

White Paper

2008 - Selling in Hard Times

Brett Lyons, MD of The Leadership and Sales Academy Ltd, provides some ideas on one of the biggest challenges facing every business – Selling in Hard Times.

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Introduction

As we all come to terms with rapidly changing economic circumstances, one of the most significant challenges facing business leaders is preparing the sales force to 'sell in hard times'.

One of the alarming facts we are faced with is that many of today's business to business sales people have no experience of selling in difficult times and many of the sales leaders are in the same position!

Sadly, some organisations are making the same mistakes that were made in the early nineties – the sadness is that they will have the same disastrous consequences.

So how do we deal with the 'economic rebalancing' 'slow down', or 'adjustment' – any expression other than the feared 'R' word.

One certainty is that working harder is not the answer – working differently is!

The first step is to get the approach to sales right. Yes you will need to win new business, but not at the expense of the customers you already have. In the last recession two types of sales people emerged:

- **Professionals** – individuals who were planned, organised and structured. People who realised that one of the key issues in a downturn for existing customers and prospects alike is 'confidence'. Decision makers have to be certain that they are making the right decision when placing business – damage to the business and personal reputation becomes a key buying motive in hard times.

“Our current supplier is good, what if these people let us down?”

Sales people who present as professionals, establish needs and provide solutions build the confidence of decision makers.

- **Enthusiasts** – hard working, chasing everything and selling on price. Success was limited, because this group made price the focus of everything and lost sight of customer needs and values. The consequence – customers did not have the confidence to place business or switch to a new supplier.

So the first step is to make sure the sales strategy is structured, planned and focused where opportunity exists.

Next, deal with three facts that apply in business to business selling in any economic downturn:

1. Sales Cycles – these are harder to identify and start.
2. The Approval Process - this will be longer because of nervousness on the part of decision makers and extra layers of management approval, before business is placed.
3. Negotiation Skills – these skills become crucial, downturn or no downturn there is little point in doing business that doesn't make profit.

Deal with these three facts and your business will remain strong in a downturn and be ready for the upturn:

- **Sales Cycles**

Since the mid nineties we have seen a positive and buoyant economy, in which many sales people have enjoyed constant incoming enquiries from both new and existing customers – enquiries that start the sales cycle.

That has changed; the sales person now has to work with customers to start sales cycles – customers whose instincts will be cautious.

The danger here is that the sales person becomes a headless chicken, chasing any opportunity, working crazy hours and worst of all selling on price – usually unprofitable prices.

The first priority is to manage the existing account base, the sales person must become more efficient and effective to ensure that business from existing customers is retained. Three things to focus on are:

- **Coverage** – review your coverage plans. Make sure that you are in regular contact with all of your customers utilising a combination of meetings, telephone contact and e-mail broadcast. Produce articles and ideas that will help your existing customers, attract prospects, generate new thinking and most importantly create a sense that you are working with customers and prospects alike.

From personal experience I can recall more than one customer in the downturn of the early nineties saying to me 'You were the only provider who stayed in contact on a regular basis'. Guess who they did business with as things got better?

- **Structured Weeks** – to make sure your coverage plans work you must manage time efficiently. Do you need to bring a disciplined structure to your week that facilitates times for customer meetings, telephone contact, administration and planning? Time is your most valuable commodity – use it wisely.
- **Sales Skills** – hard times are when good sales people take a look in the mirror and review their skill sets. The two skills that start the sales cycle are the ability to complete a needs analysis and high yield questioning. Downturn or not, we should complete a needs analysis on the basis of a business review with each customer at least once a year. Today it is essential, have you got plans in place to do this and are your skills sharp?

I would recommend to every sales leader that in their next sales meeting they run a coaching session on completing a needs analysis and using high yield questioning techniques to identify and agree customer needs. That is how you start the sales cycle – the needs analysis should cover the business, the individuals, the market, the customers, the competition and the future. Remember most business opportunities exist in the future. This is crucial – you cannot close sales cycles unless you can start them!

- **The Approval Process**

In a downturn it is inevitable that the approval process will slow down. Decision makers become cautious and more people become involved in the decision making process. The result is that sales people are faced with the statement ***"I'm waiting for sign off"***.

This can be dealt with through the application of good stakeholder management techniques. The challenge for the sales person is to identify at all levels the 'Economic', 'User' and 'Adviser' stakeholders in each sales cycle and then:

- Use discussion documents to gain access to them
- Identify the 'Decision Factors' and 'Buying Motives' of each stakeholder – then provide a business solution that meets them
- Understand the views of each stakeholder – if they are advocates use them as a source of advice. If they are blockers, establish why. If someone is not on your side you must deal with any misconceptions. If you cannot change their views demonstrate that you have recognised and tried to accommodate their views
- Ensure stakeholders understand that you are working with them to provide solutions and not just making a sale.

In small accounts this may involve just one or two people; in a large business it may involve a network of many people. Sales leaders should be reviewing pipeline now – especially high value deals – to establish what is being done and what needs to be done to move the sales cycle forwards. Remember if you are 'waiting for sign off' and the competition is having a discussion with the board, there is only one winner!

- **Negotiation Skills**

It is a fact that in hard times you may have to do more to achieve your targets. In good times a sales person may have to close 3 out of 5 sales cycles to achieve target. In hard times it may be 3 out of 6 or 7. However what the sales person cannot do is win business on price that is unprofitable.

Business to business sales people should always sell on the basis of dealing with Feasibility and Value before discussing terms and conditions:

- Feasibility – ensuring the customer understands you can provide the solution that will meet their needs
- Value – the value your solution will bring to the customer

Then – and only then – should terms and conditions be discussed. What is the point of agreeing a price on something a customer is not convinced they want to buy?

Some areas to work on:

- Practice delivering your price with confidence – if you don't believe your proposition is worth your price, your customer won't!
- Expect a reaction – be thick skinned, every customer is going to negotiate.
- Negotiate in small stages – if you do move take small steps, communicate to the customer that there is not huge room for movement.
- Negotiate everything – don't give anything away. Something may have little value to you, but it may mean a lot to the customer.
- Walk away – if the customer will only deal at a price where you don't make money, then walk away. There is no point doing business if you are going to lose money – it creates poor business relationships, lack of commitment and of course disastrous financial consequences.

Sales Leaders why not create a case study and practice negotiation skills with your people.

Plus

The role of customer service in hard times is crucial. Everyone in the business who 'touches' customers is responsible for making sure the customer experience is positive. The most common reason for customers changing suppliers in any environment is consistently poor service. Make sure all customer facing staff understand their roles, refresh their skills and engage them in ideas to improve the service you provide.

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