the five objectives of a sales presentation and develop an example of how a sales presentation would accomplish each one.
6. Pair off in class and practice a salesperson's approach to a customer. Develop an approach that lasts three minutes and includes a greeting.
7. Select two of the approach strategies and develop each one into a one-page dialogue between you and a customer.
8. You are a salesperson working for American Airlines calling on the vice president of a large manufacturing company. Many of the company's people travel all over the world, and you would like them to sign an agreement to use American Airlines exclusively. Develop a SPIN approach for this customer.
9. Choose a product and sell it using the FAB methodology.
10. You are a salesperson for the local cell phone company presenting to the sales manager of a company considering adopting a companywide cell phone provider. Develop a five-minute product demonstration of any cell phone provider in your area.

Ethical Dilemma

Jerry Gutel has been with Step Ahead Publishing for 11 years and witnessed firsthand its technology transformation. When he came to the company, Step Ahead salespeople carried large binders with all relevant information for hundreds of books (sometimes as much as 10 pages on each book). Often he would have to carry two or three of these heavy binders into a bookstore. Meeting with store managers in the Southeast meant that Jerry was frequently on the road, and carrying the books was always cumbersome.

Five years ago Step Ahead management began to integrate technology into the sales force. Jerry began using the laptop as his only sales tool and was happy there were no more heavy binders. There was a great deal of sensitive information on the computer, such as individual book sales, wholesale prices, and new-product delivery dates. As a result, the company had a strict rule against the use of company laptops for personal use. It didn't want any outsiders gaining access to the data. It also wanted salespeople to view the laptop as strictly for company use and not as personal property.

Jerry was becoming increasingly dependent on computers in his personal life. Two years ago he bought a computer for his family. With two teenagers, however, Jerry had little access to the computer at home. Compounding the problem was the time Jerry had to work on personal matters while traveling and spending many nights in a hotel. He thought the company's policy was wrong, and other salespeople told him they used their laptops for personal business all the time. They even told him about software that would protect company files using secure passwords and encoding key data.

Today Jerry stopped by his bank to find out how to do all his banking online. All he needed was financial software like Quicken on his computer and a phone

hookup. While thinking about this, Jerry began to consider how he could use a program like Quicken to track his business expenses. The current system was still paper driven and Jerry spent an afternoon every two weeks going through his expenses and completing the paperwork. Jerry was seriously considering getting Quicken and moving his banking onto the computer. In addition, he wanted to develop a Quicken file to help monitor and complete expense forms. Before going to management, however, he wanted to try it for three months to be sure it would work. He was excited as he drove to the store to purchase the software package and install it on a computer. The question was, which computer, his or the company's?

Questions

1. If you were Jerry, on which computer would you install the new financial software? Why?
2. Does the company have a valid point in asking employees not to use the computer for personal business?
3. Should the company care if Jerry uses the computer for personal use as long as he protects the sensitive information?

Mini Case

Bright Colors Paints

Michael Lee is sitting in the lobby of Columbia Area Painting waiting to meet with the owner, Paul Ferguson. Michael is a salesperson for Bright Colors Paints. He's here to speak with Paul because Columbia was just awarded the contract to repaint all of the city's public recreation facilities. The facilities that Paul's company will be painting include five city pools, two water slides, pool snack bars, and locker rooms, as well as the snack bars and storage buildings at five city-owned baseball diamonds.

The business potential for this meeting is large, and Michael wants to make sure he understands Paul's job requirements thoroughly before making a proposal. Michael is a little nervous about the meeting because in his 14 months with Bright Colors, he has never made a sale this large. He has never been able to sell anything to Columbia because Paul prefers a competitor of Bright Colors as his principal supplier. After a few moments, Paul's assistant tells Michael he is ready to see him.

MICHAEL: (sounding nervous and noticing his hands feel clammy) "Mr. Ferguson, I'm Michael Lee with Bright Colors Paints. I'm very glad to meet you."

PAUL: (looking and sounding gruff) "Nice to meet you. Call me Paul. I suppose you know why I agreed to meet with you. Although we usually deal with a competitor of yours, I'm not sure my usual supplier can provide me with everything I need to complete this new contract with the city. They're supposed to contact me later today but I'm not convinced they can provide me with what I need when I need it to complete this job."

MICHAEL: (still feeling nervous about how this sales call will go) "I appreciate the time you're giving me today, Paul. I found out about your contract to do work for the city Parks and Recreation Department when I was talking with Barb Montgomery, the purchasing director at Crestline Homes. I'm sure you are aware

that Barb is on the city council. She told me that you might be interested in talking to me."

PAUL: (his tone starting to soften a little while he sits straight up in his chair with his arms on the arm rests) "You know Barb at Crestline? I did some work for Crestline when their own painters got behind on some jobs. Crestline builds a nice house. I didn't know your company provided their paint."

MICHAEL: (beginning to relax some given Paul's change in demeanor) "Crestline was one of the first accounts I opened. We've been providing Crestline for over a year now. If you don't mind, I'd like to ask a few questions about your current needs with respect to the new contract before going on to suggest any particular paints."

PAUL: (still sounding very businesslike while maintaining intense eye contact with Michael) "Go ahead, but you can be sure that I'll be giving Barb a call to find out how you are to work with."

MICHAEL: (finally realizing that Paul is not the most cooperative buyer he has ever met) "I encourage you to call Barb. She'll give us a great recommendation. Tell me, how big is the contract that you were awarded from the city?"

PAUL: (sounding defensive) "You know what, I wasn't awarded anything. I worked hard to win that contract. It took a long time to calculate my bid. I'm still not sure I'm going to make any money off it. To answer your question, I'm going to need approximately 3,250 gallons of paint."

MICHAEL: (starting to settle in to the interview) "Do you anticipate any problems with respect to completing this job?"

PAUL: (rolling his eyes) "Yes."

MICHAEL: "What kind of problems?"

PAUL: (looking out the window of his office while crossing his legs) "Well, weather is a potential problem. I don't want to apply a coat of paint to a pool or building and have rain wash it off before it dries. Also, I have never painted a pool before. I suppose there are special paints for pools, but I don't know if they'll work with my equipment."

MICHAEL: "Would any of these problems harm your company if they were to happen on this job?"

PAUL: (sounding exasperated) "What do you think? Of course they would."

MICHAEL: "If I can show you a paint that not only dries quickly but is also specially formulated for use on pools, would you be interested?"

PAUL: (uncrossing his legs and leaning forward) "I suppose. Tell me what you've got."

MICHAEL: "Well, Paul, our new paint, QD21P, is just what you need for this job. The QD stands for quick drying while the P indicates that it is specially formulated for pools. The 21 means that the paint was developed in the 21st century, so it's a brand-new product for us. What do you think?"

PAUL: (sitting up straight with his elbows and hands resting on his desk) "You haven't told me much about the paint other than its name. What does all of that stuff mean?"

MICHAEL: "The paint is quick drying, which you indicated as important. The paint is also suitable for use in pools. The paint is relatively new so I'm not completely familiar with it, but it does meet some of your needs, doesn't it?"

PAUL: (folding his arms and leaning back in his chair) "I suppose. What else do you want to know?"

The interview lasted about another five minutes and proceeded along the same path, only the discussion centered on the buildings that need to be painted.

Questions

1. Identify the type of approach Michael used in his sales call. What other options exist for approaching a customer and how can Michael change his approach to make it more effective?
2. What do you think of Michael's use of the SPIN technique for determining Paul's needs? Develop additional SPIN questions that Michael can use to determine Paul's needs, to illustrate the problems that could result from not fulfilling those needs, and to get Paul to agree to hear a proposal on how Bright Colors can satisfy his needs.
3. What nonverbal signals is Paul sending to Michael at each stage of the conversation?

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chapter

Negotiating for Win–Win Solutions

Learning Objectives

No matter how well you prepare, no matter how well you present your material to the customer—indeed, despite everything you do—the customer will seldom, if ever, buy the product based solely on your presentation. Does this mean you should not prepare the best sales presentation possible? Of course not. The presentation is the starting point for a successful buyer–seller relationship. But negotiating and working with customers to develop a win–win solution to their problems are at the heart of the relationship-selling process. There are many occasions when the customer will have legitimate, specific questions or objections about the nature of your material. Negotiations are the process whereby customer objections and questions are resolved.

This chapter explores the process of negotiating with customers. We will identify customer objections and how

you can learn to respond successfully when customers raise objections about your product. It describes specific negotiating strategies designed to help you work through customer concerns. Finally, it discusses the sales manager's role in negotiating win–win solutions.

After reading this chapter, you should be able to

- Understand the process of negotiating win–win solutions.
- Know the common objections most salespeople encounter working with customers.
- Know the basic points to consider in negotiating with customers.
- Understand the specific negotiating strategies.
- Understand the sales manager's role in negotiating win–win solutions.

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expert advice

Expert: David Yeaple, Vice President of Sales
Company: Odyssey Software, Rochester New York
Business: Odyssey Software develops applications that allow mobile workers to travel freely, directly accessing and interacting with critical data and business systems transparently while maintaining the security of intellectual assets.
Education: Bachelors Degree (Electrical Engineering), Rochester Institute of Technology, MBA, Oregon State University.

*What is the most significant customer concern you face?
How do you address that concern?*

While the quality of Odyssey Software's products is excellent and we've been extremely successful, customers will sometimes express a concern about Odyssey Software's size (less than 20 people). Obviously a C-level executive at a Fortune 1000 company isn't interested in licensing a product to use in their enterprise that will be obsolete and/or unsupported in a few years.

We've created a 3-element approach to deal with this concern.

- First, all of our products are standards based, meaning that we've eliminated the need for proprietary interfaces. This means that customers can often support our products themselves (because knowledge about how to work with standards-based products is widely available) and they are very comfortable that they haven't bought into a proprietary technology that will soon be obsolete.
- Second, we've partnered with industry leaders (e.g., Microsoft), and that underscores the value of our products and validates for the customer that choosing our products is a "safe bet." It adds a great deal of credibility when your company is making joint sales calls with industry leaders and your company is certified with their credentials (e.g., Microsoft Gold Partner).
- Third, we can offer our customers a "software escrow" which entitles the customer to access the source code for the product(s) that they've licensed in the unlikely event that something catastrophic should happen to Odyssey Software. This provides assurance that they can provide business continuity, even in a worst-case scenario.

Provide an example of a customer who felt Odyssey's software was too expensive and how you handled that situation?

For some customers, the Internet has created an impression that "all software is free," which means that *any* price greater than zero is too high. Early in any customer engagement we try to quickly assess (i.e., qualify) a customer to see if this is their perception. In some cases, we'll make the decision to pursue other opportunities. However, in most cases it's a classic question of how much value do they really place on the functionality that Odyssey Software's products are able to provide. For this reason, we've constructed our flagship product using a modular architecture for functionality that enables a customer to license only the specific functionality they need and value. In other words, they can start out by licensing a very basic configuration and then enhance it over time—as dictated by the needs of their business. Interestingly, in almost every case where license price is stated to be a concern, a customer will start out by specifying only some very basic functions, and will then end up licensing the entire product suite!

What guidelines do you use in dealing with customer concerns and objections?

The nature of Odyssey Software's products requires a highly technical sale, and many potential vendors' specifications all look roughly the same on paper. In addition, many customers have been "burned" by great (highly controlled) conference room product demonstrations, only to find out that the product doesn't really live up to the proclaimed capabilities in a real-life scenario. To deal with this, we highly encourage customers to try our software products on an extended basis (e.g., 30 days or 60 days) in their own, real environments. Our best advocates (influencers) in any sale are typically the customer's own technical personnel who have utilized our products in their own environment and found them to be extremely valuable.



Negotiating Win–Win Solutions

“Obstacles are those frightful things you see when you take your eyes off your goal,” Henry Ford observed. Dealing with customer objections is an element of the relationship-building process that many salespeople do not enjoy. However, as Ford pointed out, it is critical to keep your eyes on your goal: building the buyer–seller relationship. When a customer shares objections, it gives the salesperson an opportunity to strengthen the relationship. Read the Expert Advice to see how one successful company approaches customer objections and negotiates win–win strategies.

The objections customers raise during the sales presentation are one reason salespeople are so important to the relationship-building process. If customers readily accepted the presentation, the company could just mail them a brochure or send them to the company's Web site to view a PowerPoint presentation. It is salespeople and their unique ability to answer customer objections that enables the company to sell products to customers.

This chapter examines the delicate process of negotiating win–win solutions. It is not particularly difficult to understand the basics of negotiation, but doing it well requires training, practice, and experience. By the end of the chapter you will have the tools to negotiate successfully with customers. The chapter also examines the role managers play in supporting the salesperson during the negotiating process.



Negotiations: The Heart of the Win–Win Solution

Many books on personal selling speak to the issue of “customer objections” and how salespeople should deal with them. They seem to think that objections are a problem that salespeople need to manage. The relationship-selling process considers customer objections an opportunity for the salesperson to create a win–win solution, and that is the goal to focus on during the presentation. Refer to the model of Relationship Selling at the beginning of the chapter to see where we are in the process.

Too often salespeople believe that when the customer wins, they lose. Or the customer believes he or she has lost and the salesperson has won. They think there can be only one winner. Presenting customer concerns as problems suggests that if salespeople can somehow develop a scheme to win, they are successful. This is simply not the case in relationship selling.¹ If either the buyer *or* the seller loses, both have lost. An unhappy buyer is likely to seek out other suppliers, and the relationship will suffer. If, on the other hand, the seller is forced into an unprofitable contract, the customer will ultimately bear the cost through less service, poorer-quality products, or some other problem. In either case, there is no winner.² Successful buyer–seller relationships are based on both parties being satisfied with the customer's purchase.

Webster's dictionary defines **negotiation** as the act of “conferring with another so as to arrive at the settlement of some matter” and to “arranging for or bringing about through conference, discussion, and compromise.”³ Notice the definition speaks about discussion and compromise with the customer. It does not include words like exploitation and manipulation. We have spoken about the importance of building relationships based on mutual respect and customer value. Negotiating through customer objections is a critical element in that process.



Common Customer Concerns

Casual observation may suggest there are many different customer concerns; however, when you look closely, it is clear the anxieties fall into five areas. Note that customers may mask their true concern with general anxieties. Successful salespeople know that when they hear a customer objection, they need to clarify and determine its true nature. Exhibit 7.1 is a summary of the five main customer concerns.⁴ Let's examine them.

Do I Need *Your* Product?

Customer objections regarding the product fall into two broad areas that require different approaches to deal with the customer's concern.

Product Need. First, the customer may not be convinced that there is a need for the product. This is especially true if the customer has never used a product like it. He or she may simply not see the value in buying the product or the need that it satisfies. This view can be summarized as, "We've always done it one way. Why should we start something new now?"

Consider the Apple Newton. When it was introduced in 1993, the Newton was one of the original personal digital assistants (PDAs) and ahead of its time. Unfortunately, many corporate customers could not see the need for a personal organizer and thought of it as an expensive calendar and meeting organizer. Corporate buyers asked why they should spend \$500 for a calendar. Where Apple failed, companies like Palm succeeded by demonstrating these were really little computers capable of many things besides being a calendar. Today, PDA functions are built into cell phones or other mobile wireless devices like the iPod Touch. The Newton lives, but only with a group of enthusiasts, as Apple discontinued the product in 1998.⁵

Ultimately, customers must see a clear and convincing reason to buy the product. If they don't, you shouldn't be surprised if they choose not to buy. Keep in mind that customers are not usually risk takers. With new products they are likely to wonder if the technology is too new or unproven. They may also question if it is significantly better than their current solution. The fundamental question is "Do I really need your product?" Key to the answer is a well-conceived value proposition that explains clearly how the product will benefit the customer and how it will be better than the existing solution.

Your Product Need. A much more common concern regarding product is whether the customer needs *your* product. Perhaps the configuration of your product is different or your competition's product has features that aren't on yours (or vice

EXHIBIT 7.1 Summary of Customer Concerns

- Do I need *your* product?
 - Product need
 - *Your* product need
- Do I trust *your* company?
 - Unease about your company
 - Loyalty to existing supplier
- I don't really know you.
- I need more time to consider your product.
- Is this your best price?

versa). Almost anything about your product may be of concern to the customer. Careful preparation is critical in dealing with questions about your product's superiority. This is why you must have a thorough knowledge of your competitor's products and services.

Since the customer has been using your competitor's products, he or she knows their configuration, terminology, and product benefits very well. You must clearly define your product's Features, Advantages, and Benefits so the customer will understand the value proposition of your company's products over your competition. Again, change is not easy, and buying your product means the customer will have to learn a new product, so your value proposition must consider the cost of change. Put simply, your product cannot be just as good as the competition because that will not be sufficient reason for the customer to change. Your product must be demonstrably better.

Do I Trust *Your Company*?

If a customer asked, "Why should I trust your company?" would you be able to answer? As we have discussed, relationship selling is based in part on mutual respect and trust between buyer and seller, including trust between the buyer's company and your company. In most cases customers already have a supplier. They may not be totally satisfied with that supplier, but they're familiar with them. They know whom to call to get a problem resolved. They are also familiar with that company's policies and procedures. You must overcome the customer's reluctance to change suppliers.

There are two types of customer objections regarding the salesperson's company. Often these two issues work together to create a formidable concern for the customer.

Unease about Your Company. If customers are not aware of your company, they may simply be concerned about your ability to deliver when, where, and what they need. This is a legitimate concern, as they are putting their company at some risk by choosing you as a supplier. They need to know that you will do what you promise in the presentation. Refer to the Expert Advice to see how one successful sales professional deals with this concern.

Customers can be concerned about your company for many reasons. If you are small, they may be apprehensive about whether you can deliver what they need or whether you are even going to be in business in two years. If you are big, they may fear they will not be a valued customer. These objections can be difficult to overcome. How can you prove to the customer that your company will be around in two years? How can you demonstrate you will deliver what the customer needs when and where it's wanted, every time? Perhaps the customer has read or heard something negative about your company. For example, the accounting problems at KPMG made it difficult for account executives to overcome the negative perceptions in the marketplace.

Loyalty to the Existing Supplier. A customer who has objections about your company may be showing loyalty to or satisfaction with the current supplier. The customer may say, "I have been buying from Mr. McAllaster at Steadfast for years and they have been excellent. I never had a problem they didn't fix." In those situations it is not that your company has done anything wrong; rather, your competitor has done things right. This problem must be handled carefully, or you will anger the customer and lose the opportunity to build the relationship.

Directly confronting the customer with negative comments about the supplier will almost surely fail. Remember, customers don't like change, and speaking critically about someone they have had a relationship with for a time will not endear you to them. The best approach is to stay focused on your product and company.

I Don't Really Know You

Customers may be concerned about the ability of a new, inexperienced salesperson to learn their business or their commitment to the company. (Is the salesperson going to be there for a while?) The salesperson has to earn the customers' respect. When salespeople are new, customers may ask to see their supervisor or want someone more experienced to handle their business. In these situations, it is important to be very prepared and demonstrate knowledge of the customer's value proposition. The salespersons shouldn't become defensive about their education or qualifications. Rather they should use the concerns as an opportunity to build the relationship and ask those customers to put them to the test. The salesperson is asking for a chance at their business.

Selling is a people business, and occasionally your personality will not be compatible with the customer's. Keep in mind Henry Ford's quote: Stay focused on the goal. While you and the customer may not be friends or even get along, what matters is the relationship between your companies. Of course, you should notify your manager of the problems and seek his or her help on how to address personal compatibility issues. (We will talk about this later in this chapter when we examine the manager's role in negotiations.)

Even experienced salespeople run across personality conflicts when they take on a new account. Customers often develop a relationship with a salesperson as well as the selling company. When a salesperson is replaced, the new person and customer will naturally go through a period of getting to know one another. During this period, the salesperson should be supported by management so the customer understands the company has complete confidence in the new person. Some companies rotate the sales force to prevent this situation from developing with customers. The focus should always be on the relationship between the *company* and the customer, not the salesperson and the customer.

I Need More Time to Consider Your Product

Every day salespeople hear "I need more time to think about your proposal." Customers have a legitimate concern about making a purchase decision too quickly. If the purchase involves several parts of the company (for example, the decision to build a new plant or develop a new product), there will most likely be a committee involved in the purchase process. In some industries (defense, airlines), the decision to purchase may take a year or more. Lockheed Martin, one of the leading defense contractors with over \$35 billion in sales, is typical. Its F/A-22 aircraft literally took years to develop, test, and market to the Department of Defense. When a customer says he or she needs more time to think about the purchase, it may be true.

However, customers frequently ask for more time because they wish to delay or **stall** the final decision for several reasons. First, customers may be reluctant to make a decision because of the uncertainty of something new. You are asking them to trust you, your company, and your solution to their problem. While you may know it to be the best solution to their problem, they may be anxious.



Tips for Negotiating Price

- 1. Understand the buyer's biggest value.** Purchasing agents are rewarded for “the lowest price” contact and it is important to remember that the buyer's personal success is a huge driver in price negotiations. Salespeople need to help the purchasing agent deliver on the value message inside his or her own company.
- 2. Understand the buyer's fear.** Choosing a new vendor takes the buyers outside their “comfort zone.” In addition, higher than expected costs tied to increased functionality may seem reasonable to the salesperson but create anxiety for the buyer as they will ultimately bear the responsibility of presenting the rationale for a decision to management. It is important to minimize concerns that feed the buyers' fear of change.

- 3. Focus on the lowest TOTAL cost.** Buyers tend to focus on the initial purchase price when the TOTAL cost of the purchase includes vendor reliability (can they deliver on time), customer service, product quality, and reduced down time. Salespeople must focus on the TOTAL cost instead of getting caught in the “lowest price” trap.
- 4. Utilize questions to uncover what the buyer values.** It is important for the salesperson to clearly understand what is important to the customer. Buyers will say “lowest price” because they don't want to address the specific issue. Successful salespeople go beyond “lowest price” to find out what really drives the customer's decision.

Source: Paul Cherry, “Disarming the Price-Squeezing Customer: Six Ways to Eliminate Price Concerns,” *American Salesman* 52(12), December 2007, pp. 9–14.

The second (and more likely) scenario is that you have failed to prove the value proposition. The customers do not see the benefits of your product over their existing situation. It is important to realize, however, they are not saying no. They are indirectly asking you to build a stronger case for your product. Again, this is an opportunity to build the relationship. Go back into your presentation and ask questions to ascertain the source of the customers' anxiety. Summarize the value proposition to reinforce the positive results from a purchase decision.

Is This Your Best Price?

Salespeople will consistently tell you price is the concern they hear most often. This concern is voiced in many ways: “Your price is too high,” “I don't have the budget right now,” “I'd like to purchase your product but not at that price,” “I can't justify that price for your product.” In many cases, the customer has legitimate objections about the price of your product. Many customers, especially professional buyers, are directed to buy the lowest-cost product. Often they are evaluated and rewarded on their ability to drive down the price of the products they purchase. Professional buyers at Wal-Mart are trained to negotiate the lowest price possible. Innovation 7.1 offers some insights into how to negotiate price.

However, while price is a legitimate customer concern, a more likely explanation is that the customer has not accepted the value proposition. Remember that value is a function of price and perceived benefits. A customer who does not perceive that the product benefits exceed the price will not be inclined to purchase the product. You are left with two options to make the sale. Lower the price until it is below the product's perceived benefits, or raise the perceived benefits until they exceed the price. A customer who says your price is too high is really saying the benefits I perceive for buying your product are not greater than the price you are currently charging. Here are some guidelines to follow in dealing with the price concern.

Add Value to the Total Package. Customers buy a bundle of benefits that includes the product, financial terms, customer support, the company's reputation, warranties—and not least, *you*. Getting customers to see the entire package of benefits will transform their perspective on the value of your presentation.

Price Should Never Be the Main Issue. When salespeople make price the center of the presentation, they are risking the long-term buyer–seller relationship. Price is an important part of the presentation, but the salesperson should never bring it up until after he or she has clearly defined the product's features, advantages, and benefits. Then they should mention price in the context of the value proposition equating it to outstanding service and quality products.

Price Is Your Friend, Not Your Enemy. Many salespeople treat price as the enemy and run away from it at the first sign of customer concern. When a salesperson offers price concessions, he or she is saying they believe the price is too high. This position will not enhance the value of the salesperson's product with the customer. Indeed, it will harm the customer perception of the product and create doubt as to the true product value. Embrace the price as an opportunity to highlight the value of the product benefits and customer service.



Basic Points in Negotiating Win–Win Solutions

As you have seen, a number of customer objections can affect buyer–seller negotiations. Dealing with these objections may seem like a daunting challenge, but successful negotiations are about understanding the nature of buyer–seller relationships and recognizing some general guidelines for managing buyer concerns effectively. Exhibit 7.2 gives guidelines for negotiating win–win solutions.

Plan and Prepare

Just as preparation is important to a successful presentation, it is crucial to managing customer concerns. Knowledge of your customer, anticipation of your customer's objections, and a carefully developed sales presentation can do more to resolve customer objections than almost anything else. Keep in mind that the customer knows why you are there and has agreed to see you, which shows a willingness to consider your product and company. The more you have thought about and dealt with possible objections before the presentation, the more likely the customer will be to accept your proposal. At a minimum, you have shown you are committed to his or her satisfaction and positioned yourself for success in the future.

EXHIBIT 7.2

Guidelines for Negotiating Win–Win Solutions

1. Plan and prepare.
2. Anticipation enhances negotiations.
3. Say what you mean and mean what you say.
4. Negativity destroys negotiations.
5. Listen and validate customer concerns.
6. Always value the value proposition.

Anticipation Enhances Negotiations

Basic customer objections run across all buyers and do not change over time. With training and experience, salespeople can learn to anticipate objections while preparing for the presentation.⁶ We spoke in detail in Chapter 6 about getting ready for a great sales presentation. A critical part of that preparation is to preempt customer objections. When you address a concern in your presentation, will the customer raise it anyway? Possibly, but by anticipating the customer's apprehension you will have a response already developed and can reinforce it if he or she brings the objection up again.

One benefit of anticipating customer objections is that you can solve a problem before the customer has a chance to mention it. Taking the time to work out solutions to customer objections in advance lets the salesperson offer choices so the customer doesn't feel compelled to say no. For example, if you foresee price as a customer concern, develop different combinations of benefit bundles (service levels, product quality, and financial terms) to demonstrate your willingness to work with the customer.

Say What You Mean and Mean What You Say

Plain-speaking, honest answers go a long way toward building trust and reducing customer anxiety. When customers come to realize that you have their best interests in mind and deliver on statements during the presentation, their overall concern about the company and about you is diminished. When you say you are going to follow up on a question and get back to the customer later that day, you must do it. Admitting you don't know the answer to a question is always a better strategy than trying to bluff. Customers don't expect you to have all the answers, but they do expect you to find out.

When customers trust you and your company, they are less likely to be concerned about price, ability to deliver products on time, product quality, and customer service. Of course, this means a great deal of communication inside your own company. When a salesperson says, "Yes, we can deliver the products by next Friday," he or she must have the knowledge to support that delivery date. Because you are the point of contact with the customer, your ability to represent the company honestly and accurately is essential in reducing customer objections about you and your company.

Negativity Destroys Negotiations

There is often a lot at stake in negotiations with the customer (purchase order, commissions, and reputation, just to name a few), and negotiations can become very tough. Both parties seek to do the best job for their respective companies, and conflict on a variety of issues (price, delivery, credit terms, product configuration) is a natural part of the process. There's always a risk of becoming emotionally involved in the proceedings. Frustration, even anger, at the customer, the circumstances, or the way the process is going is always possible and difficult to control. It is natural to defend yourself when you perceive an attack. But controlling your anger is critical to successful negotiations. Allowing negativity to enter the negotiations will lead to a similar reaction in the customer. Once this happens it is very difficult, sometimes impossible, to get the negotiations back on track.

When the situation is getting frustrating and you feel anger, step back from the process. Ask questions to keep the customer involved and allow him or her to voice concerns. Staying connected to the customer while managing your frustration is essential. It can help to remember the customer is likely frustrated as well. Maintaining control of one's anger demonstrates a willingness to work with the customer that will often be appreciated.

Listen and Validate Customer Concerns

Customers simply want the salesperson to listen and respond to their concerns. As we have discussed, the selling process asks customers to take a risk. New customers are risking a great deal, but even if they have been customers for a long time the selling process, by definition, is about change. Even though a salesperson has addressed their objections, customers may still feel the need to voice specific worries during the negotiations.

The concern may seem trivial to the salesperson, but it is important to the customer. Listening and validating the customer's concern acknowledges that it has value.⁷ It is important to listen actively to customer concerns (as discussed in Chapter 6). Focus on the customer, make sure you understand what he or she is saying, and then respond to the concern.

Always Value the Value Proposition

The most effective tool for negotiating with customers is a well-developed value proposition. Carefully explaining the benefits of your company, products, services, and yourself goes a long way toward alleviating customer objections during the presentation. When you link benefits to overall value, customers will tend to worry less about price (a major customer concern) as well as other issues and focus more on how you have addressed their needs.

Value is more than price. While customers often direct their discussion toward price, it is the salesperson's responsibility to seek out and identify the real value of the company's product to the customer. The **value added** by your company could take many forms, including better customer service, enhanced product quality, or improved buyer–seller communication. After identifying the value added by your company and communicating that to the customer in the sales presentation, you may need to go back and reinforce it during negotiations.

Specific Negotiation Strategies

There are nine basic strategies for dealing with customer concerns. Each one can be effective in the right situation. However, learning how and when to use them requires training and experience. Unfortunately, using the wrong strategy or employing a particular strategy incorrectly can derail the negotiations.

There are going to be circumstances where the customer will not be satisfied with the negotiations no matter what you say or do. In those situations, it may be necessary to pull back from the negotiations to maintain the customer relationship. It is paramount to maintain the relationship. Never allow your personal feelings to affect negotiations.

Exhibit 7.3 details the various negotiation strategies.

- | | |
|----------------------------------|-----------------------------|
| 1. Question | 5. Third-party endorsements |
| 2. Direct denial | 7. Bounce-back |
| 3. Indirect denial | 8. Defer |
| 4. Compensating for deficiencies | 9. Trial offer |
| 5. Feel—felt—found | |

Question

In the question strategy you take the customer's concern, turn it into a question, and refocus on one or more strengths of your value proposition. The goal is to get the customer thinking about your presentation in a new way and contrast his or her concern against an advantage. Notice in our example that the customer is concerned about the price of the product relative to the competition. The salesperson asks the customer to consider that while the product has a slightly higher price, it is of better quality.

Think about possible customer objections before the presentation and formulate questions to address those concerns. Questions are a relatively nonthreatening method of handling customer objections, but you must listen to the customer's comments to develop a question that addresses the concern. Here's an example of this technique.

Buyer: Your product is 10 percent more than your competitor's. That's too much.

Seller: Yes, it is slightly more expensive, but do you agree that the higher quality of our product means fewer returns and lower service costs for your company in the long run?

Direct Denial

Perhaps the most confrontational strategy for dealing with customer objections is the **direct denial** method, which involves an immediate and unequivocal rejection of the customer's statement. Customers may find this kind of direct disagreement threatening and have a very negative reaction.

You are probably wondering if you should ever use this strategy to address a customer concern. When a customer states a clearly false and damaging statement about you, your company, or your product, it is important to respond to the statement immediately. Allowing such ideas to continue is usually more damaging than provoking the customer. If it is a simple case of misinformation, stating the facts directly will probably clear things up for the customer.

Critical to the success of this strategy is the manner in which you address the customer misstatement. If you are offensive and insulting, the customer will likely react negatively to the statements. The focus should be to create a win-win negotiation, but being condescending or demeaning eliminates that outcome.

Buyer: I was told recently that you had to recall all of your production for the last two months because of a faulty relay in your switch mechanism.

Seller: I'm not sure where you could have heard that. We have not had a recall on any of our products for over 10 years. If you like, I can provide the data for you. Your source was mistaken.

Indirect Denial

Indirect denial takes a less threatening approach. The salesperson begins by agreeing with the customer, validating the objection before explaining why it is untrue or misdirected. For this strategy, the customer's concern should have at least some validity. Perhaps you are priced slightly higher than the competition, or your product features do not match up exactly with the current supplier's. Address the concern by first acknowledging that part of what the customer is saying is true.

If the customer has raised a totally valid point, reconsider this strategy. You don't want to deny a legitimate customer point that makes the presentation weaker. If it is not possible to deny the customer concern with the information at your disposal, do not use this strategy.

Buyer: Demand for your products is strong. I'm not convinced you will be able to meet my order on time.

Seller: You are correct. My company has enjoyed tremendous success and we are thankful our customers have adopted our product. However, we pride ourselves on not missing order deadlines, and our customers will verify that. I will be working with my manufacturing and logistics departments to ensure on-time delivery of your order. One last note, you can check the status of your order any time by logging on to our Web site. If you are not satisfied, call me.

Compensating for Deficiencies

No product is perfect. Every product is a combination of advantages and disadvantages. Companies design, develop, and build products based on a bundle of features (product characteristics) they believe will be accepted in the marketplace. Customers must balance what they want with what they are willing to pay (the value proposition). They realize that the perfect product doesn't exist and they must decide which features, advantages, and benefits are most important to them.

Customers frequently object to some element of the product's FAB mix. The salesperson's task is to move the customer from focusing on a feature his or her product performs poorly to one in which it excels—to **compensate for deficiencies** in the product. The new feature must be important to the customer. Talking about a feature the customer is not interested in will only make the situation worse.

First, acknowledge the validity of the customer's concern about the feature in question. Second, move the customer to the new product feature by pointing out the trade-off between the two. If the customer insists the product must have this one feature, it is time to consider offering products that are closer to meeting that demand, even if you do not enjoy an advantage with these products. Ultimately, the customer is right and you must adjust your product offerings to meet his or her demands. Note that the example shifts the focus from response rate (one product feature) to price and quality.

Buyer: The response time on your product is too slow. Your competitor's response time is nine-tenths of a second, which is two-tenths of a second faster.

Seller: I agree with you. My product is two-tenths of a second slower. However, please note that it also costs 25 percent less per unit than the product you are currently using. You indicated price was an issue in your decision. I would also add that my product has 10 percent fewer returns than your current supplier's. I have the numbers right here if you care to take a look.

Feel—Felt—Found

There are times when customer objections are more connected to their attitudes, opinions, or feelings than to facts. “In my opinion” and “I believe” are indicators that the customer is moving from a fact-based to a feeling-based concern. In these situations, the feel—felt—found technique can be helpful.

First, acknowledge the customer's feeling (I can see how you *feel*). Second, extend the same feelings to a larger audience (other customers have *felt* the same way). Third, counter with a legitimate argument (however, I have *found* that our products . . .). The sequence is important and should be followed exactly.

At first glance, this may seem like a good strategy for dealing with customer objections, as you are relating very specifically to the customer. However, it is an old technique and one most professional buyers know. Using it on the wrong person can create the impression you are being disingenuous and the presentation is prepackaged.

Buyer: In my opinion, your products are overpriced and not worth the extra cost.

Seller: Our products are slightly more than the competition's and I can certainly see why you *feel* that way. Other customers have *felt* that way at first. However, when they take the time to examine my company's higher product quality and improved customer service (which result in lower service costs) they have *found* the overall value of the product to be worth the investment. Let me show you those numbers again.

Third-Party Endorsements

This strategy is based on the use of outside parties to bolster your arguments in the presentation. It can be used in combination with other strategies, such as feel—felt—found and indirect denial. The use of third parties to endorse you, your company, or your product does add credibility. However, it is essential to get their permission before using them for an endorsement. Many customers do not wish to have their names used in this way. We spoke earlier of potential conflicts of interest if the customer you are calling on is a competitor of the endorsing party. In addition, you always run the risk the customer will have a negative reaction to the third party. Use this technique only when you know the relationship between your customer and the third party.

Buyer: Your customer service has been questionable, and it is important I have tech support 24/7.

Seller: I agree with you that our customer service was not what it should be several years ago. However, we made the investment to improve customer service, and it is now among the best in the industry. Gracie Electronics felt as you did but was willing to try us and is now one of our most satisfied customers.

Bounce-Back

An experienced salesperson knows when to turn a customer concern into a reason for action. The **bounce-back** is effective in many different situations (appointment setting, negotiating, and closing). It is more aggressive than some of the other strategies, so be careful not to seem pushy.

This technique can be particularly effective when you hear objections about needing more time or a lower price. Indeed, when you understand the value proposition of your product you will note that often it is designed to save the customer time and/or money. So when the customer raises a concern about time or cost, you have an opening to reinforce the cost savings and time efficiencies of your product.

Buyer: I've listened to your presentation but need more time to consider your proposal.

Seller: I can appreciate that this is a big decision for your company. However, delaying this commitment only costs your company money. As we agreed earlier, my products will save nearly 40 percent in manufacturing costs over your existing supplier. Delaying this decision simply means higher costs for your company.

Defer

Customers seldom let a salesperson complete an entire presentation without interrupting to ask a question. If the concern they raise is one you will address later in the presentation, you may want to **defer** it until you have had the chance to explain other material. Most of the time the customer will understand and let you continue with the presentation. Occasionally, the customer will demand an immediate answer. If pressed, you should respond immediately. However, suggest that the customer listen to the entire presentation in order to fully appreciate all the features, advantages, and benefits of the product.

The defer strategy is most common when the customer raises a concern about price early in the presentation before the salesperson has a chance to fully define the value proposition. Simply stating the price of the product without fully explaining the benefits bundle may lead the customer to the wrong conclusion—that the price is too high. You need to evaluate the customer and determine if he or she needs the information at that point to assess the product's value. (Some people process information differently than others).

Buyer: (before the full value of the product has been explained): What is the cost of your product?

Seller: I can appreciate your interest in knowing the price of the product, but I would ask you to hold off just a minute until I know a little more about your product requirements and determine which of our products best suits your needs. Then I will be happy to show you what kind of investment you need to make.

Trial Offer

One of the best strategies to calm customer objections is the **trial offer**, which allows the customer to use the product without a commitment to purchase. It is especially effective with new products because the customer can try the product, become familiar with it, and see the product benefits without risk.⁸

Here are some guidelines to keep in mind. First, the trial offer does not take the place of a good sales presentation. Second, clearly define the terms of the offer so there will be no confusion. A customer who does not know the offer is for three days may keep using it even after your company has sent a bill. These misunderstandings can do much more harm than good. Third, make sure the customer is fully checked out on the product. Don't leave a client with a product he or she does not know how to use correctly.

Buyer: I'm not willing to make a commitment to your copier today. It seems complicated and hard to use.

Seller: I can appreciate your concerns. How about I have our service department install one for you and let you try it for one week. I will come by and demonstrate it for you. You are welcome to use it for one week without any obligation. If at the end of the week you do not believe this copier solves all your copying needs, call me and I will come pick it up.



The Sales Manager's Role in Negotiating Win–Win Solutions

As mentioned earlier, the sales manager plays an important supporting role during negotiations between salespeople and customers. Salespeople need to know they have the authority to negotiate with customers and resolve their concerns. This may mean negotiating aspects of delivery, product configuration, even price. Salespeople need to have the confidence that they can negotiate whatever is necessary and (unless it violates company policy) the sales manager will endorse the negotiations. This means company policy must authorize salespeople to negotiate with customers.

Company personnel must also know the salesperson speaks for the company. It can be very damaging if people inside the company question the salesperson's negotiations once the customer has committed to buy.

In situations where the customer objections exceed the salesperson's authority, the manager is there to step in and continue the negotiations. It is important for the manager to be fully briefed on the negotiations to that point. As the negotiations continue, the manager should keep the salesperson involved, since he or she will be responsible for taking care of the customer once the negotiations come to a successful conclusion. The manager's support is critical to the salesperson's success in negotiating win–win solutions.

Summary

No matter how well a salesperson prepares or presents the material to the customer—indeed, despite everything the salesperson does—the customer will seldom (if ever) buy a product based only on the presentation. Customer objections are part of the relationship-building process, and negotiating win-win solutions separates successful salespeople from the rest of the pack. Negotiations are the process of arranging with customers (through conference, discussion, and compromise) a successful resolution to their concerns.

While there may appear to be many different customer concerns, in reality there are only five. The first is “Do I need *your* product?” There are two types of product concerns. First, the customer needs to be convinced he or she needs the product at all. Second, the customer may already use the product but buy it from a competitor. You need to convince the customer that your product is demonstrably better than the competition.

The second fundamental customer concern is “Do I trust *your* company?” Customers may not know your company and doubt your ability to deliver what, when, and where they require. Or they may have a good relationship with their current supplier and see no reason to change companies. In both cases, you need to work hard to show customers that your company is fundamentally capable of handling their orders and is better than the competition.

A third customer objection has to do with the salesperson: “Do I trust you?” Customers may need to be persuaded that trusting you is not risky. A fourth concern is: “I need more time to consider your product.” While there can be legitimate reasons why the customer needs more time, this is often an attempt to stall the purchase decision. The customer may be saying, “You have not yet made a strong value proposition and I don’t fully understand the value of your product relative to the competition.”

The final customer concern: “Is this your best price?” Customers often focus on price to the exclusion of other, more critical factors. The salesperson’s job is to help the customers understand the value of the total benefits package and focus on issues other than price.

There are six basic points to consider in preparing to negotiate win-win solutions: (1) Plan and prepare, (2) anticipation enhances negotiations, (3) say what you mean and mean what you say, (4) negativity destroys negotiations, (5) listen and validate customer concerns, and (6) always value the value proposition. Following these guiding principles greatly improves the probability of success in negotiations.

The nine basic negotiating strategies are (1) question, (2) direct denial, (3) indirect denial, (4) compensating for deficiencies, (5) feel—felt—found, (6) third-party endorsement, (7) bounce-back, (8) deferring, and (9) trial offer. Knowing when and where to use each strategy is critical. Using the wrong one at the wrong time (such as the direct denial) can create very negative feelings in a customer.

Finally, the sales manager plays a significant supporting role. First, he or she empowers salespeople to negotiate with customers. If customers don’t believe salespeople have the authority, they will not negotiate. Second, the sales manager may on occasion have to get directly involved in the negotiations. In those cases, it is important to keep the salesperson involved.

Key Terms

negotiation
stall
value added
direct denial

indirect denial
compensate for
deficiencies
bounce-back

defer
trial offer

Role Play

Before You Begin

Before getting started, please go to the appendix of Chapter 1 to review the profiles of the characters involved in this role play as well as the tips on preparing a role play. This particular role play requires that you be familiar with the Chapter 6 role play.

Characters Involved

Alex Lewis

Rhonda Reed

Setting the Stage

Assume all the information given in the Chapter 6 role play, but flash back to *before* the sales call on Tracy Brown (Alex's long-time buyer at Max's Pharmacies). Alex and Rhonda have scheduled a meeting a few days prior to the Max's sales call so the two of them can brainstorm to develop a list of potential concerns/objections that Tracy may have regarding stocking the new Upland product "Happy Teeth" in the front-end space in her eight stores. Rhonda wants to role play a buyer-seller dialogue about these potential concerns before Alex makes the actual sales call so he will have a chance to practice handling Tracy's various potential objections. Tracy's concerns will relate to both end users of the product (customers who shop at Max's Pharmacies) and to her own business (why Max's should or should not stock and promote Happy Teeth in its very limited front-end space).

Alex's Role

Work with Rhonda to develop a thorough list of likely concerns/objections Tracy may have about Happy Teeth. Be sure all nine negotiation strategies in this chapter are represented at least once in your list. (You can have some represented more than once.) Refer to the sample buyer/seller dialogues in the section on specific negotiation strategies for ideas on developing the list and the role play dialogue.

Rhonda's Role

Work with Alex on the above.

Assignment

Present a maximum 10-minute role play in which Alex plays himself in a mock sales call on Tracy. (Rhonda gets to role play Tracy.) Execute the nine specific negotiation strategies presented in the chapter. Be sure Rhonda asks tough

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questions and brings up concerns/objections in a way that is firm yet fair. Be sure Alex uses proper negotiation techniques to overcome each objection. At the end of the mock sales call, Rhonda should take no more than five minutes to provide constructive feedback/coaching to Alex on how well he used the negotiating strategies.

Discussion Questions

1. Have you ever bought a new (or used car)? What were the negotiations like? Did you enjoy the negotiations? Why or why not?
2. Do you think it is really possible to have win–win negotiations? Why or why not?
3. You have made an appointment with a new potential customer. As you prepare for the presentation you realize this person has never purchased this kind of product before. What do you do?
4. You have been meeting with a potential new customer regularly for three months. She likes the product but finally admits a loyalty to the existing supplier. The buyer says, “I have known Judith Gunther for 10 years and she has been a very good supplier.” What do you do?
5. “I don't know you, and I very much liked working with Oscar Jones. Why was he transferred to Chicago?” The customer you have just met for the first time is unhappy because of his relationship with the old salesperson. As a new salesperson, how would you win over this important customer?
6. Your company has just announced a 7 percent price increase on your entire product line and you are meeting with your most important customer. She announces that your competitor has already been to see her and will not raise prices for at least 24 months. What do you do to keep the customer?
7. Think of a time you were talking with someone and felt yourself getting angry. How did you handle it? What steps would you take to keep from getting angry with a customer who was being unreasonable?
8. Your product is clearly not as good as the competition. The customer has been loyal to your company for years, but you will not come out with a replacement of your existing equipment for at least a year. What do you tell the customer?
9. Which negotiation strategy has the highest risk (possibility of making the customer angry)? Which strategy do you think has the lowest risk (is most effective with customers)?
10. You are calling on a very large company that has the potential to become your largest customer. How could your sales manager help you be successful in negotiations with this potential customer?

Ethical Dilemma

Emily Hatch knows that this is an important moment in her company's relationship with World Manufacturing. For the past three years she has been the account manager for World, and business has grown steadily. Her company, Accurate Instruments, supplies a key component for World's leading product. World has

bought this component from Accurate since the product was introduced over six years ago.

During that time, the relationship between World and Accurate has developed into a close strategic alliance. Emily's assignment three years ago signaled to everyone in the company that senior management thought Emily had a great future. She has not only managed the account well but actually increased business.

As she sits talking with Ben Griffin, senior vice president of manufacturing for World, there is a conflict. Recently the CEO of World told him to get a 10 percent cost reduction from all suppliers. The CEO said this is due to a recent sales slump. However, Ben believes it is a short-term tactic designed to enhance cost-cutting measures proposed by the CEO for the upcoming annual shareholders' meeting.

Ben points out that, as a major supplier to World, Accurate Instruments is expected to reduce its prices. However, he also proposes a solution. If Accurate will send an invoice showing a 10 percent reduction in prices, he will hold it. He's sure that once the shareholders' meeting is over in three weeks, Emily can send a new invoice with the original pricing.

The last thing Emily wants to do is create any friction between World Manufacturing and Accurate Instruments. She knows Ben Griffin and believes he must be under tremendous pressure to propose such a plan.

Questions

1. Should Emily submit the false invoice to World Manufacturing? Why or why not?
2. How much negotiating should a salesperson do when confronted with a customer making unfair or unethical demands?
3. What role should Emily's manager play in dealing with this situation?

Mini Case

Mid-Town Office Products

Ron Chambers arrives at work early on Friday morning. His anxiety has been growing throughout his final week of training with Mid-Town Office Products. Today Ron is going to work with his sales manager, Christine Wright, on negotiating customer concerns. He wants to make sure he has plenty of time to prepare and rehearse for the types of objections he is likely to encounter while calling on clients in his new territory (downtown Los Angeles). He will start working this territory next Monday. While Ron waits for Christine to arrive, he sits down and reviews his list of the concerns he is likely to hear from his potential customers.

Mid-Town is a regional distributor of office supply products ranging from pens and paper to small office machines like shredders and fax machines. The product line boasts over 11,000 catalog items. Mid-Town has been in existence for 12 years and operates a warehouse in Cucamonga, on the eastern outskirts of Los Angeles. Mid-Town has grown into a company with a reputation for providing customers with excellent value. It competes with other office supply firms by offering next-day delivery of all orders along with a price that, while not as low as some mail-order firms', is quite competitive from a total value perspective. In addition

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to volume discounts, the company maintains a database to help customers track how they use their office supplies. A final feature is a dedicated Web site so customers can place orders over the Internet. Orders placed via Internet by 4:00 P.M. are delivered the next day.

Mid-Town's extensive product line, reasonable pricing with volume discounts, next-day delivery, usage history, and Internet ordering have allowed the company to enjoy much success serving small businesses and companies in the eastern Los Angeles suburbs. This success has led the company to expand beyond its traditional customer base of suburban Los Angeles into the heart of the downtown area. Such an expansion is risky for Mid-Town because of the very different customer base and location. However, Mid-Town has decided it can afford to place one representative in downtown Los Angeles for up to two years to try and build the business. Knowing that the success of this venture hinges on his ability to win new business with the larger downtown prospects makes Ron even more anxious about his new assignment.

Ron accepted this position after a successful eight-year career selling copy machines to downtown businesses for a local distributor of a well-known brand. A competitor recently purchased his previous employer. Ron knows that selling office products for Mid-Town will be quite different from selling office machines, and a key part of that difference will be customer concerns. That's why Ron is eager to hone his skills so he can respond effectively to each objection. Ron also knows that even though he'll be calling on some of the same accounts that used to buy his copy machines, the office supplies buyer has a lower job level and less responsibility than the copy machine buyer. As Ron refines the list of objections he expects to get from these buyers, Christine walks in and begins discussing how he can respond to them.

Questions

1. Identify the potential sources of concern that Ron is likely to encounter when he begins to make calls on his customers in downtown Los Angeles.
2. Write out two responses for Ron using two separate negotiation strategies to the following customer concern from an office supply buyer for a large downtown bank: "We don't want you delivering during banking hours. Bringing in big boxes of supplies will upset our operations and our customers who are here trying to conduct business. Our current supplier makes deliveries before 6:30 in the morning and I don't see any need to change."
3. How can Ron effectively respond to any concerns about the prices of Mid-Town's office supplies being higher than those of mail-order competitors?

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