

# POWER OF SELLING



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Detailed Licensing

## Licensing

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## CHAPTER OVERVIEW

### 1: What is Sales?

- 1.1: Selling in Everyday Life
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## 1.1: Selling in Everyday Life

### Learning Objective

- Understand the role of selling in everyday life.

What does success look like to you?

For most people, to achieve personal success entails more than just making a lot of money. Many would claim that to be successful in a career means to have fulfilled an ongoing goal—one that has been carefully planned according to their interests and passions. Is it your vision to run your own business? Or would you rather pursue a profession in a service organization? Do you want to excel in the technology field or, perhaps, work in the arts? Can you see yourself as a senior executive? Imagine yourself in the role that defines success for you. Undoubtedly, to assume this role requires more than just an initial desire; those who are most successful take many necessary steps over time to become sufficiently qualified for the job presented to them. Think about your goal: what it will take to get there?

With a good plan and the right information, you can achieve whatever you set out to do. It may seem like a distant dream at the moment, but it can be a reality sooner than you think. Think about successful people who do what you want to do. What do they all have in common? Of course, they have all worked hard to get to their current position, and they all have a passion for their job. There is, additionally, a subtler key ingredient for success that they all share; all successful people effectively engage in personal selling, the process of interacting one-on-one with someone to provide information that will influence a purchase or action. Michael Levens, *Marketing: Defined, Explained, Applied* (Upper Saddle River, NJ: Pearson Prentice Hall, 2010), 181.

### Congratulations, You're in Sales!

If you think personal selling is only for salespeople, think again. Everyone in every walk of life uses personal selling (some more effectively than others!). Selling is what makes people successful. We all have to sell our ideas, our points of view, and ourselves every day to all sorts of people—and not just those related to our jobs. For example, when you work on a team project, you have to sell your ideas about how your team should approach the project (or, sometimes more delicately, you will have to persuade others as to what you should do about a lazy team member). When you are with your friends, you have to sell your point of view about which movie you want to see or where you want to go to eat. When you pitch in for a friend's gift, you have to sell your ideas about what gift to give. You are selling every day whether you realize it or not.

Think about the products and services that you buy (and concepts and causes that you believe in) and how selling plays a role in your purchase decision. If you rented an apartment or bought a car, someone sold you on the one you chose. If you read a product review for a new computer online then went into the store to buy it, someone reinforced your decision and sold you the brand and model you bought. If you ran in a 5K race to raise money for a charity, someone sold you on why you should invest your time and your money in that particular cause. A professor, an advisor, or another student may have even sold you on taking this course!

#### **“I Sell Stories”**

Selling is vital in all aspects of business, just as it is in daily life. Consider Ike Richman, the vice president of public relations for Comcast-Spectacor, who is responsible for the public relations for all NBA and NHL games and hundreds of concerts and events held at the company's Wachovia Center in Philadelphia. When you ask Ike to describe his job, he replies, “I sell stories.” What he means is that he has to “pitch”—or advertise—his stories (about the games or concerts) to convince the press to cover the events that he is promoting. So, even though he is not in the sales department, his job involves selling. Gary Kopervas, similarly, is the chief creative strategist at Backe Digital Brand Communications. He works in the creative department in an advertising agency, yet he describes his job as “selling ideas,” not creating ads. Connie Pearson-Bernard, the president and founder of Seamless Events, Inc., an event planning company, says she sells experiences. For many of her clients, she also sells time because she and her team execute all the required details to create the perfect event. As you notice, all these people are engaged in selling, even though “sales” may not be included in their respective job descriptions. Clearly, whether you pursue a career in sales or in another discipline, selling is an important component of every job...and everyday life.

### **The New World of Selling**

There are some people who might think of selling as a high-pressure encounter between a salesperson and a customer. Years ago, that may have been the case in some situations. But in today's world, successful selling is not something you do “to” a customer, it



is something you do “with” a customer. The customer has a voice and is involved in most selling situations. In fact, Internet-based tools such as forums, social networks like Facebook, Instagram, and LinkedIn along with websites, live chat, and other interactive features allow customers to participate in the process no matter what they are buying.

## Brand + Selling = Success

What do Ikea, Red Bull, Mini Cooper, and Apple have in common? All four are strong and highly identifiable **brands**. You might wonder what role a brand name plays in selling strategy. Perhaps it is not always noticeable, but when you buy a Red Bull at the corner store for some extra energy, at that very moment, a specific, chosen brand has become an extremely powerful selling tool, and it has significantly influenced your inclination to purchase *that* particular drink. Selling can only be successful when that thing that you sell has *perceived* value applied to it by the consumer—why Red Bull rather than another caffeine drink? Red Bull must be more effective if a person chooses it rather than the other brand nearby. A brand is a tool to establish value in the eyes of the customer because it indicates something unique. On the surface, a brand is identified by a name, logo, or symbol so that it is consistently recognized. Michael R. Solomon, Greg W. Marshall, and Elnora W. Stuart, *Marketing: Real People, Real Choices* (Upper Saddle River, NJ: Pearson Prentice Hall, 2008), 286. But a brand is more than that.

A great brand has four key characteristics:

1. It is **unique**. (Ikea furniture has exclusive, on-trend styling at unbelievable prices.)
2. It is **consistent**. (Red Bull looks and tastes the same no matter where you buy it.)
3. It is **relevant**. (Mini Cooper looks cool and doesn't use much gas, and you can design your own online.)
4. It has an **emotional connection** with its customers. (An iPod, with hundreds of personalized qualities, becomes a loved companion.)

A brand is important in selling because it inherently offers something special that the customer values. In addition, people trust brands because they know what they can expect; brands, over time, establish a reputation for their specific and consistent product. If this changes, there could be negative repercussions—for example, what would happen if thousands of Mini Coopers started to break down? Customers expect a reliable car and would not purchase a Mini if they could not expect performance. Brand names emerge in all different sects of the consumer market—they can represent products, like PowerBar, or services, like FedEx. Brands can also be places, like Macy's, Amazon.com, or even Las Vegas (everyone knows that what happens in Vegas stays in Vegas! Brands can be concepts or causes like MTV's Rock the Vote or the Susan G. Komen Race for the Cure. Brands can also be people, like Lady Gaga, Martha Stewart, or Simone Biles.

When products, services, concepts, ideas, and people demonstrate the characteristics of a brand, they are much easier to sell. For example, if you go to McDonald's for lunch, you know you can always get a Big Mac and fries, and you always know it will taste the same whether you go to the McDonald's near campus or one closer to your home. Or if you go to Abercrombie & Fitch, you can expect the store to look and feel the same and carry the same kind of merchandise whether you go to a store in Baltimore, Maryland, or Seattle, Washington.

The same concept applies to people. Think about your classmates: is there one that is always prepared? He or she is the one who always does well on the tests, participates in class, is a good team player, and gets good grades on assignments. This person has created a brand. Everyone knows that they can count on this person; everyone knows what to expect. Conversely, the same is true for a person who is often times late and sometimes arrives unprepared. You probably wouldn't want to work with that person because you're not sure if that person will hold up his or her end of the project. Which one would you choose as a teammate? Which one would you trust to work with on a class project? Which person is your brand of choice?

## The Power of an Emotional Connection

Uniqueness (no other fries taste like McDonald's), consistency (a Coke tastes like Coke no matter where you buy it), and relevance (your college bookstore is only relevant on a college campus, not in your local mall) are clear as characteristics of a brand, but the most important characteristic is also the most abstract—the emotional connection it creates with its customers. Some brands create such a strong emotional connection that its customers become brand fans or advocates and actually take on the role of selling the brand by way of referrals, online reviews, user-generated content, and word-of-mouth advertising.

Harley-Davidson measures their customer loyalty by the number of customers who have the company's logo tattooed on their body. Fred Reichheld, “The Ultimate Question: How to Measure and Build Customer Loyalty in the Support Center,” presented via Webinar on May 14, 2009. These customers are emotionally connected with the brand, which offers unique selling opportunities for Harley-Davidson dealerships. Another example of emotional connection to a brand can be found by examining consumer

relationships to sports teams. Fans willingly advertise their favorite team by wearing T-shirts, hats, and even putting decals and bumper stickers on their cars. They attend games (some of which require hours of standing in line) or watch them religiously on television. For popular events, in fact, many times customers are willing to pay more than the face value of tickets to attend; some will spend hundreds of dollars to see the NCAA Final Four, the World Series, or the Super Bowl. These consumers are emotionally connected to their teams, and they want to be there to support them. A loud, sold-out stadium certainly illustrates why it's easier to sell brands when customers are emotionally connected. Howard Schultz, the former chief executive officer of Starbucks, believed strongly that the brand stands for more than beans. During an interview, he said, "By making a deeper emotional connection with your customers, your brand will stand out from the hundreds, if not thousands, of vendors, entrepreneurs, and business owners selling similar services and products." Carmine Gallo, "How to Sell More Than a Product," *BusinessWeek*, May 19, 2009, <https://www.bloomberg.com/news/articles/2009-05-19/how-to-sell-more-than-a-product> (accessed May 21, 2024). Schultz is especially passionate about the role salespeople have in creating the "Starbucks" experience; with an early campaign stating "It's not just coffee. It's Starbucks."

The concept of emotional connection is not limited to the brand, it is also an especially critical component in the actual practice of selling. Customers are much more readily persuaded to make a purchase if they develop an emotional connection with the salesperson. If you go to Best Buy to look at a new home theater system, a helpful (or unhelpful) salesperson can make all the difference in whether you buy a particular system from that particular Best Buy or not. If the salesperson asks questions to understand your needs and develops a good relationship (or emotional connection) with you, it will greatly increase your chances of purchasing the home theater system from him.

Clearly, brands are fundamental building blocks in the selling process. The bottom line is, great brands = great sales.

## Key Takeaways

- **Personal selling** is a powerful part of everyday life. The selling process can help you get what you want both personally and professionally.
- You are always selling your ideas, your point of view, and yourself in virtually every situation, from class participation to going out with friends.
- In order to understand the selling process, you have to understand **brands**. A brand can be a product, service, concept, cause, location, or even a person. A brand consistently offers value to a customer with something that is unique, consistent, and relevant and creates an emotional connection.
- **Brands** are important in selling because customers trust brands. The brand doesn't end with the product, service, or concept; the salesperson is also a brand.

### ? Exercise 1.1.1

1. Identify a situation in which you were the customer in a personal selling situation. Discuss your impressions of the salesperson and the selling process.
2. Think about this class. In what ways do you sell yourself to the professor during each class?
3. Think about your school as a brand. Discuss what makes it unique, consistent, and relevant and have an emotional connection with its customers. How would you use these characteristics if you were trying to sell or convince someone to attend the school?
4. Think about the following brands: Xbox, Victoria's Secret, and BMW. Discuss how each brand forms an emotional connection with its customers. Why is it important in selling?

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## 1.2: Heartbeat of the Company

### Learning Objectives

- Discuss the role of selling in the economy.
- Explain the role of selling in an organization.

Look around. Your computer, your car, your jewelry, your eyeglasses, and your cell phone—many of the things you own—were probably sold to you by someone. Now, think about things you *can't* see, like your cell phone service, your Internet service, and your car insurance. Chances are, those services were probably sold to you by someone as well. Now that you think about it, you can see that selling is involved in life in so many ways. But did you ever think about the impact that selling has on the economy?

In the United States alone, almost 16 million people were employed in jobs in sales in 2018. This number includes retail salespeople and cashiers, insurance sales agents, real estate brokers and sales agents, and manufacturing sales reps just to name a few. That translates to one in every ten people in the United States having a job in sales!

### The Internet: Power to the People

The Internet has been a game changer for selling in many ways. Just as the Internet expands the reach of a company to virtually anywhere in the world, it also provides customers with access to information, products, and services that they never had before. In some industries, the Internet has virtually eliminated the need for a salesperson. Travel agents are no longer the exclusive providers of reservations and travel plans. Music stores are almost extinct. Newspaper want ads have almost vanished. In other industries, the relationship of the salesperson and customer has changed dramatically. The power has shifted from the seller to the buyer. Take, for example, the auto industry. It used to be that when you wanted to buy a car, you went to a car dealership. The salesperson would show you the cars, take you out on a test drive, and then negotiate the selling price when you were ready to buy, withholding the dealer invoice. Today, customers may e-mail a car dealership to set up an appointment to drive a specific car after they have researched different models of cars including features, benefits, competitive models, editor and customer reviews, competitive pricing, and dealer invoice pricing. In some cases, the customer may know more than the salesperson.

### Sales Is Not a Department, It's a State of Mind

Sold.

It's a deal.

Let's shake on it.

Sign on the dotted line.

You've got the job.

Those are the words that signal success in selling. They seem simple, but bringing a sale to fruition isn't just celebrating the win; it is about celebrating with the customer. The most successful companies work to build and sustain relationships with the customer at every touch point, any way in which the company comes in contact with the customer, and considers selling the job of everyone in the organization. In other words, although there are specific functional departments such as sales, marketing, operations, human resources, finance, and others, everyone in the organization is focused on the customer. This is called a customer-centric approach that focuses on creating a positive experience.

### It's all about the Customer

Being customer-centric means insisting on accountability. Although everyone is focused on the customer, every employee is part of a department or function. Each department has goals and accountabilities. In a true customer-centric organization, the departments work together to satisfy the needs of the customer and achieve the financial objectives of the company. Most companies have core functions or departments such as sales, customer service (sometimes it is included as part of the sales department), marketing, operations, finance, human resources, product development, procurement, and supply chain management (also called logistics). Departments such as finance and human resources are called support (or staff) functions since they provide support for those that are on the front lines such as sales and customer service (these departments are also called line functions as they are part of a company's daily operations). In a customer-centric organization, the focus on the customer helps prevent organizational “silos”

(i.e., when departments work independently of each other and focus only on their individual goals). The sales department is the heartbeat of every company. According to *Selling Power Magazine*, the manufacturing and service companies listed on its “Power Selling 500 Report” generate \$4.9 trillion dollars in sales annually. Selling Power, [Largest Sales Organizations / 2019 B2B Largest Sales Forces / Selling Power](#), accessed May 23, 2024). Yes, trillions. This means that each salesperson supports an average of 12.9 other jobs within the company and that the level of sales that is generated by each salesperson actually pays for the roles in human resources, marketing, operations, and other departments. It makes sense that the salespeople fund the operations of the company. After all, it is a salesperson with whom you interact when you buy a Toyota Camry, lip gloss at Ulta, or an interview suit at Kohl’s. The people in the sales department “ring the cash register” (whether the business has a cash register or not). They are responsible and accountable to deliver sales to generate revenue and profit, which are required to operate and to invest in the company.

## Is It Sales, or Is It Marketing?

So you might be wondering, if the sales department interacts with customers, what exactly does the marketing department do? That’s a great question. Some people use the terms in tandem—sales and marketing—to refer to sales. Some people use the terms interchangeably and refer to marketing as sales. It’s no wonder that it confuses so many.

According to the American Marketing Association, “**marketing** is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (”American Marketing Association, “About AMA,” May 2024) In other words, it is the role of the marketing department to use the four Ps of the marketing mix (product, place, promotion, and price) to determine the brand message, which is ultimately communicated to customers. Marketers seek to motivate prospective customers to purchase by driving them to a website, store, phone, event, social channel, or another related, desired action. Essentially, marketing builds relationships between customers and the brand. When you see an online ad for Allegiant Airlines, get a text message about the new a new flight to New York, post a comment on the Allegiant Facebook page, respond to a tweet from Allegiant, or see a news story on television, these are all examples of marketing. They are designed to encourage you to engage with the brand and encourage you to take an action— go to the website, call the 800 number, like or share a post on social media, or tell your friends about the brand.

When you go into a store or visit a website, it’s the sales department that takes over. Let’s say you want to buy a new printer at Best Buy. A salesperson will speak with you (either in person in the store, online with live chat, or by phone) to determine what you need and to help you make the best decision by communicating product information (*this printer is wireless*), service information (*we can deliver that tomorrow*), warranty information (*it has a 90-day manufacturer warranty*), and other pertinent facts. The salesperson extends the relationship that was established with the marketing contacts and makes a personal connection with you. If you have a good experience, your relationship with Best Buy gets even better, and you are more likely to shop there again and tell your friends.

At times, however, sales and marketing don’t play well together. When organizations are not customer-centric, the departments may appear to have separate or conflicting goals. Marketing may feel that sales doesn’t follow up on prospective customers, or perhaps sales feels that the marketing efforts are focused on the wrong customers.

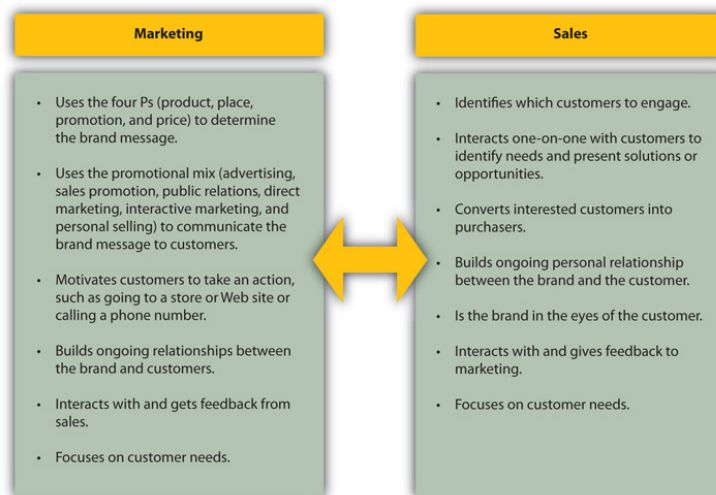


Figure 1.2.5: Marketing and Sales: How They Work Together

In addition to closing the sale (when the customer purchases the product or service), the salesperson has a very important role in the marketing process. Because the salesperson (in the store, online, or on the phone) is a primary touch point and a personal interaction with the customer, the salesperson *is* the brand in the eyes of the customer. According to Dr. David A. Shore of Harvard University, “The sales force is the most visible manifestation of the brand. Salespeople need to say with a singular voice, ‘This is who we are, and, by extension, this is who we are not.’ The critical element that power brands have is trust, and a sales force needs to become the trusted advisor to the customer.” Gerhard Gschwandtner, “How Power Brands Sell More,” *Selling Power* 21, no. 3, <http://www.sellingpower.com/content/article.php?a=5705> (accessed May 20, 2024).

So now you can see that marketing and sales work hand-in-hand: one develops the brand and the other assumes the image of the brand. Neither works without the other, and the relationship between the functions must be transparent to the customer. There’s only *one brand* in the eyes of the customer, not two departments. When marketing and sales work well together, the customer experience is seamless.

## Key Takeaways

- **Sales** is a career opportunity for you to consider; one in ten people in the United States has a job in sales or a sales-related occupation.
- In this global economy, many companies sell products in multiple countries around the world. Many **multinational corporations** have sales offices in foreign countries, and large and small companies sell globally by using the Internet.
- **Sales 2.0** is a term that is used to refer to the ever-changing technology, such as social networking, that is changing the relationship salespeople have with customers. It’s important to understand how technology can support your communication and collaboration with customers.
- A **customer-centric** organization has the customer as the focal point. You work as a team with all functions in the company to provide products and services that meet customers’ needs.
- **Sales** and **marketing** are two distinct but closely related functions. **Sales** converts the customer to a purchaser with one-on-one interaction. **Marketing** determines the brand message and uses the elements of the promotion mix to motivate the customer to take an action. Both work together to build ongoing relationships with customers.

### ? Exercise 1.2.1

1. Visit <http://www.sellingpower.com> and review the “Selling Power 500.” Discuss the top ten companies listed in one of the six categories of businesses (office and computer equipment, insurance, consumables, communications, medical products, or financial services). Did you realize these companies employed so many salespeople? Have you come in contact with salespeople from any of these companies? To whom do these salespeople sell?
2. Identify a company that you think is customer-centric and one that is not. Identify at least three touch points for each company. Based on this, discuss why you think each company is customer-centric or not.
3. Discuss the difference between sales and marketing. Choose one of your favorite retail brands and discuss one example of sales and one example of marketing.

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## 1.3: What Does It Take to Be in Sales?

### Learning Objectives

- Discuss the characteristics required to be successful in a career in sales.
- Understand what you can expect from a career in sales.

When Steve Jobs, the CEO of Apple, delivered the commencement address at Stanford University in 2005, he told the story of how he and Steve Wozniak started the now \$32 billion company in a garage in 1976. Jobs said, “I was lucky—I found out what I wanted to do early in life.” He left the Stanford graduates with some personal words of wisdom to think about as they prepared themselves for their careers: “Your work is going to fill a large part of your life, and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do. If you haven’t found it yet, keep looking. Don’t settle. As with all matters of the heart, you’ll know when you find it.” Steve Jobs, “You’ve Got to Find What You Love,” commencement address at Stanford University, Palo Alto, CA, June 12, 2005, <https://news.stanford.edu/stories/20...love-jobs-says> (accessed May 20, 2024).

To be successful in sales, and in life, you must love what you do. If you aren’t passionate about your profession, you will never be the best. You will always fall short because the people who love it will naturally excel. It seems simple enough: do what you love. But what if you love many things or don’t know if you’ve found your niche? Don’t worry—there are questions you can ask yourself to help you determine whether a career in sales will excite you and make you want to leap out of bed every morning.

### Are You Born to Sell?

How do you know if sales is your passion, the career of your dreams? The first step is taking this course. You’ll have an opportunity to learn about sales and actually put your knowledge to work in real-life situations by role-playing with your classmates. After reading this chapter, you will better understand the profession of selling and what it has to offer. This chapter includes insights about which personal characteristics and talents are best suited to sales, which industries you might work in, and how you can be successful in the profession.

Just like being a teacher requires traits such as a love of learning, an ability to communicate, and the talent to make concepts come alive for people, selling calls for certain personal characteristics as well. Some people think that successful salespeople are those who have the “gift of gab,” but that’s not really what makes salespeople effective. Although communication and relationship building are valuable skills, just being able to talk to people is not enough to be successful in sales. Consider the following points that make a salesperson successful and see if these are a good match to you and your skills.

### Character and the Ability to Build Trust

It never goes without saying that character—the combination of your beliefs, tendencies, and actions that you take—is the single defining trait for a salesperson (or any business person, for that matter). Dave Kahle, “The Four Characteristics of Successful Salespeople,” *Industrial Distribution* 97, no. 4 (April 2008): 54. Your character defines how you will conduct yourself, and it is the yardstick by which customers measure you. After all, your customers are spending their money based on what you say you will deliver; they have to trust you. If you ever break the trust for any reason, you will likely lose not only the sale, but you will most likely lose your reputation, and, ultimately, your livelihood. According to a survey by Forrester Research, trust is imperative in the buying and selling process. “Trust in a company drives revenue-generating behaviors such as the likelihood to purchase again, preference for a company over competitors, trial of unrelated products, and propensity to share personal data.” “Trust In 2023 Is Essential For Business Growth” <https://www.forrester.com/blogs/trus...siness-growth/> (accessed May 20, 2024).

### Listening Skills

Contrary to popular belief, speaking is not the most important aspect of selling—listening is, because “salespeople are communicators, not manipulators.” Monroe Porter, “Six Common Characteristics of Successful Salespeople,” *Pro* 20, no. 6 (May 2008): 33. It’s interesting to note that many of the salespeople who are constantly talking are actually not successful. It is those salespeople who have a genuine interest in listening who learn precisely what the customers’ needs, priorities, and opportunities are. Listening skills are the fundamental basis for forming a connection. “Listening builds relationships,” according to Marjorie Brody, author of *Help! Was That a Career-Limiting Move?* She suggests a “silent solution” to many problems in the form of listening. Pamela J. Holland and Marjorie Brody, *Help! Was That a Career-Limiting Move?* (Jenkintown, PA: Career Skills Press,

2005). The challenge for many people is that listening with undivided attention is hard to do. According to Barry J. Elms, CEO of Strategic Negotiations International, psychologists say that we listen using only 25 percent of our brain. Steve Atlas, “Listening for Buying Signals: Missing Your Prospects’ Buying Signals,” *Selling Power* 20, no. 2, <http://www.sellingpower.com/content/article.php?a=5350> (accessed May 23, 2024). That means that the other 75 percent is thinking about a response or thinking about something else. Salespeople who take notes, refer to written material, and are intently aware of their nonverbal cues can be extremely successful because they see and hear things that people who are talking just can’t absorb. Steve Atlas, “Listening for Buying Signals: Missing Your Prospects’ Buying Signals,” *Selling Power* 20, no. 2, <http://www.sellingpower.com/content/article.php?a=5350> (accessed My 21, 2024).

## The Ability to Ask the Right Questions

It was Einstein who said, “If I had an hour to solve a problem and my life depended on it, I would use the first fifty-five minutes to formulate the right question because as soon as I had identified the right question, I knew I could solve the problem in less than five minutes.” Kim Michael, “The Most Powerful Tool in the Sales Arsenal—Part 1,” *American Salesman* 54, no. 6 (June 2009): 3. This demonstrates the power of asking the *right* questions. Those questions can only be asked when you listen and have the ability to connect.

## The Willingness to Learn

Salespeople must not only have product knowledge and understand the buying and selling process; they must also learn skills that will make them more effective and efficient as salespeople. Financial skills, negotiating skills, and even speed-reading courses were mentioned as additional training needs in sales. It is important to note that besides constantly learning new skills, salespeople have to be students of the business. Skills and abilities are developed and fine-tuned over time, and experience plays a role in the learning process. Therefore, it makes sense that salespeople are not “made” simply because they have the title just like a Doctor is not a doctor without 7 years of schooling or a teacher without 4 years of studying or a mechanic without their trades training. While some people may be more “natural” at sale, being successful in sales requires persistence, time, and hard work. If you are thinking about pursuing a career in sales, keep in mind that like other professions it takes time, training, and experience to be successful.

## The Drive to Succeed

You can’t be successful if you don’t set goals. Great salespeople set goals for themselves, achieve them, and celebrate those achievements. They visualize what they want, then put together a plan to get it. The drive to succeed is important not only in sales, but also in life. Consider Olympic swimmer Michael Phelps. He set out to do something that no one else had ever done: win eight Olympic gold medals. It’s instructive to look at his drive to succeed and what he did to prepare for and achieve his goals.

## Resilience and a Positive Attitude

It’s important to remember that you will hear “no” more frequently than you hear “Yes, I’ll take it.” That challenge, however, is offset by the thrill of victory when the sale is made and a relationship with the customer based on trust is built. You can only succeed when you go the extra mile, by investigating one more lead, going back for the second sales call even when the first hasn’t been successful, and trial closing even if you are not sure you can really get the sale. Dave Kahle, “The Four Characteristics of Successful Salespeople,” *Industrial Distribution* 97, no. 4 (April 2008): 54. It’s the eternal optimism that pushes you, even when others might think there is no reason to pursue the sale. If you think you can make it happen, you should definitely be in sales.

## The Willingness to Take Risks

Has anyone ever told you, “You won’t know until you try”? That statement is especially true in sales. You can set yourself apart by taking smart business risks. Think about how you consider taking risks in everyday life and how they pay off. For example, let’s say you are from a small town and you chose to go to a college in a big city because you wanted to experience something new. That was a risk; it took you outside your comfort zone. But if you hadn’t taken the risk, you would have never known what life in a big city was like. Great salespeople go beyond the norm to explore and test the waters. For example, making phone calls to senior executives that you have never met, networking with people you don’t know, or making a presentation to a room full of customers all involve some level of risk. But getting out of your comfort zone and taking risks is how great opportunities are found.

## The Ability to Ask for an Order

It may sound intuitive that successful salespeople shouldn't be afraid to ask for a customer's order, but you would be surprised at how often it happens. Most customers *want* you to ask for their order. "Would you like fries with your hamburger?" "What can I get you for dessert?" and "Would you like to pay with credit or cash?" are all examples of salespeople asking for the order.

A large percentage of the time these salespeople are successful and meet their customers' needs at the same time. You reduce your chances of being successful if you don't ask for the order. In other words, if *you* don't ask for the order, someone else *will*.

## Independence and Discipline

Most sales positions require independence, self-motivation, and discipline. Although these traits may seem contradictory, they are actually complementary. Independence is especially important if you are calling on customers in person. It usually requires travel, either locally by car or by plane, which means that you have to be able to manage your time without being told what to do. In fact, it means that you set your schedule and do what you need to do to meet your sales goals but having this kind of independence requires discipline and self-discipline is considered essential for successful sales. "*Self-discipline is the difference between success and failure...and in sales, it is what separates the great from the mediocre*" according to Anthony Iannarino, a multi-book writer on the success of sales <https://www.inc.com/theodore-kinni/w...cing-this.html> (accessed May 20, 2024).

## Flexibility

Along with the need for independence comes the importance of flexibility. Just as you are able to set your own schedule, you have to be flexible based on your customers' needs. Most sales positions are not nine-to-five jobs. That means you might be working nights or weekends, or you might be traveling out of town during the week or even long periods of time, especially if you are selling internationally. You have to be available when your customers want to buy. Before you cringe at the prospect of grueling hours and long flights, remember that this kind of schedule may also work to your advantage. You may have some weekdays off, which allow you to enjoy family, sports, or other outings that you might not otherwise have an opportunity to enjoy.

## Passion

If you are not passionate about what you are selling, how do you expect your customers to believe in you and your product? You have to love what you do, believe in it, and feel passionately about it. Passion encompasses all the traits mentioned above; it is how they all come together. Passion is the element that sets you apart from other salespeople and makes your prospects and customers believe in you and your product or service. See why Selena Cuff, head of Heritage Link Brands, thinks passion is what makes a great salesperson. "*I look for passion for the product and I don't think that's something that you can fake. As a salesperson, you are up against a lot of no's, a lot of reasons people can't take the product, and you have to convince them. You can't do that in a slimy way. You can't fulfill that need if it's just about the money or meeting the numbers. Passion is what creates the ability to meet your customers' needs on the scene and get the sale.*" (What makes a great salesperson, n.d.).

## Creating Value

The role of a salesperson can be summed up in one sentence: "Salespeople are value creators." To further describe what this means, think about a recent visit to the Apple Store. If you go to the store at virtually any hour, it is filled with customers. The salespeople are not just those that are pushing a product, hoping that you buy so that they make their sales quota. They are experts who know everything about the products in the store whether they be MacBooks, iPads, or iPhones. The salespeople engage you in dialogue, listen, and learn about what you are looking for. They ask questions like, "What do you do with the photos you take? Do you like to make videos? Do you want to easily access the Web from your phone?" No techno-talk, no slick sales pitches. They just want to know what is important to you so that they can let you try the product that not only fits your basic computing needs, but also blows you away. Apple and its sales team know that computers are complicated and can baffle even savvy users. To build trust and confidence with their customers, they developed the "Genius Bar" so that Apple users know that they can always talk to an individual and find help with any problem or question they may have. In fact, Apple dedicates a section of their Web site to the Genius Bar and invites customers to make an appointment online to come to a store to talk to one of the "resident Geniuses." Talk about creating value. As a result, Apple is able to charge a premium for its product and generate such demand that in some cases people are line up to buy their latest products.



## What Will You Be Doing?

The life of a salesperson is never dull. You could be working with a single customer or with multiple customers. You might work in a corporate office, or you might work from your home. You might talk to customers via phone, live chat, instant message, and text, or you might meet with them in their office in your neighborhood, your region, or anywhere around the world. You might be working on research to identify new customers, preparing a presentation for a new or existing customer, meeting with customers face-to-face, following up to get contracts signed, or communicating inside your organization to be sure all goes well to deliver the product or service to the customer on time and on budget. On any given day you might be working on any number of activities to support an existing customer or to approach, present, or close a new customer.

### Key Takeaways

- To be successful in sales and in life, you have to enjoy what you do for a living.
- A good salesperson does more than sell; he builds a relationship and trust with the customer and offers solutions.
- A successful salesperson is a good listener. It's important to listen and understand the challenges that the customer is facing in order to present solutions that will work.
- Asking the right questions is critical to being successful in sales. It is the right questions that provide an opportunity for customers to share their challenges. Successful salespeople are always learning new things from selling techniques to technology in order to bring the best ideas to customers.
- Selling requires independence and discipline. There is no typical day in selling so salespeople have to be able to manage their own time.
- One of the biggest challenges of being in sales is the number of times you hear “no.” Successful salespeople are resilient, have a positive attitude, and are willing to take risks.
- Passion is one of the most important characteristics of a successful salesperson. If a salesperson isn't passionate about what he sells, it's unlikely that his customers will be motivated to buy.
- The primary role of a salesperson is to create value for the customer and the company.
- A job in sales can be very rewarding on both a personal and a financial level, and it can lead to just about any career path you choose.

#### ? Exercise 1.3.1

1. Think about someone you trust such as a parent, professor, friend, classmate, or colleague. Describe why you trust him or her. Now, think about that person again. Would she say that she trusts you? How would she describe why she trusts you?
2. Ask a classmate to describe his background and then describe yours for five minutes each. Write a summary of his background based on what he or she said and ask your classmate to do the same. How accurate was each of your summaries? How many details did each include in the summaries? What did you learn about listening skills?
3. Discuss the sentence, “Salespeople are communicators, not manipulators.” What does it mean? Why is it important to know the difference in sales?
4. Describe at least three characteristics of a good salesperson. Do you have any or all of these characteristics? What is appealing to you about a profession in selling? What is not appealing to you about a profession in selling?
5. Invite a salesperson to visit your class (in person or virtually) to discuss his career in sales, what he thinks is most rewarding, and what he finds most challenging.

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## 1.4: Sales Channels

### Learning Objectives

- Understand the different types of selling channels and selling environments.

If you had an accident and broke your leg, you would go to an orthopedic surgeon to have a cast put on it. However, if you had a skin rash you would go to a dermatologist to get relief and clear up the rash. Several doctors may have a role in helping you manage your health, so it makes sense that not all doctors conduct the same procedures. Some perform surgery and others diagnose, monitor, and recommend tests or further steps. Just as doctors play different roles in the health care field, the same is true for salespeople in the business arena. Different people perform different functions in the selling process.

### Is It B2B or B2C?

There are two major **distribution channels**, or organizations or group of organizations involved in the process of making products and services available to customers in which personal selling is conducted. Barton A. Weitz, Stephen B. Castleberry, and John F. Tanner, Jr., *Selling: Building Partnerships*, 7th ed. (New York: McGraw-Hill Irwin), 10. Personal selling involves communication between a customer and a salesperson with the intention of providing information for the customer to make a buying decision. **Business-to-business** (also referred to as B2B) is when businesses sell products or services to other businesses for consumption by the ultimate consumer. For example, Whirlpool sells washers and dryers to Sears and makes them to the specifications determined by Sears for the Kenmore name before they are sold in Sears and K-Mart stores. Other examples of B2B selling include parts or ingredients, such as when Intel sells computer chips to Toshiba to manufacture laptop computers or when a fabric company sells cotton fabric to Gap to make their T-shirts.

Many B2B companies, such as Intel, have branded their products so that these products are quickly identified by consumers even though the products are only sold to businesses. These companies believe so strongly in the power of branding (which you learned about in Chapter 1) that they are willing to invest in building the awareness and perception of their brand name despite the fact that you can't go to a Web site or store and buy their product; you can only buy their product because it is a part of another product.

On the other hand, the transactions in which you as a consumer participate are **business-to-consumer** (also called B2C), which means that a company is selling a product or service directly to you as the ultimate consumer. In the example above, when Sears and K-Mart sell the Kenmore washers and dryers to consumers, it is B2C personal selling. Other examples of B2C selling include a waiter taking your order at a restaurant, a salesperson helping you find jeans in your size at American Eagle Outfitters, or a real estate agent showing you a house.

Some companies engage in both B2B and B2C selling, such as Staples, FedEx, Microsoft, and Geek Squad, since they serve business customers as well as the ultimate consumer. Many manufacturers such as Dove, Coke, and Oscar Meyer don't actually participate in B2C personal selling, but these brands use B2C marketing to make consumers aware of their brands. Meanwhile, their B2B personal selling organizations focus on selling these products to retailers such as Target, CVS, and Costco (i.e., their customers), which in turn, sell their products in B2C channels to consumers like you.

There are some important differences between B2B and B2C selling. B2B selling engages with fewer customers (which makes sense because there are fewer businesses than there are consumers). At the same time, however, B2B selling involves much larger purchases. Companies purchase parts, ingredients, or supplies to service many consumers, while consumers only purchase a product or service for their own consumption or that of their family and friends. Since B2B purchases are larger in value than consumer purchases, the selling process is usually longer. This is as a result of the size of the purchase, and in many companies, there are multiple people involved in the purchasing decision.

Business-to-Business (B2B)	Business-to-Consumer (B2C)
Relatively few potential customers	Many customers
Larger purchases (purchasing for production and/or sale to many ultimate consumers)	Relatively small purchases (for personal use or for family or friends)
Longer selling cycle	Relatively short selling cycle
Multiple influencers and decision makers	Fewer influencers and decision makers
More difficult to identify influencers and decision makers	Easier to identify influencers and decision makers

Figure 1.4.5: Business-to-Business versus Business-to-Consumer Selling Characteristics

## Types of B2B and B2C Selling

When you go to McDonald's and a salesperson asks you if you want fries with your order, there is not much involved on the part of the salesperson. In fact, you may not have even considered the person who took your order to be a salesperson. This is a selling situation that matches the needs of the buyer efficiently with the operation, but it doesn't require a personal relationship or detailed product information to consummate the sale. The product or service is of low dollar value and no additional contact is required for the sale. This is called **transactional selling**, and it occurs in B2C situations like this one, as well as B2B situations.

On the other hand, **consultative selling**, also called relationship selling, takes place when there is a long-term or ongoing relationship between the customer and the seller, and the salesperson takes on the task of truly understanding the customers' needs and providing solutions to meet those needs. In this type of selling situation, **adaptive selling** takes place. This occurs when a salesperson changes selling behavior during a customer call to improve the exchange or outcome. For example, if you were working with a financial advisor to develop a retirement plan, the advisor would be consulting you on the best ways to save and how to best invest your money. She would adapt to your needs based on your feedback. If you told her, "I don't want to be in such high-risk investments," this would prompt her to adapt her selling behavior to better match your needs.

In some cases, the selling relationship goes beyond consultative selling and establishes a true method for mutual benefit; this is called a **strategic alliance**. In this situation, sellers and buyers work together to develop opportunities and points of difference that wouldn't exist without the relationship. Barton A. Weitz, Stephen B. Castleberry, and John F. Tanner, Jr., *Selling: Building Partnerships*, 7th ed. (New York: McGraw-Hill Irwin), 36. This type of relationship is usually found in B2B environments because a strategic alliance typically involves two companies that have something to gain by each taking an appropriate risk. The deal between Starbucks and Barnes & Noble is a classic example of a strategic alliance. Starbucks brews the coffee. Barnes & Noble stocks the books. Both companies do what they do best while sharing the costs of space to the benefit of both companies.

## Is It Inside or Outside Sales?

What is the difference between the salesperson with whom you live-chat on BestBuy.com and the person you talk to in the store? Although both are salespeople for Best Buy, the person with whom you conducted live chat is considered an inside salesperson; the salesperson you spoke with in the store is considered an outside salesperson. Inside salespeople rarely, if ever, meet face-to-face with customers, whereas outside salespeople communicate with customers in a variety of ways, including in-person meetings.

For many B2B and B2C companies, the **outside salespeople** are generally the primary drivers of sales and costs of sales, since the outside salespeople travel to meet in person with customers to learn more about their needs, build relationships, and provide consultation and solutions. Inside salespeople usually perform more tactical selling functions such as providing product information (as in the Best Buy example above), following up on details, and keeping the customer informed of basic information.

Companies have traditionally used **inside salespeople** because they are part of a strategy that helps keep selling costs low. Today, many companies are converting outside salespeople to inside salespeople to further reduce selling costs. Advances in technology

are blurring the lines between inside and outside salespeople by providing platforms for inside salespeople to be more collaborative and consultative with tools such as video conferences and webinars. As more companies leverage technology and think differently about customer relationships, the concept of inside and outside salespeople will evolve around the most mutually efficient and beneficial customer relationships, rather than the physical location of the salespeople.

## Direct Selling

You may have been invited to a “party” at a friend’s or relative’s house to see the new line of Nutrilite Ocean Essentials vitamins and supplements. You have heard good things about the products from your friend. You didn’t realize that Nutrilite also made sports drinks and energy bars. You have a great time trying the products and talking to everyone at the party, so you decide to try the Nutrilite ROC 20 Antioxidant Enhanced Drink Mix, and you order it in three flavors.

You just experienced the **direct selling** process, which is the sale of a consumer product or service away from a fixed retail location. Some of the most well-known direct selling companies are Tupperware, Mary Kay Cosmetics, Avon, and Pampered Chef. There are over 19 million people in the United States who sell products or services via direct selling, Statista, “*Number of salespeople of the leading direct sales companies in the United States in 2021*”, <https://www.statista.com/statistics/...-companies-us/>, (accessed May 20, 2024).

What makes direct selling so appealing is the fact that you can run your own business using the power of an established brand name and without the costs of manufacturing or providing the product or service. More important, you are your own boss. Although direct selling usually requires an initial purchase of products or services, called starting inventory, many direct sellers have been able to supplement their incomes and in some cases make it their full-time job, earning more than six figures a year. Given the opportunities, you probably aren’t surprised to learn that direct selling is growing as a result of the uncertain job market. Recent grads, retirees, and everyone in between are turning to direct selling as a way to safeguard them during the recession. It’s attractive because those who sell or distribute the products (also called **independent business owners [IBOs]**) make a percentage on the products they sell. But direct selling isn’t lucrative for everyone. Not all IBOs maintain their focus and develop their network. It’s hard work running your own business. It takes time, discipline, effort, focus, and passion.

Many direct selling companies engage in network marketing, also called **multilevel marketing (MLM)**, which allows IBOs to invite other people to sell the products and earn money based on the sales of those they recruited. If you think about the concept of social networking on websites such as Facebook, it’s easy to understand MLM. You can expand your network of contacts simply by tapping into the network of your friends; MLM operates on the same principle. If you sell to your friends and they sell to their friends, your opportunity to earn money expands significantly with every contact. So if you were an IBO for The Body Shop and you recruited your friend Jessica to be an IBO, and she recruited her friend Lashanda to be an IBO, you would not only make commission on your product sales, but also on the product sales of Jessica and Lashanda. You can see how being a part of an MLM company can offer significant earning potential.

Unfortunately, there have been some unscrupulous people involved in the MLM business, and some have created **pyramid schemes** in which many people have lost money. As a result, most states have laws against “pyramiding,” a practice that offers incentives simply for recruiting new members of the network or IBOs. The laws require incentives to be paid only when sales are generated.

You can check out the top multilevel marketing companies worldwide at the website noted here. <http://www.mlrankings.com>

## Entrepreneurial Selling

Martha Stewart (Martha Stewart Living Omnimedia), Mark Zuckerberg (Facebook, now Meta), and Jeff Bezos (founder of Amazon) each had a unique idea for a product or service. And while good ideas are key to building a business, what ultimately made each of these people successful was their ability to sell their idea to their customers and to their investors.

If you have the passion and vision to start your own business, you will need selling skills no matter what business you decide to create. Being an entrepreneur can be exhilarating, invigorating, and exciting. But it can also be challenging, time-consuming, and frustrating. That’s why successful entrepreneurs, like successful salespeople, plan, do their homework, listen to customers, and make ideas and solutions come alive. It’s no surprise that the traits of a successful salesperson discussed earlier in this chapter are the same traits that are required of an entrepreneur. Just like the different types of sales positions covered previously, there are virtually unlimited types of businesses that can be started by entrepreneurs. Consider the fact that the Internet levels the playing field because it provides business opportunities to all businesses regardless of size. Many of these entrepreneurial business opportunities were not available even a few years ago (and will undoubtedly provide new opportunities that don’t even exist yet).

So whether you are a Power Seller on eBay or a dog-walker in your neighborhood, you have the power to start the business of your dreams. This course will give you the invaluable skills and the insights necessary to do so.

## Nonprofit Selling

Nonprofit organizations are those that use their proceeds to reinvest in the cause and are granted “tax-exempt” status from federal and other taxes. Carter McNamara, “Starting a Nonprofit Organization,” Free Management Library, [http://managementhelp.org/strt\\_org/strt\\_np/strt\\_np.htm#anchor516676](http://managementhelp.org/strt_org/strt_np/strt_np.htm#anchor516676) (accessed May 21, 2024). Religious organizations, charitable organizations, trade unions, and other specifically defined organizations may qualify as nonprofit. Internal Revenue Service, “Tax Information for Charities & Other Non-Profits,” [www.irs.gov/charities/index.html](http://www.irs.gov/charities/index.html) (accessed June 23, 2009). In fact, your school may be a nonprofit organization.

You might be wondering what selling has to do with nonprofit organizations. The fact is that fund-raising and the development of endowments are actually the lifeblood of nonprofit organizations. Your school may have a director of alumni relations and development. This is the person who secures donations for the continued development of the school and facilities; for example, if your school needs a new athletic facility or classroom building, much of the funding would likely come through the alumni office. Just like for-profit businesses, selling is the engine of nonprofit organizations as well. If you have a passion for a particular cause, such as the green movement, breast cancer, literacy, or education, among others, and want to focus on making a contribution by choosing a career in the nonprofit sector, you can find selling opportunities at many organizations. Although you may want to volunteer for some organizations before you make a career choice, there are paying career fund-raising and development positions in the nonprofit sector. Check out these Web sites to see jobs and job descriptions in the nonprofit sector.

## Key Takeaways

- Companies sell to customers in **business-to-business (B2B)** or **business-to-consumer (B2C)** channels. The type of channel is based on the type of consumer who is buying.
- **B2B** selling differs from **B2C** selling because there are relatively few customers, larger purchases, and longer selling cycle.
- When you are engaged in **consultative selling**, you build a relationship and tailor solutions according to your customers’ needs. When you are engaged in **transactional selling**, you are focused on a single sale or transaction.
- There are many different types of selling positions that may vary by industry. You may be involved in **outside sales**, which includes meeting face-to-face with your customers or you may be involved in **inside sales**, which includes contact by phone, e-mail, text, instant messaging (IM), or fax, as well as sales support activities.

### ? Exercise 1.4.1

1. Identify two companies that sell in both business-to-business and business-to-consumer channels. Discuss at least two ways in which they sell differently to businesses as opposed to consumers.
2. Identify a company that uses both transactional selling and consultative selling. Discuss the difference in the types of products that are sold in each example. Discuss the difference in the customer experience in each example.
3. Discuss the different types of sales positions you learned about in this section. Which type is attractive to you as a possible career? Why?
4. Discuss the reasons why someone might want to pursue a career in sales. Discuss the reasons someone might not want to pursue a career in sales.
5. Research companies and identify which offer some of the sales positions described in this chapter.
6. Contact a salesperson at a company in your area. Ask him to describe his role in the company, what type of customers he sells to, and what it takes to be successful in sales.
7. Visit the Web site of one of the multilevel marketing companies such as Pampered Chef (<http://www.pamperedchef.com>), Amway ([www.amway.com/en](http://www.amway.com/en)), or Silpada Designs ([www.silpada.com/public/](http://www.silpada.com/public/)). Discuss the pros and cons of being an independent business owner (IBO). Discuss the type of selling used by the IBO; is it transactional or consultative?

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## 1.5: Why and How People Buy

### Why and How People Buy: The Power of Understanding the Customer

#### Learning Objectives

- Describe the different types of customers and why this information is important in determining customers' needs.
- Discuss the implications of Maslow's hierarchy of needs for selling.
- Learn the types of buyers and buying situations in the business-to-business (B2B) environment.

You walk into an Abercrombie & Fitch store at the mall, and without thinking about it, you turn to the right and make your way through the denim, past the belts, and to the sweaters. You are so engaged in the experience that you didn't even realize that the huge mural at the entrance to the store serves a purpose other than to make you look twice at the hot model in the larger-than-life photo. Before you know it, one of the oh-so-gorgeous salespeople dressed in Abercrombie from head to toe approaches you with a smile. "These hoodies are awesome," she says as you pick up the pale blue one.

Shopping. It's the national pastime for some but a detested necessity for others. Whether you love shopping ("Oh, that is soooooo cute!") or do everything to avoid it ("I'm not going to the mall, no matter what"), it is a major source of spending in the United States. By the end of 2023, total retail sales reached approximately **7.24 trillion U.S. dollars**, around one and half a billion U.S. dollar increase from the year before. Retail sales include everything from products and services in retail stores and e-commerce to food service and automotive. Statista, "*Total retail sales in the United States from 1992 to 2023*", <https://www.statista.com/statistics/...us-since-1992/>, (accessed May 20, 2024). That's a lot of selling—and a lot of buying. But what makes you stop and pick up one sweater but not another? What makes you buy a pair of jeans you weren't even looking for? What makes you walk out of the store spending more than you had planned?

#### Inside Consumer Behavior

The science of consumer behavior describes and even defines how you shop and, more importantly, why you buy. Smart retailers study consumer behavior patterns and lay out their stores and merchandise accordingly. For example, did you know that 86 percent of women look at price tags when they shop, while only 72 percent of men do? (Proctor, 2017). And did you know that the average shopper doesn't actually notice anything that's in the entrance of a store? According to Paco Underhill, CEO and founder of EnviroSell, and author of the book *Why We Buy: The Science of Shopping*, consumers do not actually begin shopping until a certain point after they enter the store. That is why smart retailers include a "transition zone" at the entry to their store; it allows customers to get their bearings and choose their shopping paths. In other words, products, signs, and displays that are in the very front of the store might not be seen if there is not a transition for the customers when they enter. In the case of Abercrombie & Fitch, the transition is the space just inside the entrance that includes the humongous photo of the Abercrombie model du jour. When you go into Hollister, it is the outside porch that serves the same purpose; it is a transition that allows you to get your focus and plot your course in the store, even if you do not consciously realize it. Think about the last time you went into a grocery store or drug store; you might not have noticed anything until you were well inside the store, which means that the merchandise and signs that were displayed in the area before you got your bearings were virtually invisible to you (Underhill, 1999). Subconsciously, you adjust your eyes to the light, process any smells and sounds, notice the temperature, if it is busy and the general layout of the store when you first enter before you think about the actual shopping (Stephenson, 2019). "*Rather than waste the space with a cluttered front entrance that has little chance of being noticed, it's better to create an effective transition zone*" (Stephenson, 2019, para 9).

Understanding how and why customers buy can make a significant difference in how you sell. Is the product a considered purchase, like a computer or car or an impulse buy, like a sweater or music download? Is the product bought frequently, like an energy drink, or only once every few years or even once in a lifetime, like a car or a college education? For each of these products, the customer goes through a buying process. Understanding the customer and the buying process can make your selling efforts successful.

#### Do You Need It or Want It?

Think of something you need, like an annual medical checkup, a new apartment because your lease is up, or even food to survive. There are some products and services you purchase solely because you can't exist without them. Now think about something you

want: a new pair of jeans, an iPhone, tickets to a concert. There is a significant difference in what motivates you to buy products and services you need, compared to those you want.

## Needs versus Wants

Needs are essentials, those products and services you literally cannot live without. Food, shelter, clothing, transportation, and health care are all examples of needs. Wants, on the other hand, are products, services, and activities that can improve your quality of life; you don't need them to exist, but rather you desire to have them because you think they will make you happy. Cell phones, vacations, sporting events, restaurants, amusement parks, cable television, and fashion are all examples of wants. People are motivated differently depending on if they are making a purchase for a need or a want. Could you see how cellphones could be argued as a need and a want?

Needs and wants have different motivations. Think about buying a computer; you could focus on the functional attributes of the car such as miles per gallon, maintenance costs, and safety ratings. Functional attributes fit within utilitarian needs—those needs that are necessary (Das, Mukherjee, & Smith, 2018). So, if those were your only needs, you might choose a Ford Focus or Toyota Prius. But you might want to have something a bit sportier, maybe even flashy, to get around campus, you might choose a Mini Cooper, Jeep, or even a BMW. These cars would do more than simply provide transportation; they would meet your hedonic needs—those needs that are associated with pleasure, feeling, emotion and senses (Gopal, Amaradri, & Ronn, 2018). You might choose to buy a Mini Cooper because you can customize the design online. That would certainly meet a need other than providing basic transportation. Some people buy a BMW because they want the status that goes with owning that make of car, or perhaps they think that having a Mercedes-Benz means they have arrived. When you understand the difference between needs and wants and between utility needs and hedonic needs, you are better able to tailor your selling communications.

When you understand the difference between needs and wants and between utility needs and hedonic needs, you are better able to tailor your selling communications.

## Maslow's Hierarchy of Needs

When Hurricane Katrina hit the United States on August 28, 2005, the Gulf Coast was devastated. Thousands of people were stranded for days, some without food, water, or shelter due to overwhelming flooding. Almost two thousand people lost their lives in the natural disaster. During those horrible days and in the aftermath, those who were affected by the catastrophe did not care what kind of car they drove, what anyone did for a living, or if they forgot to sign up for French or scuba lessons. They were focused on the basics: food, shelter, and clothing.

This tragedy is a demonstration of exactly how **Maslow's hierarchy of needs** works. Abraham Maslow is among the most renowned psychologists of the twentieth century. His theory explains human behavior in simple terms: A hierarchy of needs that begins with the most basic of **physiological needs** (e.g., food, water, shelter, and clothing) motivates people, and when the lowest-level needs are satisfied, they are no longer motivators.

During the days after Hurricane Katrina hit, people were rescued and provided with water, food, and shelter. Many were relocated to temporary housing or even to housing outside the affected areas. It was not until after the physiological needs were met that people became concerned about the next level of needs on Maslow's hierarchy: **safety needs**. Looting of shops in some of the cities began to occur, and there was even concern that the police force in some cities was not taking an active role in arresting those who were breaking the law. Associated Press, "Looters Take Advantage of New Orleans Mess," <https://www.nbcnews.com/id/wbna9131493> (accessed May 20, 2024.). The people of the Gulf Coast were no longer motivated by simply getting water, food, or shelter; they had moved up Maslow's hierarchy and were concerned about their personal security and well-being.



Figure 1.5.3: Maslow's hierarchy of needs demonstrates that humans fill higher needs only after lower needs are met.

As the days and weeks passed after Hurricane Katrina hit, its victims wanted to get back to their normal lives. They searched for options to put their children back in school, ways to get jobs, and options to rebuild their lives. By Christmas 2005, people stopped to celebrate the holiday together. By this time, they were motivated by **social needs**, or the need to belong and have an attachment or bond to others.

Slowly but surely, people began to rebuild their lives and their cities. People took on leadership roles and began to take recovery to the next level. Even people who were hundreds of miles away from the hurricane-ravaged area wanted to help. Volunteers from all over the country began to make the pilgrimage to the Gulf Coast to help in any way they could. In fact, volunteer vacations to help rebuild cities such as New Orleans became commonplace and are still going on today. This is an example of **esteem needs**, or the need to feel respected and appreciated by one's peers. Although volunteers were motivated by social needs and the need to help their fellow human beings, they found that they were also greatly appreciated for their efforts.

Although recovery took years, many of the people affected by the destruction of Hurricane Katrina were striving for **self-actualization**, which focuses on learning

## Business-to-Consumer (B2C) Buying

Think back to your visit to the Abercrombie & Fitch store. It's pretty obvious that you are the customer, or in marketing parlance, you are the **consumer**, the end user of the product or service. You might be shopping for yourself or buying a gift for a family member or a friend. Either way, you (or the person to whom you are giving the product) are the ultimate consumer, which is what defines B2C buying. So, whether you are buying a cell phone and service at a Verizon store, a music download from iTunes, or a burger and fries at Burger King, you are buying in the B2C arena. Even though you may behave differently than your brother or roommate in terms of your purchasing decisions, you are all described as B2C customers because you are the ultimate consumer of the products or services you buy.

## Producers

Companies that buy products to make or build a product or service to sell for a profit are called **producers**. For example, in the case of Reebok, the company purchases components for its athletic shoes from a variety of vendors around the world. Reebok uses the components to manufacture the shoes and sell them to retailers such as Foot Locker, which in turn, sell the shoes to consumers like you. In this example, Reebok is engaged in B2B buying as a producer because the company purchases parts or materials to make shoes and then sells them to other companies. Barton A. Weitz, Stephen B. Castleberry, and John F. Tanner, Jr., *Selling: Building Partnerships*, 7th ed. (New York: McGraw-Hill Irwin, 2009), 86. Reebok is a B2B purchaser but not a B2C seller; the company markets its brand directly to B2C consumers to gain recognition and drive consumers to participate in B2C buying at retailers that carry its brand.

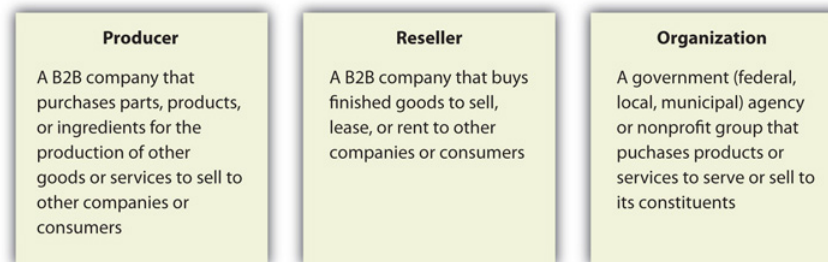


Figure 1.5.4: Types of B2B Buyers

## Resellers

**Resellers** purchase finished goods to sell, lease, or rent to B2B or B2C purchasers. In the example above, Foot Locker is a reseller because the company buys finished products from manufacturers such as Reebok, Nike, New Balance, Ryka, and others. In other words, Foot Locker doesn't manufacture products but rather buys them from other companies to sell them. It's important to note that although Foot Locker buys in the B2B arena as a reseller, the company sells in the B2C arena because it sells its products to the ultimate consumer.



## Big Differences

B2C and B2B purchasers are different for several reasons. The most important differentiator is that consumers purchase for their own consumption (or the consumption of their household or friends), whereas B2B customers purchase to produce or resell the product to a company or the ultimate consumer. There are also several other key differences between B2C and B2B buyers. Generally, B2C buying is based—for the most part—on impulse, low-risk decisions for products and services that are readily accessible. Whether you shop online, in a store, or at a direct selling party, your buying decisions impact only yourself and your family and do not put you at risk. Although you may make some significant buying decisions such as a house or a car, your options are easily accessible (go online, go to the mall or store), and your decisions don't put you in danger of losing anything—except, of course, if you spend money you don't have.

## Business-to-Business Means Person-to-Person

Although B2C buying behavior is very complicated, B2B buying behavior is even more complex. The fact is, although it's called business-to-business buying, the term actually describes *people* doing business with *people*. A *business* never makes a buying decision; the decision is made by *people* who work for the company. So B2B buying decisions are subject to the same behaviors as B2C buying decisions, but on a more challenging level because B2B buying decisions usually include multiple decision makers, an extensive evaluation process, extended analysis, and they represent a high risk on the part of the decision makers.

While many B2B buying decisions are made by an individual decision maker, many are made by a group of people working together, usually from different departments. When this is the case, the group is called a **buying center**, all the people in a group who are involved in the buying decision. For example, hospitals use buying centers to make decisions on new equipment, a retail company might use a buying center to determine which point-of-sale register system to purchase. The buying center usually includes people from the organization who have expertise in different areas, and each may play a different role in the buying decision. Following are some roles that may be included in the buying center.

## Users

The people in the B2B buying process may include some or all of the following roles. **Users** are the people who are actually using the product or service. In the case of a company purchasing a telecommunications system, the users are all employees of the company because each uses the telephone, Internet, and other communications technologies. But in the case of a company purchasing a security system, only the employees in the security department would be users of the product; other employees would simply enjoy the benefits of the product without actually using it. Because the users' satisfaction is so important, many companies involve users at various points throughout the buying process, including gathering input, participating in product demonstrations, or even using the product as a test.

## Initiators and Influencers

**Initiators** are those people in the company who start the purchasing process for a particular product or service. Barton A. Weitz, Stephen B. Castleberry, and John F. Tanner, Jr., *Selling: Building Partnerships*, 7th ed. (New York: McGraw-Hill Irwin, 2009), 97. For example, the e-commerce manager in the marketing department may begin the process of seeking a new technology provider for e-mail and social networking services on the company's Web site. However, he may not be the final decision maker. There may be several departments involved in the purchasing decision including marketing, IT, and customer service, just to name a few. The e-commerce manager will most likely be a user and will take part in the buying process. In fact, he may even be an **influencer** in the final buying decision because he can lend his expertise to the team of people who will be making the final decision. He may compare the offerings from competitive companies, do a competitive cost analysis, and even conduct a cost-benefit analysis to determine which product will provide the most benefit for the least amount of cost. He might have a preference of which vendor to choose as a result of this information and his knowledge of the different companies in the industry. His influence may be quite significant as to what choice the company makes for the purchase. There may be other people in the organization who are also influencers, such as the IT manager, customer service manager, and others.

## Decision Makers

At the end of the day, it is the **decision maker** or decision makers who will make the final purchasing decision. Decision makers could be anyone who holds the responsibility or accountability for making buying decisions for the company. In the case of the e-

mail and social networking technology purchase, depending on the company, the decision maker might be the CEO, the head of the marketing department, or even a committee of people from marketing, IT, and customer service. A smart decision maker involves the users and influencers in her decision-making process to make the best choice. An investment in technology will not only be expensive, but will last for years; once a company makes a commitment to integrate their systems with a technology company, it is not practical to make frequent changes. The decision making process in B2B can take days, weeks, months, or even years to make, depending on the company and the product or service being purchased.

## Finding the “Power Level”

When you are selling in a B2B environment, you may not always have access to the ultimate decision maker. But building a relationship with the initiator, influencers, and users can be just as important and effective as meeting with the decision maker. However, you should always be aware of the “**power level**,” or exactly the level in the organization that is making the buying decision. Sometimes, salespeople don’t get to the power level, but instead stop at one or two levels below that critical level where the purchasing decision is being made. If the vice president of human resources is making the decision as to which vendor to choose for the company’s training programs, it’s important to build a relationship with her. Having a relationship with the director of training is critical, but a successful salesperson wouldn’t stop there; he would work to secure a relationship at the power level, which is the vice president. This video discusses the power level and its importance to success in selling.

## Types of B2B Buying Situations

There’s still more you can learn about the B2B buying environment. Although companies are so different from each other (some are large multinational corporations while others are one-person operations) and the types of products and services being purchased are so different (everything from business cards to office buildings), it might seem difficult to know how to apply the concepts covered to every buying situation. One way is to understand the different types of buying situations that face a B2B buyer.

### New-Task Buy

If a company is moving its headquarters to a new building that does not come equipped with office furniture, the company will need to acquire furniture for all of its employees. This is a new purchase for the company, which would classify it as a **new-task buy**. Gerald L. Manning, Barry L. Reece, and Michael Ahearne, *Selling Today: Creating Customer Value*, 11th ed. (Upper Saddle River, NJ: Pearson Prentice Hall, 2010), 163. When a customer is contemplating a new-task buy, it is an excellent opportunity to use your consultative selling skills to bring information to your customer to help her make the best possible decision.

### Straight Rebuy

What if your customer is already purchasing the product or service regularly? Although he may currently be purchasing the product from you, he already knows about the product or service, how to use it, and how much he is currently paying for it. This is called a **straight rebuy**. Gerald L. Manning, Barry L. Reece, and Michael Ahearne, *Selling Today: Creating Customer Value*, 11th ed. (Upper Saddle River, NJ: Pearson Prentice Hall, 2010), 163. a routine repurchase of a product or service. Usually, straight rebuys are consumable products or supplies such as office supplies, maintenance supplies, or parts. This is an opportunity for you to shine, whether the customer is currently purchasing from you or not. When purchases are on “auto pilot,” sometimes the salesperson gets lazy, takes the business for granted, and doesn’t go the extra mile to suggest something new or better. If a prospective customer is already buying from someone else, you have the opportunity to win her over by suggesting a better or more efficient product, a different pack size or method of replenishment, or other ideas that will help the customer save time or money or increase quality. For straight rebuys, it is often price that gets the customer’s attention, but it is service (or lack of it) that makes the customer switch providers.

### Modified Rebuy

Sometimes, your customer may already be purchasing the product but wants to change the specifications; this is called a **modified rebuy**. Gerald L. Manning, Barry L. Reece, and Michael Ahearne, *Selling Today: Creating Customer Value*, 11th ed. (Upper Saddle River, NJ: Pearson Prentice Hall, 2010), 163. For example, when the magazine *Vanity Fair* did a split run of their magazine cover for their September 2009 issue, they printed half of the copies with Michael Jackson on the cover and half with Farrah Fawcett. Lorena Bias, “Fawcett, Jackson Get ‘Fair’ Magazine Play,” *USA Today*, August 3, 2009, life 1. Although they print the magazine monthly, they modified the printing specifications for that issue. Therefore, the sales rep from the printer sold the September 2009 print run as a modified rebuy. Selling to a customer who is purchasing a modified rebuy is an excellent opportunity to demonstrate your flexibility and creativity. Many times, customers have an idea in mind for a modification, but if

you can bring them ideas and insights that will help them increase their business profitably, you will have the upper hand in securing the buy.

## Strategic Alliance

Although most B2B selling depends on relationships, some selling situations go above and beyond the traditional relationship between a salesperson and the customer. Some relationships go to the next level and actually create a partnership that puts both parties at risk and provides opportunities for all parties to gain; this is called a **strategic alliance**. The deal between Starbucks and Barnes & Noble is a classic example of a strategic alliance. Starbucks brews the coffee. Barnes & Noble stocks the books. Both companies do what they do best while sharing the costs of space to the benefit of both companies.

## Who Makes the Buying Decision?

In many companies, there is a function called buyer, purchasing manager, materials manager, or procurement manager. These are the people who are responsible for making buying products, services, and supplies for the company or for the company's customers. In most cases, they are the decision makers for purchasing decisions.

Because most purchasing decisions in a company have a significant impact on the users and on the profitability of the company, some companies create cross-functional teams called a buying center. These people work together to make important buying decisions for the company or organization. For example, many colleges and universities have a buying center that makes decisions that impact all users in the school such as a new e-mail system, classroom, or dormitory supplies. Michael R. Solomon, *Consumer Behavior: Buying, Having, and Being*, 8th ed. (Upper Saddle River, NJ: Pearson Prentice Hall, 2009), 184.

## Key Takeaways

- Customer behavior is a science, not an art, driven by specific needs that drive motivation.
- A **consumer** who purchases in a B2C environment is the end user of the product or service.
- A B2B purchaser, also called an **organizational** or **institutional** purchaser, buys a product or service to sell to another company or to the ultimate consumer.
- B2B purchasers may be **producers**, **resellers**, or **organizations**.
- B2B buys are characterized by being methodical, complex, budgeted, high risk, analytical, and coordinated across different parts of the company.
- B2B purchases are larger than B2C purchases, include multiple buyers, involve a smaller number of customers, and are geographically concentrated.
- **Maslow's hierarchy of needs** describes how people are motivated based on the level of needs that are being satisfied. Understanding a customer's motivation based on the hierarchy can provide valuable insights for selling.
- There can be several types of people involved in a B2B purchasing decision, including **users**, **initiators**, **influencers**, and **decision makers**.
- An individual such as a buyer, purchasing manager, or materials manager might make buying decisions. Some companies use a **buying center**, a cross-functional team that makes buying decisions on behalf of the company.

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## 1.6: How the Buying Process Works

### Learning Objectives

- List the steps in the selling process.
- Understand the role of emotions in the buying decision.
- Explore FAB for effective selling.

### The Evolving Buying and Selling Processes

The framework for the buying and selling processes has been in place for many years. The buying process changes literally every day and has dramatic impact on the selling process. Cultural, social, and technological changes will continue to drive companies for even better performance, faster, and with ideas as currency, which will continue to drive change in the buying process.

To understand the impact of the rapid changes occurring in the buying process, it's important to know the basic steps in the selling process.

Table 1.6.2 The Seven Steps of Selling

Traditional Seven Steps of Selling	Characteristics
1. Prospecting	<ul style="list-style-type: none"> <li>• Generating leads</li> <li>• Utilize technology</li> <li>• Social selling</li> </ul>
2. Pre-approach	<ul style="list-style-type: none"> <li>• Understand product value</li> <li>• Evaluate competition</li> <li>• Know the industry</li> </ul>
3. Approach	<ul style="list-style-type: none"> <li>• Determine how</li> <li>• First impression</li> <li>• Build a foundation</li> </ul>
4. Presentation	<ul style="list-style-type: none"> <li>• PowerPoint/multimedia</li> <li>• Listening</li> <li>• Team selling</li> <li>• Multiple calls</li> <li>• Value-added</li> </ul>
5. Overcoming Objections	<ul style="list-style-type: none"> <li>• Anticipate and address concerns</li> <li>• Problem solving</li> </ul>
6. Close	<ul style="list-style-type: none"> <li>• Identify mutual goals</li> <li>• Adding value</li> <li>• Ensure need satisfaction</li> </ul>
7. Follow-Up	<ul style="list-style-type: none"> <li>• Contacts after the sale to build the long-term relationship</li> </ul>

### Buying Process Meets FAB

No matter how the buying process evolves, customers continue to make purchase decisions driven by emotions. You learned how motivating trust and fear are for people who are making B2B buying decisions. Comfort, vanity, convenience, pleasure, desire to succeed, security, prevention of loss, and need to belong are all emotions that motivate purchases. A company may want to build a new building that carries its brand name downtown to signal its importance to the city and business community; that would be an example of vanity as a motivator. Or perhaps the company wants to move its headquarters to a better part of town to provide better security for its employees. Maybe a prominent figure in the community donates a large sum of money to your college motivated by the desire to give back. The same types of motivations apply to B2C purchases: a woman purchases makeup in the hopes of looking as beautiful as the model in the ads, a man buys a sports car in the hopes of turning heads, a student buys a microwave for the convenience of having food when she wants it.

Emotions are the driving force in so many B2C and B2B purchases that you might not even realize it. Consider this: would you buy the product in Figure 1.6.10?

<b>Nutrition Facts</b>	
Serving Size: 1 bag	
Amount per Serving	
<b>Calories</b> 140	Calories from Fat 60
% Daily Value *	
<b>Total Fat</b> 7g	11%
Saturated Fat 1g	5%
Trans Fat 0g	
<b>Cholesterol</b> 0mg	0%
<b>Sodium</b> 170mg	7%
<b>Potassium</b> 0mg	0%
<b>Total Carbohydrate</b> 18g	6%
Dietary Fiber 1g	4%
Sugars 1g	
<b>Protein</b> 2g	4%
Calcium	2%
Iron	2%
Vitamin E	4%
Thiamin (B1)	2%
Riboflavin (B2)	2%
Niacin (B3)	2%
Vitamin B6	4%
Magnesium	4%
Est. Percent of Calories from:	
<b>Fat 45.0% Carbs 51.4%</b>	
<b>Protein 5.7%</b>	

Figure 1.6.10: Nutritional Information. Source: [www.thedailyplate.com/nutrition-calories/food/doritos/cool-ranch-ind-bag](http://www.thedailyplate.com/nutrition-calories/food/doritos/cool-ranch-ind-bag)



Figure 1.6.11: The Doritos bag is more appealing than the nutritional information. Source: <http://fritolay.com/our-snacks/doritos-cool-ranch-chips.html>

So how do you create the same type of emotional appeal with your customers? The answer is simple: FAB.

Why does FAB work? Because customers want to know what a product or service will do for them—not just what it’s made of. B2C and B2B customers seek information before making a buying decision but are also driven by emotions. FAB helps you appeal

to a customer’s rational and emotional buying behavior by providing the most compelling features and factual information and then showing how the features provide an advantage that delivers a benefit. This is how salespeople help customers establish an emotional connection with a product. You remember from earlier in chapter the power of an emotional connection between a customer and a brand.

You probably use FAB sometimes without even realizing it. “My new Lucky Brand jeans have a dirty wash, fit great, and make me look thin. The best part is they were on sale for only \$89.00.” The features are the dirty wash and the fact that they were on sale for \$89.00; the advantage is that they fit well (no easy feat when it comes to jeans); the benefit is that they make you feel like you look thin and, as a result, make you feel good when you wear them. Your statement is much more powerful when you frame it with FAB than if you simply say, “I got some new jeans today for \$89.00.”

Or maybe you stopped into McDonald’s and tried one of their new Angus Third Pounders. The product feature is that the burger is one-third of a pound and is available in three flavor options; the advantage is that it is thick and juicy; the benefit is that you will enjoy the taste and your hunger is satisfied. The FAB message is more compelling than simply saying that you had a hamburger that was one-third of a pound; that would be stopping at the feature and not offering an advantage or benefit.

If you want to be able to use FAB in conversation, simply think in terms of the following:

- **Feature:** what the product *has*
- **Advantage:** what the features *do*
- **Benefit:** what the features *mean for the customer*

Table 1.6.3 gives features, advantages, and benefits for some common products.

Table 1.6.3: FAB in Action

Product	Feature	Advantage	Benefit
HP Pavilion Computer	250-GB hard drive	Enough space to store music, pictures, documents, and more.	Do more from playing video games to downloading all of your favorite music and still have space for your homework projects.
Caribbean Vacation	4 all-inclusive nights with airfare for only \$999 per person	Don’t worry about how to budget for the cost of the vacation because everything is included in one low price.	Enjoy a spring break you will never forget on a beach in the Caribbean.
2024 Toyota Prius	52 mpg	Lower your gas prices with a fuel-efficient Prius.	Be kind to the environment and travel in comfort for less with a Prius.

For example, if you were describing **Netflix** in terms of FAB, you might say something like the following:

**Feature: Extensive Content Library**

Netflix offers an extensive content library that includes a wide range of movies, TV shows, documentaries, and original series across various genres and languages.

**Advantage: Variety and Exclusive Content**

With such a vast collection, Netflix provides an unparalleled variety of viewing options, ensuring there is something for every taste and preference. Moreover, Netflix Originals—exclusive movies and series produced by Netflix—are often critically acclaimed and can only be found on this platform.

**Benefit: Personalized Entertainment Experience**

Subscribers benefit from a rich, personalized entertainment experience. The vast content library and exclusive shows mean users always have access to fresh, high-quality content tailored to their preferences. This makes Netflix a one-stop entertainment solution that can keep the whole family engaged and satisfied, providing hours of enjoyment and value for money.

By subscribing to Netflix, you gain access to an endless array of entertainment options, from blockbuster movies to groundbreaking series, all designed to cater to your unique tastes and viewing habits.

It's easy to remember by using the FAB framework as your guide.

## Key Takeaways

- The traditional B2B buying process has seven steps: need recognition, defining the need, developing the specifications, searching for appropriate suppliers, evaluating proposals, making the buying decision, and postpurchase evaluation.
- The Internet is a game-changer as it relates to the buying process because information is no longer the exclusive domain of the salesperson; the power has shifted from the seller to the buyer.
- Emotions such as comfort, security, convenience, pleasure, and vanity are major motivations for buying decisions.
- Trust and fear are especially important in B2B buying because the decision maker has to consider **organizational risk** and **personal risk** as part of his buying decision.
- The buying process continues to evolve, which changes the selling process; the traditional selling process provides a foundation and insight into the evolution.
- **FAB** (a.k.a. *features, advantages, benefits*) is the way to appeal to your customer's emotions with factual and emotional appeals.
  - A **feature** is what a product *has*.
  - An **advantage** is what the feature *does*.
  - A **benefit** is what the features *mean* to the customer.

### ? Exercise 1.6.1

1. Identify a recent major purchase that you made recently. How did you recognize the need for the product or service? Where did you go to gather information about the options that were available to you? Did you use one method or a combination of methods?
2. Contact a buyer at the headquarters of a retailer such as Dick's Sporting Goods, GameStop, Costco, Urban Outfitters, or another company. Ask him about the process he uses to determine which products to put in the retail stores. Is his process similar to the process outlined in this chapter? How does it differ? How does his postpurchase evaluation impact his decision to buy the product again?
3. Based on the comment that "customers don't want to be sold," what should a salesperson do to sell to a customer? Identify an example of a good buying experience and a bad buying experience that you have had recently. Did the salesperson "sell" to you?
4. Assume you are a salesperson for a major telecommunications company and you are calling on a major construction company that is considering buying smart phones for the key people in the company. Describe at least one organizational risk and one personal risk that might be involved in the customer's decision.
5. Identify a feature, advantage, and benefit for each of the following products and services:
  - Mac Book
  - iPhone 15
  - Buckle jeans

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## 1.7: Ethics - Doing the Right Thing

### Business Ethics: The Power of Doing the Right Thing

#### Learning Objectives

- Understand ethics and what composes ethical behavior.
- Discuss the role of values in ethics.
- Understand how you define your personal code of ethics.

#### What Is Ethics?

**Ethics** is moral principles—it is a system that defines right and wrong and provides a guiding philosophy for every decision you make. The Josephson Institute of Ethics describes ethical behavior well: “Ethics is about how we meet the challenge of doing the right thing when that will cost more than we want to pay. There are two aspects to ethics: The first involves the ability to discern right from wrong, good from evil, and propriety from impropriety. The second involves the commitment to do what is right, good, and proper. Ethics entails action; it is not just a topic to mull or debate.” John C. Maxwell, *There’s No Such Thing As “Business” Ethics* (New York: Center Street, 2003), 23–24. Is it right? Is it fair? Is it equitable? Is it honest? Is it good for people? These are all questions of ethics. Manual Velasquez, Claire Andre, Thomas Shanks, and Michael J. Meyer, “What Is Ethics?” Santa Clara University, <http://www.scu.edu/ethics/practicing/decision/whatisethics.html> (accessed May 21, 2024). Ethics is doing the right thing, even if it is difficult or is not to your advantage.

#### Personal Ethics: Your Behavior Defines You

Ethics comes into play in the decisions you make every day. Have you ever received too much money back when you paid for something in a store, didn’t get charged for something you ordered at a restaurant, or called in sick to work when you just wanted a day off? Each of these is an **ethical dilemma**. You make your decision about which path to take based on your personal ethics; your actions reflect your own moral beliefs and moral conduct. Manual Velasquez, Claire Andre, Thomas Shanks, and Michael J. Meyer, “What Is Ethics?” Santa Clara University, <http://www.scu.edu/ethics/practicing/decision/whatisethics.html> (accessed May 21, 2024). Your ethics are developed as a result of your family, church, school, community, and other influences that help shape your personal beliefs—that which you believe to be right versus wrong. Manual Velasquez, Claire Andre, Thomas Shanks, and Michael J. Meyer, “Ethics and Virtue,” Santa Clara University, <http://www.scu.edu/ethics/practicing/decision/ethicsandvirtue.html> (accessed May 21, 2024). A good starting point for your personal ethics is the golden rule: “Do unto others as you would have them do unto you.” That is, treat people the way that you would like to be treated. You would like people to be honest with you, so be honest with others.

Your strong sense of personal ethics can help guide you in your decisions. You might be surprised to find yourself with an ethical dilemma about something that is second nature to you. For example, imagine that you’re taking a class (required for your major) that has an assignment of a twenty-page paper and you’ve been so busy with your classes, internship, and volunteer work that you really haven’t had the time to get started. You know you shouldn’t have waited so long and you’re really worried because the paper is due in only two days and you’ve never written a paper this long before. Now you have to decide what to do. You could knuckle down, go to the library, and visit the campus Writing Center, but you really don’t have the time to do all that and still write the entire twenty pages. You’ve heard about some people who have successfully bought papers from this one Web site. You’ve never done it before, but you are really desperate and out of time. “If I only do it this one time,” you think, “I’ll never do it again.”

But compromising your ethics even just once is a slippery slope. The idea is that one thing leads naturally to allowing another until you find yourself sliding rapidly downhill. Ethics is all about the art of navigating the slippery slope: you have to draw a line for yourself, decide what you will and won’t do—and then stick to it. If you don’t have a strong set of ethics, you have nothing to use as a guidepost when you are in a situation that challenges you morally. A highly developed set of personal ethics should guide your actions. The only way to develop a strong sense of ethics is to do what you believe in, to take actions consistent with your principles time and time again. So if you buy the paper and get caught, you will not only fail the class, but you may also find yourself expelled from school. If you’re tempted to consider buying a paper, take a minute to read your school’s academic dishonesty policy, as it is most likely very clear about what is right and wrong in situations like this. Even if you get away with using a paper that is not your own for now, it’s always possible that you’ll be found out later, and cause harm to your reputation. i



## Do the Right Thing

If you rationalize your decisions by saying, “Everyone does it,” you should reconsider. **Unethical behavior** is not only what you believe to be right and fair, it is a reflection of your personal brand and what people can expect from you personally and professionally. The consequences of unethical behavior can range from embarrassment to suspension, loss of job, or even jail time, depending on the act.

You have no doubt heard the expression “Do the right thing.” It is the essence of ethics: choosing to do the right thing when you have a choice of actions. Being ethical means you will do the right thing regardless of whether there are possible consequences—you treat other people well and behave morally for its own sake, not because you are afraid of the possible consequences. Simply put, people do the right thing because it is the right thing to do. Thomas Jefferson summed up ethics in a letter he wrote to Peter Carr in 1785: “Whenever you are to do a thing, though it can never be known but to yourself, ask yourself how you would act were all the world looking at you, and act accordingly.” Gerhard Gschwandtner, “Lies and Deception in Selling: How to Tell When Customers or Prospects Are Lying to You,” *Selling Power* 15, no. 9, <http://www.sellingpower.com/content/article.php?a=4256> (accessed May 2021, 2024).

Ethical decisions are not always easy to make, depending on the situation. There are some gray areas depending on how you approach a certain situation. People have different approaches, so there may be multiple solutions to each ethical dilemma, and every situation may have multiple options. For example, if one of your best friends told you in confidence that he stole the questions to the final exam would you say nothing, use them, or report him? Certainly, using the questions would not be ethical, but your ethical dilemma doesn’t end there. Reporting him would be the right thing to do. But if you didn’t report him, would it be unethical? You might not consider that unethical, but what if you just didn’t say anything—is that still ethical? This is the gray area where your personal ethics come into play. Looking the other way doesn’t help him or you. While you might be concerned about jeopardizing your friendship, it would be a small price to pay compared with jeopardizing your personal ethics.

## Business Ethics: What Makes a Company Ethical?

Ethics apply to businesses as well personal behavior. **Business ethics** is the application of ethical behavior by a business or in a business environment. An ethical business not only abides by laws and appropriate regulations, it operates honestly, competes fairly, provides a reasonable environment for its employees, and creates partnerships with customers, vendors, and investors. In other words, it keeps the best interest of all **stakeholders** at the forefront of all decisions.

An ethical organization operates honestly and with fairness. Some characteristics of an ethical company include the following:

- Respect and fair treatment of employees, customers, investors, vendors, community, and all who have a stake in and come in contact with the organization
- Honest communication to all stakeholders internally and externally
- Integrity in all dealings with all stakeholders
- High standards for personal accountability and ethical behavior
- Clear communication of internal and external policies to appropriate stakeholders

## High-Profile Unethical Behavior in Business

While ethical behavior may seem as if it is the normal course of business, it’s unfortunate that some business people and some businesses do not operate ethically. Unethical behavior can result in corporate scandals and, in some cases, the conviction of senior executives and collapse of some companies. While business has never been immune from unethical behavior, it was the fall of Enron in 2001 that brought unethical business behavior on the part of senior executives to the forefront. Enron began as a traditional energy company in 1985. But when energy markets were deregulated (prices were determined based on the competition rather than being set by the government) in 1996, Enron grew rapidly. The company began to expand to areas such as Internet services and borrowed money to fund the new businesses. The debt made the company look less profitable, so the senior management created partnerships in order to keep the debt off the books. In other words, they created “paper companies” that held the debt, and they showed a completely different set of financial statements to shareholders (owners of the company) and the government (U.S. Securities Exchange Commission [SEC]). This accounting made Enron look extremely profitable—it appeared to have tripled its profit in two years. As a result, more people bought stock in the company. This lack of disclosure is against the law, as publicly traded companies are required to disclose accurate financial statements to shareholders and the SEC. There began to be speculation about the accuracy of Enron’s accounting, and on October 16, 2001, the company announced a loss of \$638 million. On October 22 of that year, the SEC announced that Enron was under investigation. The stock price continued to fall, and

the company was unable to repay its commitments to its shareholders. As a result of this unethical and illegal behavior on the part of senior management, the company filed for chapter 11 bankruptcy protection. NewsHour Extra, “What Happened to Enron?” Paul Solman, PBS, January 22, 2002, [www.pbs.org/newshour/extra/features/jan-june02/enron\\_past.html](http://www.pbs.org/newshour/extra/features/jan-june02/enron_past.html) (accessed December 6, 2009). The unethical (and illegal) behavior of the senior management team caused a ripple effect that resulted in many innocent people losing their money and their jobs. As a result of the Enron scandal, a new law named the **Sarbanes-Oxley Act** (for Senator Paul Sarbanes from Maryland and Representative Michael Oxley from Ohio) was enacted in 2002 that requires tighter financial reporting controls for publicly traded companies. SearchCIO, “Sarbanes-Oxley Act,” [http://searchcio.techtarget.com/sDefinition/0,,sid182\\_gci920030,00.html](http://searchcio.techtarget.com/sDefinition/0,,sid182_gci920030,00.html) (accessed May 21, 2024).

The epitome of unethical (and illegal) behavior was Bernard Madoff, who was convicted of running a \$65 billion fraud scheme on his investors. For years, he reported extremely high returns on his clients’ investments, encouraging them to reinvest with even more money. All the time he was stealing from his clients and spending the money. He cheated many clients, including high-profile celebrities like actor Kevin Bacon and his wife Kyra Sedgewick and a charity of Steven Spielberg’s. “Bernie Madoff Ponzi Scheme: Victim List Grows,” *Huffington Post*, December 15, 2017, [http://www.huffingtonpost.com/2008/12/15/bernie-madoff-ponzi-schem\\_n\\_151018.html](http://www.huffingtonpost.com/2008/12/15/bernie-madoff-ponzi-schem_n_151018.html) (accessed May 21, 2024). He was arrested, tried, and sentenced to 150 years in jail, and his key employees were also sentenced to similar terms.

## Ethical Dilemmas in Business

Not all behavior that is unethical is illegal. Companies frequently are faced with ethical dilemmas that are not necessarily illegal but are just as important to navigate. For example, if a travel company wants to attract a lot of new customers, it can honestly state the price of a trip to Disney World in its advertising and let customers decide if they want to purchase the trip. This would be ethical behavior. However, if the company advertises a free vacation in order to get customers to call, but the free vacation package includes a \$500 booking fee, it is unethical. Or if an appliance store wants to get new customers by advertising a low-priced refrigerator, it is an ethical way to let customers know that the company has competitively priced appliances as well. However, if the store only has a higher-priced refrigerator in stock and tries to sell that one instead, it is unethical behavior.

Sometimes ethical behavior can be a matter of disclosure, as in the case of Enron, Bernie Madoff, or the examples above. Business ethics can also be challenged based on business practices. For example, in the 1990s Nike was accused of exploiting workers in third-world countries to manufacture their products. The low wages they were paying the workers made Nike’s profits higher. While this is not illegal behavior—they were paying the workers—it was considered unethical because they were paying the workers less than what is reasonable. “Sweatshops Almost Killed Nike in the 1990s, Now There are Modern Slavery Laws” *The Fashion Law*, Septemb 27, 2019 <https://www.thefashionlaw.com/visibi...-need-to-know/> (accessed May 221, 2024). Another example of unethical behavior is not disclosing information. For example, if a car salesperson knows that a used car he is selling has been in an accident but says that it has not been involved in an accident, that is unethical. Bribing an executive, saying or promising things that are knowingly untrue, or treating employees unfairly are all examples of unethical behavior in business.

## Corporate Social Responsibility

You may choose to shop at companies because of their business practices. For example, you might like The Body Shop because of its commitment to selling products that do not use animals for testing. This is a case of ethical behavior that is socially responsible. In fact, **corporate social responsibility (CSR)** is when companies operate in a way that balances the interests of all stakeholders including employees, customers, investors, vendors, the community, society, and any other parties that have a stake in the company. While corporate social responsibility may seem easy, it’s not always as easy as it looks. Keep in mind that in order to be socially responsible a company has to balance the social, economic, and environmental dimensions, which means generating a profit for investors while serving the best interest of all parties that have a stake in the operations of the company. When companies measure the impact of their performance along the three dimensions of social, economic, and environmental impact, it is called the **triple bottom line**.

## Good Ethics = Good Business

The impact of ethical behavior by companies cannot be underestimated. It’s no surprise that companies that consistently demonstrate ethical behavior and social responsibility generate better results. In successful companies ethics is so integrated into the organization that it defines how every employee from CEO to the lowest-level employee behaves. Ethics is not a separate topic but is incorporated into company strategy. The company makes ethics part of every activity from strategic planning to operational execution. For example, Target has been committed to the triple bottom line even before it was in vogue when the company’s

founder, George Draper Dayton, established a foundation to give back to the community. The company's commitment has grown, and since 1946 it has donated 5 percent of its income every year. Target's Corporate Responsibility Report is information that the company makes available to everyone on its website <https://corporate.target.com/sustain...target-forward> (accessed May 21, 2024).

## Ethical Behavior in Sales

One of the most visible positions in any organization in terms of ethics is *sales*. That's because it is the salesperson that comes in contact directly with the customer. What the salesperson says and does is a direct reflection of the organization and its ethics.

Consider this ethical dilemma if you were a real estate agent. You have just landed a fantastic listing: a home that in the hot neighborhood that will surely sell quickly and yield a nice commission for you. The seller tells you that the home inspector suspects there is insect damage to the siding of the house, but the seller says she has never had any problems. Also, the seller feels so strongly about not disclosing this information to prospective buyers that she said she would rather go with a different agent if you insist on disclosing the possible insect damage. What would you do?

In a situation like this, it's best to remember that doing the right thing can be a hard choice and might not be advantageous to you. Although you really don't want to lose this listing, the right thing to do is to disclose anything that affects the value or desirability of the home. Even if you think it might not be a major issue, it's always best to err on the side of honesty and disclose the information. Either withholding or falsifying information is lying and therefore unethical.

Imagine that you are a financial planner responsible for managing your clients assets. You make your income on commission, a percentage of the value of your clients' portfolios; the more you increase his portfolio, the more money you make. One of your clients is a very conservative investor; right now you are not making much money from his account. You have an opportunity to sell him a high-return investment, but the risk is far greater than you think he would normally take. You think you can sell him on it if you leave out just a few details during your conversation. The investment will actually be good for him because he will get a significant return on his investment, and besides, you're tired of spending your time on the phone with him and not making any money. This could be a win-win situation. Should you give him your pitch with a few factual omissions or just make the investment and tell him after the money starts rolling in? After all, he doesn't look at his account every day.

Even though the result of the investment could be a good one, it is your obligation to provide full disclosure of the risk and let the customer make the investment decision. You should never make assumptions and decisions on behalf of your customers without their consent. If you are frustrated about your lack of income on the account, you might not be the best financial planner for him. You should have an honest conversation with him and perhaps suggest a colleague or other planner that might be a better fit for his investment strategy. Sometimes it's better to part ways than to be tempted to behave unethically.

### ✓ Just Say No

What if your employer asked you to do something that you are not comfortable doing? For example, if your employer asked you to complete the paperwork for a sale even if the sale hasn't been made, what should you do? It's best to say that you are not comfortable doing it; never compromise your personal ethics even for your employer. It's also a good idea to see someone in the human resources department if you have any questions about the best way to handle a specific situation.

What if you were a salesperson for a textbook company and you are only \$1,000 away from your \$1 million sales goal. If you make your goal, you'll earn a \$10,000 bonus, money you've been counting on to put a down payment on your first house. But the deadline is only two days away, and none of your customers is ready to make a purchase. You really want the bonus, and you don't want to wait until next year to earn it. Then you remember talking to one of the administrators, and she mentioned the need for donations. What if you made a \$1,000 donation to the school. It would help the school during this challenging financial crisis and it would be more inclined to make a purchase quickly. After the donation, you would still have \$9,000. This could be a good move for everyone. Would you make the donation to "buy" your bonus?

When you are in sales, you are not only representing yourself, but you are also representing your company. Although it appears that all parties will benefit from the donation, it is not ethical for the school, you, or your company to make an exchange like that. Products such as textbooks should be purchased based on the organization's buying process. Donations should be made with no strings attached. You might miss the opportunity to earn your bonus this year, but you will learn valuable lessons to make next year an even better sales year. Shel Horowitz, "Should Mary Buy Her Own Bonus?" *Business Ethics*, November 11, 2009, <http://business-ethics.com/2009/11/11/should-mary-buy-her-bonus> (accessed May 21, 2024).

Imagine that you are a sales rep for a software company and you've just taken a customer to lunch. It was an expensive restaurant, and the two of you thoroughly enjoyed yourselves; you had steak, wine, and a chocolate dessert. Now you're filling out an expense report, and you need to fill in the amount of tip you left. In fact, you left a twenty-dollar bill—but forty dollars wouldn't have been an unreasonable amount to leave for outstanding service. You could fill in the higher amount and use the difference to take your girlfriend to the movies; you've been meaning to spend more time with her. After all, you make a lot of money for the company and have been working a lot of nights and weekends lately. You also didn't submit your expense account for the mileage you traveled last week, so this should make up for it. Is it OK to submit the additional tip money on this expense report?

It's no surprise that it's never acceptable to falsify information on an expense report (or any report for that matter). If you have legitimate expenses, they should be submitted according to the company policy. While it's hard to keep up with the paperwork, it's the right way to report and be reimbursed for company expenses. This can be another one of those slippery slope arguments; if you do it once, you might be tempted to do it again. Many people in many companies have been fired for providing false information on their expense reports.

Personal ethics and business ethics are a part of everyday selling. It's a good idea to remember the words of Peter Drucker, famous management consultant and author, "Start with what is right, rather than what is acceptable."

### ? Is the Customer Always Right?

The customer is always right, except when he asks you to do something unethical. What should you do to uphold your ethics and maintain your relationship? SellingPower.com suggests the following four steps:

Evaluate the situation with a clear head. Most unethical behavior is driven by emotions such as fear, greed, stress, and status. Identify what is causing the behavior but wait until you have some time to reflect. Don't jump to conclusions; identify the circumstances. You might not know the entire story so determine what you know and what you don't know. Identify the criteria you are using to make this judgment. Is the behavior against company policy? Is it against the law? Is it against your personal code of ethics? Seek counsel. Always ask a trusted colleague, supervisor, or human resources representative for advice. Chances are, she has experienced the same situation and can provide insight from the company's perspective and policies.

## Understanding Values

Ethics are defined by moral principles; they are actions that are viewed by society as "right," "just," or "responsible." **Values** define what is important to you: they are your guiding principles and beliefs, they define how you live your life, and they inform your ethics. While certain values might be important to you, they may not be important to your best friends or even every member of your family. While family, friends, and your environment have a significant influence, you develop your own set of values. Consider the list below, which includes some examples of values:

- Honesty
- Open communication
- Teamwork
- Integrity
- Prestige
- Security
- Helping others
- Loyalty
- Social responsibility
- Impact on society
- Creativity
- Achievement
- Global focus
- Religion

Values provide your personal compass and your direction in life. When something is not in line with your values, you feel unhappy and dissatisfied. Examples of this are evident during political elections when people take sides on issues such as education, health care, and other social issues that reflect personal values. You might be surprised to learn that your values are not set in stone. Your personal values will evolve and may even change drastically based on your experiences.

## Values of Organizations

Just like people, organizations have values, too. Values are “proven, enduring guidelines for human conduct” according to Stephen Covey in his book *Principles*. Thomas E. Ambler, “The Strategic Value of Values,” Center for Simplified Strategic Planning, <http://www.cssp.com/CD0402/ValuesAndStrategy/default.php> (accessed May 21, 2024). Many companies choose their values and communicate them to employees, customers, and vendors on the company Web site and other company communications. For example, Whole Foods includes the following values, among others: “selling the highest quality natural and organic products available” and “caring about communities and their environment.” You can see their entire values statement on their website. Levi Strauss & Co. identifies four key values for their company: empathy, originality, integrity, and courage. Their values statement is also included on their website, here: <https://www.levistrauss.com/2017/01/...ues-in-action/> Microsoft includes integrity, honesty, personal excellence, passion for technology, and commitment to customers as part of their values statement on their website, here: <https://www.microsoft.com/en-us/about/values>

Company values and personal values are important because your values motivate you to work. You will enjoy and excel at your job if you choose a company whose values you share. For example, if the environment is one of your values, it’s best to choose a company that includes a commitment to the environment as part of their values statement. Chances are you won’t be happy working at a company that doesn’t put a priority on the environment.

## Mission Statements: Personal and Corporate Guidelines

Ethics and values are major concepts. If you have developed personal ethics and values, you might be wondering how they come together to help provide a roadmap for your life and your career. That’s the purpose of your mission statement; it becomes your roadmap for your decisions, choices, and behavior. Mission statements such as “To gain experience in the public accounting field toward earning my CPA designation” and “To master the leading Web development tools and become a best-in-class Web developer” may sound simple, but each takes time, thought, and insight to create. “*How to Write a Personal Mission Statement*”, <https://www.livecareer.com/resources/careers/planning/creating-personal-mission-statements>, (accessed May 23, 2024).

Just as your personal mission statement is a blueprint for how you make decisions in life, companies also use a mission statement to define their direction, make operating decisions, and communicate to employees, vendors, shareholders, and other stakeholders. In fact, most companies have a formal, written mission that they include on their Web site. A mission statement is different than an advertising slogan or motto. It is based on the company’s ethics and values and provides a broad direction as to what the company stands for. For example, Harley-Davidson’s mission statement is below and can be found on their Web site.

## Character and Its Influence on Selling

As you have probably figured out, ethics, values, and missions are all very personal. Together they guide you in the way you behave at home, school, work, or out with your friends. Your **character** is what sets you apart; it includes the features and beliefs that define you. It’s no surprise that the word has its origin in the Latin word *character*, which means mark or distinctive quality and from the Greek *charaktr*, which means to scratch. “Character,” *Merriam-Webster Online Dictionary*, [mw1.merriam-webster.com/dictionary/character](http://www.merriam-webster.com/dictionary/character) (accessed May 21, 2024). The Josephson Institute defines character as being composed of six core ethical values:

- Trustworthiness
- Respect
- Responsibility
- Fairness
- Caring
- Citizenship Josephson Institute, “The Six Pillars of Character,” Josephson Institute, [charactercounts.org/sixpillars.html](http://charactercounts.org/sixpillars.html) (accessed May 21, 2024).

This is a comprehensive description of character. Consider how you perceive other people; it’s their character that defines who they are. Can you depend on him? Is she fair? Does he respect you? Just as these ethical pillars define other peoples’ character, they also define your character to other people. Customers ask the same questions about you: Can I trust her? Will he give me fair pricing? Is she honest? Does he care about the best interest of my business?

## The Power of Your Reputation

Your overall character as judged by other people is your **reputation**. “Reputation,” *Merriam-Webster Online Dictionary*, <http://www.merriam-webster.com/dictionary/reputation> (accessed May 21, 2024). Consider some celebrities who have had unethical acts negatively impact their reputation: Tiger Woods, known as one of golf’s greats was reduced to tabloid fodder after the news of his extramarital affairs; Michael Phelps, the only person to ever win eight gold medals in a single Olympic Games, became the poster boy for marijuana use. Both had stellar reputations and were considered role models. Both have worked hard to gain back the trust of the public. Reputation isn’t limited to the wealthy or powerful. In high school, you knew that Sharon was a brain and Timothy was the sensitive, poetic type. You may never have had a conversation with either one of them, but you knew their reputations. Meanwhile, you avoided classes with Mrs. Avar because she had a reputation as a hard grader. Your reactions to many of the people in your day-to-day life are affected by their reputations.

When you work in sales, you are selling yourself; you will have greater success with customers if you are someone they want to “buy.” When customers buy from you, they are investing in your reputation. In other words, every action you take affects your reputation. If you fail to follow up, forget details, or even if you are consistently late for meetings, you may become known as unreliable. On the other hand, if you consistently deliver what you promise, you will be known as reliable; if you always meet your deadlines, you will have a reputation for punctuality.

### Key Takeaways

- **Ethics** is moral principles, a system that defines right and wrong.
- **Business ethics** is ethical behavior applied to a business situation.
- An **ethical dilemma** is a situation that is presented with options that may be right or wrong.
- **Values** define what is important to you: they are your guiding principles and beliefs, they define how you live your life, and they inform your ethics.
- A mission statement is a roadmap of where a person or company wants to go.
- Your **reputation** will affect how people see you throughout your life, which can have either a positive or a negative impact on your career.
- Every action you take defines you; bear that in mind when making decisions.
- If you find yourself in a situation that challenges your ethics, talk to your supervisor. If you don’t feel that you can talk to your supervisor, talk to someone in the human resources department.
- A good rule of thumb is that if you would be ashamed to tell your boss about it, don’t do it.

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## CHAPTER OVERVIEW

### 2: Getting Started

2.1: Seven Steps to Successful Selling

2.2: Prospecting

2.3: Qualifying

2.4: The Pre-Approach

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## 2.1: Seven Steps to Successful Selling

### Prospecting and Qualifying: The Power to Identify Your Customers

#### Learning Objectives

- Explain the role of the seven steps of the selling process.

You may have been surprised if someone told you that movie scripts, regardless of the genre, all follow the same basic formula—the same sequence of events—almost down to the minute: after three minutes, the central question of the movie is introduced; after twenty-seven more minutes, the main character will set off on a new path; fifteen minutes more, and something symbolic will happen; and so on. Viki King, *How to Write a Movie in 21 Days* (New York: Quill Harper Resource, 2001), 34–37. It’s hard to believe that *The Fast and the Furious* would follow the same formula as *The Notebook*, but once you know what to look for, you’ll see that the structure holds up. Clearly, Hollywood has come to learn that this particular structure is the secret to keeping the audience’s attention, earning positive reviews, and selling movies.

In the same way, almost all selling—regardless of the product that’s being sold—follows a particular sequence of steps. It’s a simple but logical framework that has been the accepted model for almost a hundred years. William C. Moncreif and Greg W. Marshall, “The Evolution of the Seven Steps of Selling,” *Industrial Market Management* 34, no. 1 (2005): 13–22. Salespeople have adapted the specifics of the process as culture and technology have changed, but the fact that they’ve followed the same basic model has for so long testifies to its effectiveness. The **selling process** is generally divided into seven steps that, once you understand them, will empower you to sell virtually anything you want and satisfy your customers:

1. Prospect and qualify
2. Pre-approach
3. Approach
4. Presentation
5. Overcome objections
6. Close the sale
7. Follow-up

Each step of the seven-step process is covered thoroughly in this and the next six chapters so that you can learn the details of each step and how to apply them in various selling situations.



Figure 2.1.1: Seven-Step Selling Process Adapted from Michael R. Solomon, Greg W. Marshall, and Elnora W. Stuart, *Marketing: Real People, Real Choices*, 5th ed. (Upper Saddle River, NJ: Pearson Prentice Hall, 2008), 450.

#### When the Seven-Step Selling Process Is Used

While there are seven steps, the sales process is adaptive, which means that each situation may be different and salespeople have to adapt and understand what is important to each customer and where each is in the buying process. But in order for a salesperson to



use adaptive selling, he or she must thoroughly understand the steps in the selling process and how each works to can use them effectively.

## The Evolving Role of Technology in the Selling Process

While the basics of the selling process have remained the same over the years, the methods of communication and the way people interact are quickly evolving with the use of the interactive capabilities on the Internet by customers and salespeople alike. Each step now includes much more collaboration between customers and salespeople (and even between customers) with the use of social networking, consumer reviews, wikis, and other community-based tools. This technology allows salespeople to learn more about their customers at each step, and therefore provide more relevant and powerful solutions to customers at each stage of the buying process (covered in Chapter 6). Selling Power Sales 2.0 Newsletter, *Selling Power*, September 18, 2008, <http://www.sellingpower.com/content/newsletter/issue.php?pc=868> (accessed June 21, 2010).

## Business-to-Consumer (B2C) Sales

Let's say you want to buy a gym membership. Maybe you received a promotional offer in the mail, your friends on Facebook have had good things to say about a particular gym, or you picked this club because it's close to home. Whatever the reason, you wander in and ask to speak to the membership director who seems to know a lot about the club and what you might be looking for. After some small talk about the fact that you both live in the same apartment complex, he tells you about the gym's amenities and gives you a tour of the facility. Then, you sit down to discuss pricing options and payment plans. If you have any questions or concerns (i.e., "I noticed there are only three tennis courts. Is there usually a long wait to use one?" or "Why aren't there any kickboxing classes on your class schedule?"), the membership director will attempt to address those. Maybe he will tell you there is occasionally a wait to use the tennis courts at peak times, but you can reserve a spot up to a week in advance, in which case you can get right in. Or maybe he'll say that while they don't have kickboxing classes, they offer Zumba, which is a fun aerobic alternative.

If you're satisfied with his responses, and the price and product meet your needs, you will probably decide to sign a contract. Once you've signed, someone from the club will probably follow up with a call in a few weeks to see if you're satisfied with your experience at their gym, or you may get an e-mail from them with a membership satisfaction survey or a text message about an upcoming event.

The example above is an actual selling situation. Although you may not have realized it while you were reading it, the situation follows the seven-step selling process.

Whether you're buying a gym membership or a car, cell phone service or a new computer, the situation may be different, but the steps in the selling process will follow the same pattern.

## Business-to-Business (B2B) Sales

The process isn't only limited to business-to-consumer sales; it's also the process that IBM will use to sell servers to a corporation, that Accenture will use to sell consulting services to a technology company, or that the Coffee Brewers Company will use to sell espresso machines to coffee shops. Imagine you run a chic new restaurant. You get a call from a salesperson who compliments you on the roasted chicken she had at your restaurant last weekend. After some conversation, she asks if you're satisfied with your commercial ovens. You have been having some problems with them and have been doing some casual research online. You know that her company is rated as one of the best oven manufacturers, so you tell her: the ovens are over ten years old, they take a long time to heat up, and they sometimes cook things unevenly.

"Many older ovens have this problem," she says. "Would you be interested in learning about the state-of-the-art commercial ovens our company sells?"

Since you need a solution for your current ovens, you agree to set up an appointment with the salesperson. When she arrives, you are impressed that she knows so much about your business. She visited your restaurant, reviewed your menu, spoke with some of the wait staff, read reviews on the city magazine website, and even had some conversations with some of your patrons on Chef's Blog. She explains that the ovens she sells heat up quickly and use energy more efficiently. She gives you an estimate of your annual savings on energy costs if you switched over to her product line.

You're interested, but you're concerned that the ovens might not cook food evenly. Ovens are a big expense—what happens if you aren't satisfied with the product? The salesperson says you can lease an oven for a trial period at no obligation, and she shows you reviews from other customers on her company's Web site and on some restaurant industry blogs. You feel like this might help you solve your problem, so you agree to lease the machine for four months.

After two months, the salesperson calls to ask if you've been satisfied with the product so far, and she offers you a discount if you sign a contract to purchase two ovens in the next ten days. Since you have been happy with the leased oven and checked out the company's service record online from other current customers, you make the purchase.

As in the gym membership example above, this B2B selling situation follows the seven-step framework. Now, take a minute to review this selling situation in the box below to see exactly how the steps are implemented.

## The Seven Steps of Selling

Compare the B2B and B2C examples you just read about. Do you notice a pattern? Although the products and customers were quite different, both salespeople adapted to the situation and the customer's needs, but followed the same seven steps to successfully complete their sales. In fact, you've probably used a version of these seven steps yourself before without even realizing it. Take a look at some real-world selling examples below and how of each of the steps is used.

### Step 1: Prospecting and Qualifying

Before planning a sale, a salesperson conducts research to identify the people or companies that might be interested in her product. In the B2B example, before the salesperson called the company, she had to find the company's information somewhere—probably in a local business directory. This step is called **prospecting**, and it's the foundational step for the rest of the sales process. A **lead** is a potential buyer. A **prospect** is a lead that is qualified or determined to be ready, willing, and able to buy. The prospecting and qualifying step relates to the needs awareness step in the buying process. In other words, in a perfect world, you are identifying customers who are in the process of or have already identified a need.

Undoubtedly, when the salesperson called the target customer to discuss his ovens (in the example, you were the customer), she asked some questions to **qualify** him as a prospect, or determine whether he has the desire and ability to buy the product or service. This is the other component to step one. What happens if the customer is not interested in the salesperson's product, or he's interested but his business is struggling financially and doesn't have the resources for a big purchase? Perhaps he is only an employee, not the manager, and he doesn't have the authority to make the purchasing decision. In this case, he is no longer a prospect, and the salesperson will move on to another lead. Salespeople qualify their prospects so they can focus their sales efforts on the people who are most likely to buy. After all, spending an hour discussing the capabilities of your company's ovens with a lead that is about to go out of business would be a waste of time. It's much more fruitful to invest your time with a **qualified prospect**, one who has the desire or ability to buy the product or service.

### Step 2: Pre-approach

The **pre-approach** is the "doing your homework" part of the process. A good salesperson researches his prospect, familiarizing himself with the customer's needs and learning all the relevant background info he can about the individual or business. Geoffrey James, "6 Things to Know about Every Prospect," March 7, 2013, <https://www.cbsnews.com/news/6-thing...very-prospect/> (accessed May 21, 2024). Remember that in the B2B example, the salesperson knew important information about the restaurant beforehand. She came prepared with a specific idea as to how her service could help the prospect and gave a tailored presentation. Of course, the salesperson also knows their product, the competitors' products, and the industry trends.

### Step 3: Approach

First impressions (e.g., the first few minutes of a sales call) are crucial to building the client's trust. If you've ever asked someone on a first date (yes, this is a selling situation), chances are you didn't call the person and start the conversation off with the question, "Hey, do you want to go out on Saturday night?" Such an abrupt method would turn most people away, and you probably would not score the date you were hoping for. Similarly, as a professional salesperson, you would almost never make a pitch right away; instead, you'd work to establish a rapport with the customer first. This usually involves introductions, making some small talk, asking a few warm-up questions, and generally explaining who you are and whom you represent. Depending on the complexity and investment of the purchase, sellers will **assess the needs** of prospect. Paul Cherry, *Questions That Sell: The Powerful Process of Discovering What Your Customer Really Wants* (New York: AMACOM, 2006), 21. Neil Rackham, *The SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 40. This is called the **approach**.

### Step 4: Presentation

There's a good deal of preparation involved before a salesperson ever makes her pitch or **presentation**, but the presentation is where the research pays off and her idea for the prospect comes alive. By the time she presents her product, she will understand her

customer's needs well enough to be sure she's offering a solution the customer could use. If you're a real estate agent selling a house and your customers are an older, retired couple, you won't take them to see a house with many bedrooms, several flights of stairs to climb, and a huge yard to keep up—nor will you show them around a trendy loft in a busy part of town. The presentation should be tailored to the customer, explaining how the product meets that person or company's needs. It might involve a tour (as in this real estate example), a product demonstration, videos, PowerPoint presentations, or letting the customer actually look at or interact with the product. At this point, the customer is using the information that is being shared as part of his evaluation of possible solutions.

### Step 5: Handling Objections

After you've made your sales presentation, it's natural for your customer to have some hesitations or concerns called **objections**. Good salespeople look at objections as *opportunities* to further understand and respond to customers' needs. William C. Moncreif and Greg W. Marshall, "The Evolution of the Seven Steps," *Industrial Marketing Management* 34, no. 1 (2005): 14, 15. For instance, maybe you're trying to convince a friend to come camping with you.

"I'd like to go" your friend says, "but I've got a big project I need to finish at work, and I was planning to spend some time at the office this weekend."

"That's no problem," you tell him. "I'm free next weekend, too. Why don't we plan to go then, once your project's out of the way?"

### Step 6: Closing the Sale

Eventually, if your customer is convinced your product will meet her needs, you **close** by agreeing on the terms of the sale and finishing up the transaction. This is the point where the potential gym member signs her membership agreement, the restaurant owner decides to purchase the ovens, or your friend says, "Sure, let's go camping next weekend!" Sometimes a salesperson has to make several **trial closes** during a sales call, addressing further objections before the customer is ready to buy. It may turn out, even at this stage in the process, that the product doesn't actually meet the customer's needs. The important—and sometimes challenging—part of closing is that the seller has to actually *ask* if the potential customer is willing to make the purchase. William C. Moncreif and Greg W. Marshall, "The Evolution of the Seven Steps," *Industrial Marketing Management* 34, no. 1 (2005): 14, 15. When the close is successful, this step clearly aligns with the purchase step in the buying process.

### Step 7: Following Up

OK, so you've completed a landscaping job for your customer or sold him a car or installed the software that meets his needs. While it might seem like you've accomplished your goal, the customer relationship has only begun. The **follow-up** is an important part of assuring customer satisfaction, retaining customers, and prospecting for new customers. This might mean sending a thank-you note, calling the customer to make sure a product was received in satisfactory condition, or checking in to make sure a service is meeting the customer's expectations. This is the follow-up e-mail you get from Netflix every time you return a movie by mail. It's Amazon's invitation to "rate your transaction" after you receive your Amazon order. Follow-up also includes logistical details like signing contracts, setting up delivery or installation dates, and drawing up a timeline. From the buyer's perspective, the follow-up is the implementation step in the buying process. Good follow-up helps ensure additional sales, customer referrals, and positive reviews and actually leads you back to the first step in the selling process because it provides the opportunity to learn about new needs for this customer or new customers through referrals.

### Key Takeaways

- The **seven-step selling process** refers to the sequence of steps salespeople follow each time they make a sale. The process gives you the power to successfully sell almost anything.
- The first step of the selling process, **prospecting** and **qualifying**, involves searching for potential customers and deciding whether they have the ability and desire to make a purchase. The people and organizations that meet these criteria are **qualified prospects**.
- Before making a sales call, it is important to "do your homework" by researching your customer and planning what you are going to say; this is the **pre-approach**. You will also be knowledgeable regarding your products/services and those of the competition, and relevant industry trends.
- The **approach** is your chance to make a first impression by introducing yourself, explaining the purpose of your call or visit, and establishing a rapport with your prospect. Then, **assess the needs** of the customer to ensure you can solve their problem.

- Your research and preparation pays off during the **presentation**, when you propose your sales solution to your prospect.
- Your prospect will naturally have **objections**, which you should look at as opportunities to better understand and respond to his or her needs.
- Once you overcome objections, you **close** the sale by agreeing on the terms and finalizing the transaction.
- The sales process doesn't end with the close; **follow-up** (i.e., ensuring customer satisfaction and working out the logistics of delivery, installation, and timelines) is essential to retaining existing customers and finding new ones.

### ? Exercise 2.1.1

1. Think of a personal interaction in which you sold someone on an idea (e.g., a vacation, a choice of movies, or a date). Explain how the seven steps applied to this particular situation.
2. Consider the last major purchase you made. Did the salesperson use the seven steps? In what ways could he or she have done a better job? What eventually sold you on the product?
3. Imagine you are trying to sell season tickets to your local ballpark. After you present the product to your prospects, a middle-aged married couple, they tell you they are very interested but are concerned they might be out of town on some of the weekends when there are home games, and they don't want their tickets to go to waste. What solutions could you offer to overcome their objections?
4. Discuss the difference between a prospect and a customer.

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## 2.2: Prospecting

### Learning Objectives

- Understand the role prospecting plays in the selling process.

Imagine you decide to build a house from the ground up. After designing your ideal house, of course it would be nice if you could snap your fingers and get to the fun part: watching the finishing touches come together. But before the walls go up you have to make detailed plans and measurements, find your materials and negotiate with contractors, and lay the foundation. All these things require patience, time, and effort, but these steps are absolutely necessary for the project to move forward.

Planning and laying a foundation is a little like prospecting and qualifying. Finding leads (or people who *might* be prospects) is the most vital part of the selling process—you can't make a sale without identifying the people to whom you'll be selling. Charles M. Futrell, *The ABC's of Relationship Selling*, 9th ed. (New York: McGraw-Hill Irwin, 2005). In other words, without prospecting, nothing else can happen. Yet, unlike laying a foundation, prospecting doesn't happen just once; it's a constant process. Businesses lose some customers every year for a variety of reasons: customers may no longer need the product or service, have the financial means to purchase the product or service, or live or do business in the area, or the business may no longer be open. So if you haven't been building your prospect list, you won't have new customers to replace the ones you lose. More than this, finding new prospects is the only way you can increase your sales and expand your business.

### The Value of a Lead

Think of the last time you went to the store to make a major purchase and you started by browsing the products. A salesperson probably approached you with the standard “Can I help you?” and you may have responded with the equally standard “No, thanks. I'm just looking.” Chances are good that the salesperson left you alone after that, very likely assuming you weren't genuinely interested in making a purchase. Most people—salespeople and customers alike—are surprised to learn that (according to Channel Intelligence) over two-thirds of shoppers who give the “just looking” response end up purchasing the product within a week! In other words, these customers are valuable leads, and all too often their business goes to a competitor.

Let's say you are planning to buy a new refrigerator. That's generally not the kind of purchase you make on the spot; you will probably go to a number of stores to compare products and prices first. If you tell the salesperson at the second store that you're just looking, you may then go to a third store and decide you're ready to buy. As a customer, if the vendors seem more or less equal, you will base your purchasing decision on price, product features, convenience, or a combination of these things. But imagine the salesperson at the second store who took the time to determine your specific needs, wrote down your contact information, and followed up with you. It's very likely she would make a sale. Her products might be quite similar to her competitors', but if she goes out of her way to provide you with a solution, you have a reason to buy from her over someone else.

Now let's change hats. What does knowing this information mean for you as a salesperson? Most importantly, it means that you should never write off a lead until you are *certain* he can't be qualified as a prospect. If you work in a showroom that sells only high-end cars like Lexus or BMW and a potential customer walks in wearing torn jeans and a T-shirt, you might be tempted to mentally disqualify him, assuming he won't have the money to buy such expensive cars. But appearances are often misleading, and you won't know whether or not your lead is *actually* qualified until you ask some specific, qualifying questions. When you realize that a lead is the only thing you can turn into a sale, you also realize just how valuable every lead is.

This is true for both B2C and B2B sales, wherein 30 percent to 50 percent of companies that see and respond to business-specific ads end up purchasing the product or service about which they've inquired within one or two years. This percentage is nothing to sneeze at. Yet, according to businesses, only about 1 percent to 5 percent of the ad-related inquiries they get from businesses translate into sales. John Coe, *The Fundamentals of Business-to-Business Sales* (New York: McGraw-Hill, 2003), 125. That's a big gap. In other words, a lot of valuable leads can slip through your fingers if you don't follow up and qualify them.

### The Sales Funnel

If you talked to a guidance counselor when you were applying to colleges, he probably told you to consider several and then apply to a number of schools (more than just two or three) even though you would only end up choosing one school in the end. This is because not all the schools that you apply to end up being a good fit. Sometimes you aren't accepted, sometimes you are accepted

but don't get an ideal financial package, and sometimes as you learn more about a school you decide it isn't the right one for you. Whatever the reason, you start out by considering many schools and generally end up deciding between a few.

The same can be said of the selling process. In fact, the process is often compared to a funnel. You start out with many leads, and after gathering more information, you come up with a smaller list of qualified prospects. As you communicate with these potential customers and work toward a solution, some will turn out to be more likely to buy than others. It's common sense to assume that you will have more leads than you have buyers since not all leads turn into customers. The concept of the **sales funnel** is a helpful way to visualize the process of finding and qualifying your customers and effectively illustrates the value of identifying a large pool of potential prospects. If you don't bother to find more than a handful of leads, you limit your chances of ever closing a sale no matter how much effort you put into your sales presentation. It's a common temptation that most people want the results without having to put in the foundational work of finding and contacting prospects.



Figure 2.2.4: Traditional Sales Funnel

But wait a minute, you might think, “Isn't it hugely inefficient to spend time and effort communicating with so many prospects with the expectation that only a handful of those will turn out to be buyers?” This is also true, which is why qualifying and prioritizing your prospects is such an important part of the sales process. Technological tools like collaborative communities and other online resources can help you identify, qualify, and prioritize prospects. But you might wonder how do you decide which prospects you should invest your time in pursuing. To begin with, you should create a profile of your ideal buyer. How to Create a Buyer Persona, <https://mailchimp.com/resources/buyer...late/> (accessed May 201, 2024).

#### ✓ Create a Profile of Your Ideal Buyer

- What particular qualities and characteristics will define this individual or company?
- What specific problems would this buyer have that your product could solve?
- In what ways should the buyer be compatible with you or your organization?

For instance, if your company sells expensive, high-quality kitchen utensils, the average college student *won't* fit your ideal profile. While a young adult living away from home for the first time might have something in common with your ideal customer, the college student likely won't have the budget or desire to go out and get the top-of-the-line products.

Your ideal customer profile will help you prioritize and target your efforts because it provides a model against which you can measure your leads to determine whether a potential customer is worth pursuing. If you focus your energy on prospecting and qualifying, which is learning more about your target prospects, you will save valuable time and resources, which you can then devote to giving your customers a more satisfying experience. Effective prospecting and qualifying empower you to invest in the opportunities that count.

### Key Takeaways

- Prospecting is the most vital part of the selling process. Without prospects, you won't be able to make sales, and without constantly searching for new prospects, you won't be able to replace the customers you lose and grow your business.

- A **lead**, or **prospect**, is the only thing you can turn into a sale, so it's important to follow up with your leads. Don't write someone off without legitimately qualifying him.
- The concept of the **sales funnel** illustrates the value of generating a large pool of leads because many of your prospects won't qualify or will drop out during the selling process.
- You should begin searching for leads by building an ideal customer profile to help you target your search efforts.

### ? Exercise 2.2.1

1. Describe the ideal customer for the following products or services:
  - iPhone 15
  - Ferrari sports car
  - Progressive car insurance
2. Discuss the sales funnel and why leads are important to the selling process.
3. Discuss the difference between a prospect and a customer.
4. If someone goes into a Best Buy store and looks at the home theater systems, is he a lead or a prospect? Why?
5. Visit a local jeweler and shop for a watch. What questions does the salesperson ask to qualify you as a prospect?

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## 2.3: Qualifying

### Learning Objectives

- Identify resources to use when prospecting.

In the last section, you read that prospecting can be compared to setting up the plans and laying the foundation for a building project. You could also say that prospecting is a little like going to class or making your bed—you’ve got to do it, and you know that it won’t be long before you’re doing it again (assuming you make your bed regularly!). Because prospecting is one of those jobs that’s never truly finished, it’s helpful to draw on a number of sources and be creative about the places where you find your leads.

### Where to Find Prospects

Knowing your ideal customer (buyer persona) and where he or she is likely to go for information will allow you to choose the best prospecting sources for your business. It helps to *be* your customer. Imagine yourself in your prospect’s shoes and think about where you would go for information. For instance, if you are a photographer who specializes in professional yearbook and graduation pictures, you might want to set up a Facebook and Instagram account so you can let students in local schools (and parents) know about your services. Meanwhile, if you’re in B2B sales and your ideal prospects are car dealerships in northern California, you might build up your professional network by joining the local branch of the National Auto Dealers Association or by joining some community organizations in your city.

Prospecting takes knowledge and creativity, so start your prospecting and qualifying with the top ten power prospecting list below. No matter what business you’re in, think of this section as your GPS for finding the leads that will fuel your business growth.

### ✓ Top Prospecting Sources

1. Existing customers
2. Referrals
3. Networking and social networking
4. Online databases and directories
5. Trade shows and events
6. Being a subject matter expert
7. Cold calling

### Power Prospecting Source #1: Existing Customers

It costs four to five times more to attract a new customer than to keep an existing customer. Jeff Bressler, “Customer Retention Versus Customer Acquisition” *Forbes*, December 12, 2022, <https://www.forbes.com/sites/forbesbusinesscouncil/2022/12/12/customer-retention-versus-customer-acquisition/?sh=14e7a0221c7d> (accessed May 22, 2024). So it stands to reason that your best new customers are your existing customers. Salespeople who make an effort to deliver excellent customer service during *and* after a sale know the secret that some of their best prospects are the customers they already have. To keep and develop your existing customers, love them, service them, be partners with them, live and breathe in their world, understand them, and anticipate their needs, and you will succeed in sales.

One of the keys to retaining your best customers is to keep in touch with your customers’ needs and update your solutions as their needs change. Say you work for a marketing company that offers a variety of services to businesses. One of your customers, a record company, is using your printing services, but they’re turning to another organization for their public relations needs. If you’re aware of this, your existing customer is now a prospect for additional sales. You might tell the record company, “You know, your current PR people are setting up events and concerts to increase your publicity, and that seems to be working only moderately well. If we were running your PR, we would integrate your events with a variety of other media. For instance, we think a blog would be a hugely effective tool...” If the company is already a loyal customer and you let them know that you are aware of their needs and can offer a better solution, then you may very well make a new sale.



## Power Prospecting Source #2: Referrals

There's nothing more powerful than getting information about a product or service from a friend or people you trust before you buy. Think about the last time you bought a printer. You probably checked out the customer reviews on Amazon, asked your friends, checked out some blogs, and maybe even got some insights on CNET or X (formerly Twitter). Before you bought the Hewlett-Packard (HP) OfficeJet 6310, you knew exactly what to expect from people who have bought and used the product, and you learned that if you buy it at Office Depot, you get free shipping and two free ink cartridges. Although you never shopped at Office Depot before, you were sold before you even clicked "buy now" on the Office Depot's website. Imagine that you didn't even come in contact with HP or Office Depot. You made your purchase based solely on the information from others. The power of the referral cannot be underestimated.

Referrals and word-of-mouth advertising have always been one of the most effective—and cost-efficient—ways to get new customers. It used to be that the circle of referrals was limited to people who used your product or service in a given geographic area. The Internet has amplified that network, especially with user-generated content such as communities, blogs, customer ratings and reviews, and social networking sites. So as a salesperson, you have to think creatively about all of resources you have to generate referrals.

Seth Godin, best-selling author and entrepreneur, talks about "flipping the funnel." He challenges salespeople to think about turning the sales funnel on its side, thinking of it as a megaphone, and then handing the megaphone to those who already love you. He suggests that when many of your customers enter into the conversation on websites, the power of your message gets even stronger, and new referrals find you. Seth Godin, "How to Flip the Sales Funnel," video, *Selling Power*, <https://www.sellingpower.com/videos/0EcPWFIIqqg/how-to-flip-the-sales-funnel> (accessed May 22, 2024).

Want to see how it works? When Naked Pizza, a small takeout and delivery operation in New Orleans, decided they wanted to compete with the city's chain pizza places, they turned to their existing customer base for sales prospects by putting their Twitter address on every pizza box that went out the door. As Jeff, Randy, and Brock, the company's founders put it, "Even your most core customers must be continually and softly nudged." Jeff Leach, Randy Crochet, and Brock Fillinger, "How One Small Business Uses Twitter to Build Its Brand," *Advertising Age*, May 29, 2009, <http://adage.com> (accessed June 9, 2009). The prospecting effort has been a huge success with their existing customers posting tweets that have introduced the brand to new customers. The Twitter-enabled follow-ups allowed Naked Pizza to continue the conversation and ensure that a greater number of first-time buyers become repeat customers—and that *they* spread the word to more new customers. Talk about a megaphone!

So let your customers speak for you. Their voices will be heard by people you could never reach.

## Power Prospecting Source #3: Networking and Social Networking

Networking works.

The art of networking, developing mutually beneficial relationships, can be a valuable prospecting tool, not only for retaining old prospects, but also for connecting with new ones. The larger and more diverse your network becomes, the bigger your pool of potential prospects. Your networking connections often become sources of referrals for your business, just as you will become a referral source for theirs.

If you're a member of the American Chemical Society and you work for a chemical supply company, you might use your membership to get acquainted with chemists who work at a variety of labs. You could offer them your card and let them know that you provide supply discounts for fellow Chemical Society members. Now these prospects will be more likely to buy their chemical supplies from you than from a company or individual with whom they have no personal connection. If one of your customers needs a chemist with a particular specialty, you, in turn, will be able to refer him to someone in your network. Joining a professional trade association is one simple way to network with others in your field, or with prospects in your target industry.

If your business is location specific, joining community organizations can also be a valuable tool for connecting with local business leaders and prospects. Consider service organizations (like the Rotary Club), fraternity organizations, and other affinity groups that will allow you to build relationships with members of the community.

What about social networking? You're probably well acquainted with online social networking sites like Facebook or Instagram, but you may be less familiar with the ways people leverage these tools in a professional capacity. According to professional networking expert Clara Shih, online social networks can be an effective means of prospecting for sales with organizations. After all, the decision makers at any organization are *individuals* with whom you can build relationships (remember, even though it's called business-to-business, buying decisions are made person-to-person, so relationships matter). Clara Shih, *The Facebook Era*

(Upper Saddle River, NJ: Prentice Hall, 2009), 2. By connecting socially with key individuals, not only can you open lines of communications with potential customers, but you can also build your knowledge of your prospect base.

Professional networking sites like LinkedIn are extremely important as well. Your profile on professional networking sites becomes a tool for selling yourself as a brand. These sites allow you to list your education, professional experience, and testimonials from satisfied customers, and as you add contacts, you become connected to their contacts, allowing your network to grow. Marie Ennis-O'Connor, "How to Build A Professional Network on LinkedIn", July 1, 2023, <https://www.linkedin.com/pulse/how-b...nnis-o-connor/> (accessed May 22, 2024). LinkedIn is also a great place to position yourself as a 'subject matter expert' by posting blogs, tips, and helpful content.

#### Power Prospecting Source #4: Online Databases and Directories

Going to the library can be hugely helpful because it gives you access to people who are pros at finding information. Also, the *added* perk is that your library will probably give you free access to several online business directories and databases. Of course you can search these directories from the comfort of your own home or office, but if you want the deluxe package—the most up-to-date directories that cover industries of all types nationwide—you'll have to pay a price. Online business directories, such as those listed in the table below, are searchable by industry and will give you access to company contact info, number of employees, financial standing, industry rankings, names of executives, and other company profile information. Most of these directories allow you to search businesses by SIC or NAICS codes.

So how do you know which business directory to use? For one thing, it helps to know whether your ideal prospect would be a private company or a public company or whether it could be either. Is your ideal prospect a large organization that attracts top executives? In this case, you'll mostly be searching for **public companies**—companies that sell stocks and bonds to the general public. Public companies are required to file financial information and other company reports with the U.S. government, so these organizations are easier to find in general business directories, and their directory listings usually provide more detailed company information. However, not all large companies are publicly owned. State Farm Insurance and Cargill Foods, for example, are both private companies. If you're only interested in smaller, local businesses, you will be dealing with **private companies**, or companies that aren't owned by the public. In this case, some directories and databases will be more helpful to you than others.

Another thing to consider is whether you want the option to refine your search to include a number of criteria closely matching your ideal prospect profile. Several online databases allow you to input multiple search terms like location, company size, and minimum and maximum sales volumes. Examples include Data Axle Usa, Clarivate, Biz Journals, Hoovers, and Standard and Poor's.

#### Power Prospecting Source #5: Trade Shows and Events

If you've ever been to a **trade show** or expo, like a career fair or bridal show, you know they're a good place to find out about products and services about which you might not otherwise be aware (and to get some fun free giveaways while you're at it). While most people who stop by a given booth at an expo might *not* be seriously interested prospects, trade show displays and product demonstrations generate enough strong leads to make this activity a worthwhile prospecting endeavor. For one thing, trade shows are industry-specific events that have the advantage of bringing your target market to you.

As a salesperson, you can use trade shows not only to present and demonstrate your products but also to identify and qualify prospects. Barton A. Weitz, Sephen B. Castleberry, and John F. Tanner, Jr., *Selling: Building Partnerships* (New York: McGraw-Hill Irwin, 2003). Asking a few specific questions can help you assess a prospect's needs and determine whether he has a genuine interest—as well as the resources—for buying. Trade show booths usually have a place for leads to enter their contact information so you can follow up with your prospects and save leads in your customer database. If you are a sales representative for a textbook company and you attend a faculty book fair at a large university, when professors stop by your booth, you might ask them which texts they are currently using and what they like or dislike about these books. This is a quick way to identify potential need. One professor might tell you she uses such-and-such a textbook, which is thorough, but her students don't find it very engaging. Aha! You have identified a need, and you now have a prospect. You might tell the professor about a textbook that covers similar information but uses a more conversational style and ask if she would like you to send her a complimentary copy. If she says yes, you now have an opportunity to take her contact information, and you have permission to follow up.

## Power Prospecting Source #6: Direct Marketing

When you think of “junk mail,” you probably think about something you would normally throw in the trash. But have you ever received a direct-mail advertisement that you’ve actually considered, or even responded to? Maybe you’re a member of the American Library Association, and someone has sent you an e-mail about an upcoming library conference in a nearby city because you opted in, or gave permission to receive information from the company. Or maybe a local real estate agent has sent out fliers to the residential areas in your zip code and you just happen to be thinking of selling your house.

As a sales professional, **direct marketing**, or communication in the form of direct mail or e-mail sent directly to your potential prospects, gives you the advantage of reaching a large pool of leads without having to invest the time to individually contact each one. Methods such as direct mail and e-mail allow your prospects to self-qualify since only the ones with genuine interest will follow up. On the flip side, direct mail yields a lower rate of return than most other methods of advertising. The average response rates for direct mail fall between **2.7-4.4 percent**. Contrast that with email’s average response rate of 0.6 percent, and you’ll see why direct mail can be especially impactful. <https://www.baesman.com/news-insight...nd-sms-in-2023> (accessed May 22, 2024). These methods can still be worth the investment, considering the relatively low inputs of time and money it takes to reach so many. SMS (short message service texting) can be a highly effective choice with open rates of up to 98%. Stanzie Cote, “*The Future of Sales Follow-Ups: Text Messages*”, <https://www.gartner.com/en/digital-m...-text-messages> October 4, 2019 (accessed May 22, 2024)

However, the time and money you *do* put into direct mailing or e-mail campaigns will be wasted if you send out your communications at random. There are three ways you can go about generating targeted mailing lists:

1. Every major city has organizations that specialize in mailing list research, allowing you to order up-to-date address lists organized by zip code, income, age, interests, or other characteristics that matter to you. For as little as \$25, you can get lists of up to a thousand prospects.
2. Many of the business directories and databases you read about earlier in this section provide e-mail and postal mailing addresses for businesses and private households based on specific criteria.
3. Professional salespeople also develop personal directories for their mailing lists and text initiatives. When you meet prospects, trade business cards with them and connect on LinkedIn. If these prospects pass your initial stages of qualification, you can add them to your personal list of mail recipients.

## Power Prospecting Source #7: Cold Calling

In the span of a decade, Pat Cavanaugh, CEO of a Pittsburgh-based promotional products company, grew his business 2,000 percent—and he did it almost all of it through cold calling. **Cold calling**, or making an unsolicited phone call or visit to a prospective customer, can be quite effective for the salespeople who know the right approach, but it’s also most salespeople’s least favorite prospecting activity. For one thing, you never know whether the person on the other end of the line will be rude or hang up on you altogether. Most salespeople feel pressured to actually sell their product or make a pitch during a cold call. While technology has certainly changed over the last 20 years, Cavanaugh’s advice still holds true: calling isn’t about making sales; it’s about establishing a connection with the prospect. Susan Greco, “The Nonstop, 24-7 CEO Salesman,” *Inc.*, August 2000, [www.inc.com/magazine/20000801/19766.html](http://www.inc.com/magazine/20000801/19766.html) (accessed May 22, 2024). According to Cavanaugh, it’s essential to get the prospect to like you in the first thirty seconds. While this may *sound* like it’s putting a lot of pressure on you as the caller, you can actually think of it as a way of taking the pressure off. Remember, you don’t have to sell your product during the call; the goal is only to make a positive connection. You don’t have to lay the schmooze on either. Instead, be direct and sincere, and be yourself. Your prospect, who is probably very busy, will appreciate directness and brevity.

A cold call is a perfect way to find out at what stage the lead is in of his buying process. She might still be a lead for future sales, but at this time she isn’t a qualified prospect. For that matter, if your lead seems unreceptive, you might also decide to end the call or to offer to try back at another time. Ultimately, it’s important that your prospective buyer doesn’t feel like she’s being pressured in any way; people have come to expect pushy salesmen and saleswomen on the phone, and you want to set yourself apart from this perception.

If the lead *does* have a problem that you can address, you should go ahead and offer to make an appointment to meet in person. Again, there should be no pressure on either end; your prospect will accept an appointment if she is interested. If she doesn’t agree to an appointment, don’t try to press it. Sometimes, it may simply be a matter of timing: your prospect might ask you to call back in few months. In this case, get your calendar out and set up a *specific* time when you can try to call back. For instance, “Three months from now will be early March. Is it all right for me to try calling again then?” If she agrees, go a step further and ask

something like this: “In the meantime, would it be OK if I sent you occasional updates by e-mail to let you know about new developments and promotions with our product?” This enables you to periodically follow up so that you maintain a connection with your lead.

Finally, it’s important to research your prospect before making a call. You should know the size and scope of the company, key people, company culture, and anything about the company that has recently come up in the news. Doing your research allows you to personalize your introduction. After explaining who you are, you might say, “I recently read in *Crain’s Chicago Business* that your company’s number one priority in the coming year is doubling revenues by increasing your sales force....” Doing your research and keeping a few simple tips in mind should take the pressure off in cold calling and give you the confidence to establish crucial prospect connections.

## Organizing Your Prospect Information

If you’ve ever ordered shoes from Zappos, you might be aware that the company is known for its excellent customer service. But you might not know one of their secrets to achieving this: keeping detailed records of every interaction they have with a customer. These records are part of a **customer relationship management (CRM)** system, the tools a company uses to record and organize their contacts with current and prospective customers. If you ever shop at Amazon, you’ll notice the product suggestions that pop up on your screen when you log on. That’s also an example of how CRM is used.

## Choosing a System

CRM software allows you to maintain relationships in a systematic way, following up more consistently with your leads and continuing to meet the needs of your existing customers. If the individual with whom you’ve been doing business at a particular company leaves, you should update that in your database and begin prospecting for another lead at the company. If you’ve recently mailed, emailed or texted information to some of your leads, CRM software will help you keep track of which customers the information went to and how recently it went out, so you know when to follow up with those prospects by phone. You have a huge range of CRM programs from which to choose, and while these applications were once large-business luxuries, there are now options that are priced within the reach of smaller businesses as well. “*Best CRM Software Of 2024*”, <https://www.forbes.com/advisor/busin...-crm-software/>, May 14, 2024 (accessed May 22, 2024).

## Gathering Intelligence

If you know your prospect is an eight-year-old online auction house with fifty-two employees operating out of Atlanta, that’s information—statistics you regularly update in your customer databases. These are facts that your competitors can also easily access using a simple online directory search. But what about the last time you visited your prospect in person? While waiting to meet with your contact, you overheard the receptionist talking about the complaints the company had been getting recently because of their confusing Web page layout. If you represent a Web design firm, that’s valuable information, and it’s news your competitor can’t access. In other words, it’s not just information, it’s *intelligence*. You can use this intelligence to your advantage when you put it together with other information. In this situation, assume you happen to know that one of the competing design firms in town just lost its best online retail specialist, while *your* company has two designers who have worked with similar online retailers in the past. So you know your company can address your prospect’s need in a unique way. Now you’re armed with *competitive intelligence*. Keeping your eyes and ears open for intelligence during every interaction is an important part of prospecting, and it’s particularly important to track the intelligence you gather in your customer databases. You never know when it might prove useful.

It’s also helpful to think about information that will help you make a personal connection to your prospect (remember how important the emotional connection is). Your observations and information gathering should carry over to personal details like your prospect’s family, his birthday, or his hobbies. Include these insights as part of your organized records, too. It might seem strange at first to make a formal record of personal details, but keeping track of things like the name of your prospect’s two children sends the message that you care about the person, not just his business, and this in turn builds customer loyalty. Upscale hotels like the Four Seasons do this kind of customer relationship management particularly well. Receptionists and concierges track personal details of repeat customers, learning to greet them by name and ask about specific details from previous visits: “Did your sister like the gift you bought her last time you were here?” or “How was your recent trip to Japan?”

## Keep It Up-to-Date

Things can change quickly in business, particularly at large companies. The account manager you spoke with last month may have moved to another company yesterday, or the purchasing agent who seemed excited about your product last year may have had to

deal with significant budget cuts this year that prevent him from buying again. That's why it's crucial to keep your prospect information current. If your competitor sees an opportunity before you do, you're likely to lose yourself a prospect. And if the individual with whom you've been doing business at a company is no longer working there, it's important to find another key person to contact soon if you want to keep your customer. Following companies and people on LinkedIn, as well as setting Google alerts, can help you follow when there's turnover of key personnel, or when companies in your industry merge or split off, or even when a client (or prospect) with an award or a contract. Every day. Google News Alerts (<http://google.com/alerts>) is a free service that sends you e-mail updates of the latest Google search results based on your choice of search criteria so you can keep current on your competitors and prospects.

## Qualifying Your Prospects

After you've identified your prospects, it's important to understand that *all customers are not created equal*. Some customers are willing to form business partnerships and grow with you over time while others are just looking to do business with whoever offers the lowest price. Some prospects may never be able to help you or your company achieve your business goals, or their goals may not be strategically aligned with yours, even if you really like doing business with them. Choosing customers carefully will save you time and energy and help you meet your goals. You don't want to spend several hours writing up a proposal for one of your prospects only to find out they were never genuinely interested. Paul Cherry, *Questions That Sell: The Powerful Process of Discovering What Your Customer Really Wants* (New York: AMACOM, 2006), 37.

Think back to the sales funnel and the idea that you start out with a large pool of leads and end with a much smaller number of customers. While it is important to cast your nets broadly when you're rounding up leads, you'll work most effectively if you weed out the likely from the unlikely early on. You can qualify your leads to determine whether they are legitimate prospects by discovering whether they have the *willingness* and the *ability* to make a purchase. Consider these five questions to help you meet your qualifying objectives:

- **Does your prospect have a need?** This is the most basic thing to figure out about your prospect. There is no use pursuing another individual in the company or delivering a persuasive presentation if there is nothing you can do for this person or organization. If you sell new cars, and your lead is satisfied with the car he bought three months ago, you don't have anything to offer him.
- **Does he or she have the authority to make the buying decision?** You can try to sell candy to a five-year-old, and he'll probably want to buy it, but unless you can convince his parents to make the purchase you don't have a sale. Similarly, your lead at a company may love your product and tell you it's exactly what her company needs. But if she isn't the person with the power to buy, she isn't a qualified prospect. This doesn't mean you should write the company off, but you'll have to figure out how to get in touch with the person who *can* make the buying decision.
- **Does he or she have the resources to purchase the product or service?** Sometimes knowing the answer to this question involves contacting the lead and asking some questions. Other times, you can figure this out by doing company research before ever getting in touch with the lead. You wouldn't have tried to make a major sale to Circuit City just before they went out of business because they wouldn't have had the resources to buy.
- **Does he or she have the willingness to purchase the product?** Even if your lead has the resources and authority to buy, he might not be interested in what you're selling. He might be dead set on a Caribbean cruise when you are selling packages to a ski resort.
- **Do you have access to the influencer or decision makers?** This is relatively straightforward in B2C sales, but in B2B, it can be hard. If you wanted to sell your clothing line to Macy's, you couldn't go downtown to your local branch and pitch your product. Large organizations have layers of personnel, and it's challenging to ferret out the people whose can influence the buying decision. Think about whether you *can* reasonably access these individuals.

## Managing Your Prospect Base

So you've qualified your prospect and you have his or her information in your CRM system. It would be nice if that were all it took. But your CRM is only a way of tracking and organizing customer information; making an **action plan**, a specific plan of approach, for each customer is up to you. And you won't make any sales if you don't act.

After qualifying, you might have some prospects with a clear need, buying authority, and a fairly high level of interest, while others seem uncertain. If you classify your prospects as "hot," "warm," and "cold," you can prioritize by devoting the most initial energy to your top potential customers. "How To Organize Cold, Hot & Warm Leads in Sales Pipeline", June 20, 2022, <https://www.corefactors.in/blog/how-to-organize-cold-hot-warm-leads-in-sales-pipeline/> (accessed may 22, 2024). No two

customers are alike. This means that even though you've qualified prospects A and B and determined that they *do* have needs you think you can meet, those needs will be different, possibly drastically so. It's a good idea to begin your action plan by conducting a careful needs analysis—that is, what specific problems is this prospect facing and how can my product help solve those problems?

Finally, think about the next steps in the sales process. Based on this customer's specific needs, how will you design your pre-approach? What details should be in your presentation, when should you make your presentation, and how and when will you try to close? Develop a timeline and plot out the steps. If you can envision the sale, you are already halfway there.

## Key Takeaways

- Prospecting takes creativity and knowledge. You have to look for potential buyers in many places.
- **Existing customers** and referrals can be excellent sources of prospects because the customers are already familiar with your service and can speak on your behalf.
- **Networking** provides the opportunity to leverage your existing relationships to develop new leads.
- Business directories and databases (in print and online), trade publications, business journals, are all excellent sources to identify leads.
- **Trade shows** and events give you an opportunity to talk to prospects.
- Advertising and **direct marketing** provide a way to reach out to many prospects who may have an interest in your product or service.
- **Cold calling** is an opportunity to approach the prospect and learn more about how you can meet her needs.
- Being a **subject matter expert** can set you apart and help generate leads because of your expertise.
- Qualifying the lead includes identifying if the prospect is ready, willing, and able to make a purchasing decision about your product or service.

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## 2.4: The Pre-Approach

### The Pre-approach: The Power of Preparation

#### Learning Objectives

- Explain how to research a qualified prospect and list resources to conduct prospect research.

Spring break is just around the corner. You and your friends definitely want to go away somewhere great. You decide on Cancún, Mexico, as a destination. Since you want to get the best plane fare and hotel rate, you will have to book early. That means planning, coordinating, and even doing some research on the area. You want everything to be perfect—after all, this is spring break.

Just as preparation made your spring break trip come together perfectly, preparation also makes a sales call successful. By now you've identified and qualified your prospects, you've come up with an action plan, and you're probably eager to get down to business. However, you can't just call your prospect or show up at his door without doing your homework first. How big is his business? What are his business goals? What is his company culture? Is he already doing business with any of your competitors? In what ways do your products or services present a solution he could use? The pre-approach, or the process of finding out the answers to these questions, is critical. Neil Rakham, *The SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 39. SPIN selling continues to be a popular sales approach today, as doing your research and coming prepared gets your prospect's attention and shows him that you care. It gives you the power to sell adaptively and puts you ahead of your competitors.

Keep in mind that when someone ultimately decides to do business with you, he is trusting you with one of the things that's most important to him—his money. Furthermore, he is trusting in you above all other people and companies to help him with his challenges. Consider that your company is using personal selling because customers want additional information or customization of the product or service in order to make a decision. People only buy from people they trust. Joe Hart, "3 Reasons Why Trust is the Most Important Tool for Driving Profitable Sales", October, 29, 2020, <https://www.dalecarnegie.com/blog/3-...fitable-sales/> (accessed may 22, 2024). You have to earn that trust every day. The first step starts here: how well are you prepared to earn his respect and trust?

#### Gather Information

By the time you're ready for the pre-approach, you've already done some initial research as part of the qualifying process. With the pre-approach, you take your research to the next level; you find out as much as you possibly can about the company or individual with whom you want to do business. As marketing and strategy expert Noel Capon says, a thorough understanding of your prospect's business processes and challenges gives you the crucial insights you'll need to offer specific, workable solutions your customers can use. Gathering this information demonstrates personal commitment and boosts your credibility with your prospects. Noel Capon, *Key Account Management and Planning* (New York: The Free Press, 2001), 142.

Your research will pay off whether you're preparing to contact a new prospect—a **target account**—or whether you're working with an existing customer. As previously discussed, some of your best prospects are the customers you already have. It's particularly important to identify your **key accounts**, your current customers who are—or have the potential to be—your most significant sources of sales. Maybe you sell insurance, and you've contracted with a large restaurant chain to provide their employee health and dental plan. This key account is one of the largest companies with whom you do business, so you make an extra effort to stay informed about developments that affect this company. You've recently received a news alert that due to an unstable economy the restaurant chain has decided to cut employee hours. As a result, many of the staff members are now working part-time and no longer qualify for full health benefits. Based on this information, you call your contact at the company and offer to provide a more flexible and less expensive partial employee benefits package for which their part-time workers could still qualify. You tell her that this solution will serve her company's need to cut costs and will allow them to retain employees who might otherwise become dissatisfied and leave.

Whether you're contacting new or existing customers, it's important to have your specific call objectives in mind and to clearly map out the information you've already gathered about the company so that you can refer to it during the call. You can keep this information organized using a **pre-call planning worksheet** that lists the key company statistics you've identified as part of your research and includes a checklist detailing the purpose of the call: the information you'd like to learn about the company, the solutions or key facts you plan to communicate, and any other goals you hope to achieve. The worksheet doesn't have to be complex; it can be as straightforward as the sample in Figure 2.4.1. Your customer relationship management (CRM) or contact

management system (CMS) may also provide a place for you to do your pre-call planning work. A sample pre-call planning worksheet is shown in Figure 2.4.1.

<b>Sample Precall Planning Worksheet</b>	
<b>Company:</b>	
<b>Contact:</b>	
<b>Phone:</b>	
<b>Location:</b>	
<b>Source of Lead:</b>	
<b>Key facts I already know about...</b>	
The company:	
My contact/prospect there:	
<b>Goals to achieve by end of call</b>	
Information I plan to gather about the company:	
Information I plan to gather about my contact/prospect:	
Information the prospect should know about me/my company:	
Specific actions the prospect should agree to take:	
How the company should feel about working with me/us:	

Figure 2.4.1: Precall Planning Worksheet

Listing your goals in writing before you make a sales call gives you the power to measure the success of your call. Did you get the information you needed? Did you communicate the information you listed in your checklist? If not, how can you adapt your approach and set goals for your next sales call?

### Going Deeper with the Fundamentals: What You'll Want to Know

The first sales call (or calls) is often an extension of the qualifying process. Even if the company passes initial qualification, as you learn more you might find out that they aren't your ideal customers after all. You might discover that your contact at the company is about to leave or change positions. Or you might realize that the company's current situation isn't one in which they're willing or able to buy. The following are some things you'll want to know as you research the company during your pre-approach.



## About the Company

- **Demographics.** Understanding the basics will help you ensure the company fits your ideal prospect profile and allow you to tailor your solution to fit the company's particular situation. What kind of business is it? How large is the business? How many locations do they have? How many people work for them? Where is the home office located? How many years have they been in business?
- **Company news.** Tracking company news is another way to discover opportunities for sales. Has the company put out any recent press releases? (You can generally find these on the company Web site in the investor relations, press release, or press room section.) Has the company recently appeared in the news? (Setting up Google News Alerts at <http://www.google.com/alerts> for your current and potential customers will keep you up-to-date on this.) Don't just read the news; creatively think about what the news is telling you about selling opportunities with a prospect.
- **Financial performance.** Keeping up-to-date on the company's financial performance will help you determine whether your prospect is currently able to buy, which might lead you to discover sales opportunities. All publicly held companies are required to post their quarterly earnings on their websites. Generally there will be a link for "investors" or "investor relations" on the company home page that will take you to financial data, including a recording of the company's quarterly earnings conference call. It's a good idea to listen to these conference calls to learn important information about the company's strategy and financial performance.

## About the Company's Customers

- **Customer demographics.** Are the company's products used by businesses or individual consumers? If consumers, what age, education, and income level? If businesses, what size and kind of businesses? Knowing the organization's customer demographics will help you tailor your solution to the company. For instance, if you're selling clothing designs to Old Navy, knowing that the company appeals to families and that it draws in value-conscious customers, you might send them samples from your more basic and reasonably priced clothing line, rather than your top-of-the-line products or your trendiest designs.
- **Size of customer base.** In B2B sales, it's important to know whether your prospect serves many customers or primarily works with a few large accounts. Microsoft, for example, sells its products to large corporations, but they also deal with individual consumers. Some companies, on the other hand, work with a few large accounts, so their success is very dependent on the success of their key customers. If your prospect is a sporting goods manufacturer that only sells its products to Dick's Sporting Goods, Dick's Sporting Goods' financial performance will affect the performance of your prospect's business.
- **What customers are saying about your prospect.** You can learn a lot about a company by paying attention to its reputation with customers. If the business has a lousy customer service record, they might not treat their vendors well either. This is why it's worthwhile to read customer reviews as part of your qualifying process. For instance, if you do business with airline companies, you might prefer to fly with Southwest (whose customer reviews say things like "This is an airline I'll use again and again!") than United Airlines (where one reviewer writes, "United Airlines hands down has the worst customer service of any company I have ever dealt with"). For large companies, doing a Google search will often bring up customer reviews on the organization, or you can follow their social media accounts. For local companies, try searching your regional Better Business Bureau (BBB) to see if any customer complaints have been filed against the company.

## About the Current Buying Situation

- **Type of purchase.** In Chapter 1, you learned the different types of buys—straight rebuy, modified rebuy, or strategic alliance. Knowing that information is extremely valuable during your pre-approach research. Is the customer making a first-time purchase of the product? (For instance, maybe you're selling disaster recovery services to a company that has previously lived with the risk of not having their data backed up.) Or will this purchase be a rebuy? Maybe the customer is an interior design firm. The firm already buys paint from a certain supplier but is thinking of making a modified rebuy: purchasing a more environmentally friendly line of paints, either from the same supplier or from someone else (hopefully you!). On the other hand, maybe the design firm is already buying from you and is perfectly happy with the paints and with you as a supplier, so it decides to make a straight rebuy of the same product. It's also possible that your prospect is considering a strategic alliance with your company in which your organizations would make an agreement to share resources. Knowing the type of purchase will help you position your solution to best fit the situation.
- **Competitor/current provider.** If your prospect is already buying from another company, you'll want to know who your competitor is. What do you know about this company and their products? Most important, what are your competitor's strengths and weaknesses? Consider the interior design firm that is about to make a rebuy. If you've done your research, you might be able to tell the firm, "I know your current supplier offers a high-quality paint product in a wide range of color choices. Our

company offers a wide range of color choices, too, and our product consistently gets high reviews. However, unlike your current provider, we also have a line of soy-based paints, which are better for the environment and for your customers' and employees' health than the regular latex variety. Using soy-based paints will increase your reputation as a progressive, socially responsible business." Knowing your prospect's current supplier gives you the power to favorably position your product by highlighting the things that set you apart from the competition.

- **Current pricing.** If the information is available, find out what your prospect's current supplier charges for their product or service. This information will give you the edge to competitively position your solution. If you charge less than your competitors, you can highlight your product as a cost-saving alternative. If your products cost more, you might consider offering a discount or other benefit to provide a better solution. On the other hand, if your products are more expensive because they're of a higher quality, you should emphasize that fact. For example, soy-based paint is generally more expensive than latex paint, but depending on your customer's needs, the extra cost might be worth the benefits of a healthier, "greener" product.

## About the Contact Person

- **Title and role in the company.** This is basic and essential information to know. It will help you to personalize your communications and will give you a better sense of your business situation. What role does this person have in the buying decision? Are you dealing with an influencer in the organization? Does this contact person have the authority to make a buying decision, or is this person a gatekeeper, a person with whom you must talk in order to get to the decision maker?
- **Professional background.** How long has this person been at the company, and what positions has he held? What roles has he had at other companies? This information will help you to adapt your communications and solutions to the individual. You can find valuable information on professional social networks such as LinkedIn and Plaxo.com and use it as you prepare your approach and presentation. For instance, you might find out that someone in your network knows the person you are planning to approach and she can provide an entry for you. You might also learn that the person you plan on calling on was previously a buyer at two other companies and usually likes to bring in his previous vendors. If that's the case, you might adapt your approach to include benefits that you have brought to other buyers who switched to your company.
- **Personal information.** Everyone likes to do business with people they like. Learning what you can about your contact's family, hobbies, and interests demonstrates that you care about him as an individual and helps you build a relationship with your customer. This is useful information to keep on hand for the opening of the sales call when you want to put your prospect at ease and convince him of your goodwill. And it's good information to use as follow-up or just to keep in touch. ("I know you are a huge University of Florida fan so I thought you would enjoy this video of the team's summer training camp.")
- **Essential problem(s) your contact needs to solve.** Knowing this information takes you right to the heart of the issue. Maybe your prospect is the marketing manager at the company and has recently been given the task of finding a new breakthrough idea for a promotional product to give away at a major upcoming industry trade show. Or maybe your prospect owns a grocery chain and needs to increase her sales in the frozen food area with organic products. Learning the specific problems your contact faces in his role at the company is the only way you can adapt your solution to meet his needs. The best way to identify your prospect's problem (or opportunity) is to do extensive research on the company.
- **Motivation for buying.** If your contact is already buying from another supplier, what reasons might he have to start buying from you instead? For instance, is he dissatisfied with the quality of his current provider's service or the price of the product? If he is satisfied, what value can you bring that provides a reason for him to consider changing suppliers? On the other hand, if this is a first time purchase, what will drive his initial decision to buy?

## About Your Existing Customers

Your current customers are your best prospects. While you might be excited about a new account, make sure you don't spend so much time and energy on new prospects that you neglect the ones with whom you've already established a relationship.

- **Opportunities to expand the relationship.** There's no better place to increase your sales than with your existing customers. They know you and your product or service, you know them and their needs and challenges. So start by leveraging the information you already know about your customer's business. This is the best way to expand your relationship. For instance, if you have sold fitness equipment to a regional chain of health clubs and you know that it is important for them to minimize maintenance costs and down time, you could target the buyer as a prospect for the new line of weight machines with hydraulics. You could also expand your research and determine how much money the club could save in a year based on the number of machines and include that as part of your presentation. This is establishing your **value proposition**, what you have to offer that your prospect or customer is willing to pay for.

If your customer is using some of your services in combination with your competitor's services, this is also a sales opportunity: find out how satisfied your customer is with the competitor's services and see if you can come up with a better solution. ("You're currently using our hydraulic weight machines, but I see that you're buying your exercise machines from this other company. Did you know that we offer treadmills, exercise bikes, and elliptical machines that come with free maintenance and product replacement guarantees?") If your customer has a contract with this competitor, finding out when the contract expires will help you time your sales call effectively.

And what about *your* contracts with the customer? If you have a **service-level agreement (SLA)** with the customer, you can leverage this opportunity to strengthen the customer relationship. SLAs define the terms of the service you will provide, and they generally expire after a certain length of time (think about the contract you have with your cell phone provider). Establish open lines of communication to make sure your customer is consistently satisfied with your service. You might discuss expanded service options he can purchase, or you could offer a discount for renewing the contract early. Consider giving a short survey to gauge your customer's satisfaction level and find out whether there are additional services you might be able to offer her.

You can also consider moving into other departments of the organization: use your CRM system to track the organizational structure of the company and find the influencers in other departments. Of course, you can ask your current contacts at the company for referrals of other prospective buyers within the company. Maybe you're formatting documents for the research branch of the company, but you know the company also has a communications department that puts out brochures, reports, and newsletters. You can scan your CRM database (or look on the company's website) for the names of managers in the communications department and ask your contact in the research department if he could give you a good referral.

- **Opportunities for synergy.** How can you partner with your customer in new ways that will benefit both companies? For instance, maybe there's an opportunity for a strategic alliance like the one between Pepsi and Frontier Airlines: Frontier buys exclusively from Pepsi, while Pepsi helps promote Frontier. Or are there additional services or products you offer that, used in combination with your customer's current purchases, would create an even stronger solution? If you can demonstrate potential **synergy** with an existing customer—that is, collaboration that produces greater results than individual products, services, or parties could produce alone—you have an opportunity to expand your business with that customer.

## Key Takeaways

- The pre-approach is a critical step that helps you earn your customer's trust and sell adaptively; this is true whether you are meeting with a new customer—a **target account**—or an existing customer—one of your **key accounts**.
- Before you make your sales call, you should know the objectives of the meeting. You should record these objectives, along with basic company information, on a **pre-call planning worksheet**.
- Pre-approach research includes information like company demographics, company news, and financial performance to help you discover sales opportunities and go deeper in your qualifying process.
- Research the company's customers, the current buying situation, and your contact person at the company to help you tailor your sales approach.
- Finally, stay abreast of your competition and trends in your industry.

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## CHAPTER OVERVIEW

### 3: The Approach

[3.1: The Power of First Impressions](#)

[3.2: Standards for Contact](#)

[3.3: Choosing the Best Approach](#)

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## 3.1: The Power of First Impressions

### The Approach: The Power of Connecting

#### Learning Objectives

- Understand the role of first impressions and the importance of a strong approach.

When Paul McCartney returned to New York in July 2009 to play a concert at Citi Field, the new stadium built in the place of Shea Stadium where The Beatles first invaded the American music scene in 1965, the atmosphere was electrifying. He started the concert by saying, “Welcome to the new Citi Field Stadium. It’s been a long time since I’ve been here.... I have a feeling we’re going to have a little bit of fun tonight.” “Paul McCartney’s first concert at City Field,” video, July 22, 2009, <http://www.youtube.com/watch?v=cdHC6OJPShQ> (accessed May 2022, 2024). Then he played The Beatles’ classic “Drive My Car,” and the crowd went wild.

Paul McCartney didn’t need to *talk* to the audience. In fact, people didn’t come to hear him speak at all; they came to hear him sing. But Paul McCartney clearly understands the power of a strong approach. His brief welcome, tip to the past, and promise for a great show were all part of his short but effective **sales approach**. While you might not think of Paul McCartney as a salesperson, his concerts, just like those of other rock stars and recording artists, are actually sales presentations for his new songs and albums.

In all types of selling, the approach precedes the sales presentation. In the case of the concert, you probably already know Paul McCartney and what to expect from him. But when you are meeting someone for the first time in sales, your approach won’t be successful unless you how you make a good first impression.

#### First Things First

“You only get one chance to make a first impression.” This is a saying you’ve probably heard many times before. First impressions are quickly formed, difficult to change, and can have a lasting effect. Think of a first date, your first day of high school or college, or any job interview you have gone into. You were probably nervous because you knew the importance of making a good first impression. Similarly, the sales approach is the most intimidating point of the sales process for many salespeople because they know that the decision to buy or not to buy can often start with this initial contact. The approach is your first phone call to your prospect, the moment on the sales floor where you walk over to a new customer and say, “That’s our newest model, and it has one terabyte of capacity. Do you record a lot of videos or music?” or your first visit to a target business when you ask to set up a meeting with your prospect. You’ve done your research, your planning, and your preparation, but the approach is where the rubber meets the road.

#### The Six Cs of the Sales Approach

While prospecting and the pre-approach are entirely under your control, the approach is the first part of the sales process where you actually come in contact with your prospect and you’re not quite sure what she will say; this can be a little nerve wracking. However, if you’ve researched your prospect, and if you go into the sales call prepared, you can have confidence that you will be able to adapt your sales approach to your individual customer. Keep in mind that you aren’t selling a product during your approach; you are actually introducing yourself and opening up the way for the opportunity to make your sales presentation later. Consider these six Cs, or things to keep in mind before and during your sales approach. These six points will help you anticipate your customers’ responses, adapt, and execute your approach with success.

#### The Six Cs of Selling

- Confidence
- Credibility
- Contact
- Communication
- Customization
- Collaboration

## Confidence

If you know your product inside and out, and you've set your objectives and prepared a general benefit statement, you will be well equipped going into your call, so have confidence. (On the other hand, confidence without preparation is a sure recipe for disappointment, so make sure you actually *have* done your homework first.) Not only will a confident attitude set the tone for the meeting and help you build credibility with your customer, but it will also help you perform your job better. As psychologist William James said, "Attitude at the beginning of a difficult task...more than anything else, will affect its successful outcome."

Of course, feeling and appearing confident in a stressful situation is more easily said than done, but there are some simple psychological tricks that can help. For in-person sales approaches, sales coaches suggest giving yourself an affirmation before heading into the meeting. For instance, tell yourself "I am confident in my ability to make the sale." or "I am an excellent problem solver." Lestraundra Alfred, "*15 Positive Sales Affirmations Every Rep Needs*", HubSpot, (accessed May 22, 2024). If you believe you will succeed, it is more likely that you *will* succeed. In addition, dressing well for your sales call will help you feel more confident and professional.

For sales calls that happen over the phone, prepare for your call by organizing your workspace first. Clear off your desk and make sure you have everything you will need within easy reach—calendar, note pad and pen, fact sheets, precall planning worksheet, and anything else that might be helpful during the call. You should also try standing up (because people feel more powerful when they are standing) and smiling while you talk (it will relax you and will help you to use a positive, energized tone of voice).

## Credibility

Building credibility is one of the most important challenges you will face early on in the sales call; you want to convince your customer that you are competent, that you offer valuable solutions, and that you are trustworthy. Open the conversation by introducing yourself and your company; if you are meeting your customer in person, make eye contact and offer a firm handshake. Next, briefly explain the purpose of your call (without making your sales presentation). Your customers are busy people, and will appreciate it if you are direct. In addition, an up-front manner like this conveys trustworthiness.

Depending on the type of sales situation you are in, you may be approaching your prospect, or they may be approaching you. In B2B sales, you are generally approaching your prospect, so you have researched them first. While qualifications like a proven track record, satisfied customers, or number of years in sales might help establish your credibility, according to Jeff Thull, CEO of Prime Resource Group, these qualifications are expected, and listing them isn't an effective way to lead off your sales call. Thull says *exceptional* credibility comes when you can demonstrate that you have done your homework. In other words, it's not what you know about your company and your product that will impress your customer; it's what you know about your customer and his situation. Jeff Thull, "How to Establish Sales Credibility: It's Not the Stories You Tell, It's the Questions You Ask," MarketingProfs, <http://www.marketingprofs.com/7/thull15.asp> (accessed May 22, 2024) Later in this chapter, you will learn about specific ways to do that.

## Contact

By now you might be wondering how you should approach your prospect. Do you want to make your first contact in person, on the phone, or over e-mail? The way you make contact will depend on the specific selling situation. Consider whether you are in a situation in which you will initiate the approach, whether your customers will initiate the approach, or whether your selling will include a mixture of both. For instance, maybe you work for a company that specializes in corporate training and personal development services, and your customers include referrals (in which case the prospect is approaching you) as well as prospects you have identified through research (in which case you are contacting them). Even retail selling can include a mixture of both. If you are selling cars or fine jewelry for instance, your customer might come into the showroom or store and ask you for help directly, or he might just start looking around, in which case you would approach him. Of course, because of the environment, in most retail situations the approach happens in person.

While there's not one set way to make an approach, the constant is to make every approach personal. Every situation is different—some approaches may be made at a trade show, while others may be made in an office, or even on the phone—but it's always a good idea to show appreciation. "In every conversation, include at least one appreciative remark," according to Rosalie Maggio, best-selling author of *How to Say It* and *The Art of Talking to Anyone*. Praise the other person's business acumen, charity work, or even her taste in shoes. As long as the appreciation is brief, sincere, and specific, the feeling will be remembered long after the words are forgotten." Robert Jones, "How to Make a Powerful First Impression," *Entrepreneur*, <http://www.entrepreneur.com/startingabusiness/selfassessment/article198622.html> (accessed May 22, 2024).

On the other hand, in situations where *you* are generally approaching the customer first, it's important to think strategically about the way you want to contact your prospects. E-mail is one of the most efficient and least expensive ways to get in touch with a large number of prospects, but e-mail—like direct mail—is impersonal and can have a low response rate. (Just think of all the “junk” e-mails you delete or send through your spam filters on daily basis). E-mail can work as an extension of the qualifying process because only the prospects with genuine interest will be motivated enough to respond. This makes e-mail a useful approach for smaller, less complicated sales that require the seller to deal with a large number of prospects. On the other hand, e-mail is not the most effective way to reach your best prospects, especially not in complicated B2B sales—after all, in relationship selling you want your approach to be as personal as possible.

Face-to-face interaction is definitely the most personal approach you can make, but it is also the most difficult. In large B2B sales, since your contacts are decision makers with high levels of responsibility, they are busy people. You wouldn't just show up at their businesses without an appointment. In these cases, it's best to call first and ask your contact if you can schedule a time to meet with her in person. Of course, you might get sent right to voice mail, especially when you are trying to contact a busy manager. If you've tried a number of times and can't get through, you can leave a message, but make sure you follow up by calling back later in the day or the next day. Be persistent and call back until you can speak to someone. Also keep in mind that there are always exceptions to the rule. You might have the opportunity to make a face-to-face first contact (and secure an appointment for a sales presentation) if you know your B2B prospect will be present at a trade show or industry event you plan to attend.

## Communication

Whether you approach your prospect in person or over the phone, you want to build good rapport. After all, wouldn't *you* rather do business with someone you like? Your customer will too. “Most decision makers base their purchasing decisions on who they are buying from, not what they are buying,” says Ray Silverstein, sales columnist for *Entrepreneur* online. Ray Silverstein, “How Do I Build Customer Rapport?”, <http://www.entrepreneur.com/management/leadership/leadershipcolumnistraysilverstein/article182144.html> (accessed May 22, 2024). Rapport building happens at every step of the sales process, but it begins with your first interaction.

For in-person sales approaches, keep in mind the powerful elements of nonverbal communication, such as when people communicate face-to-face, only about 20 to 30 percent of that communication is verbal. Katherine Toland Frith and Barbara Mueller, *Advertising and Societies* (New York: Peter Lang Publishing, 2003), 34. This means that it is important to focus not only on what you are communicating but also on *how* you communicate it. You can make an instant positive connection simply by remembering to smile. This is critical: people are naturally wired to smile in response to others' smiles, so by smiling you will put your prospect at ease and help create a positive atmosphere. Responding to your prospect's body language and posture with a similar body language and posture, or mirroring, helps to establish rapport. Learn about the power of nonverbal communication and mirroring during a sales approach in this short video.

And don't forget to bring some business cards with you. You'll want to exchange business cards with the person with whom you are meeting.

On the other hand, when you communicate over the phone, you won't be able to use body language to help put your prospect at ease or establish rapport; your voice (including your pitch, tone, enunciation, and word choice) is the only tool you have. Sales coach Wendy Weiss suggests recording your voice as you practice your sales approach and listening to how you sound. Is your tone convincing and confident? Does your voice have warmth and passion in it? Are you speaking clearly enough to be understood? Is your volume appropriate? Listening to your recorded voice will help you hear how you sound to other people. Finally, while you can't mirror your customer's body language over the phone, you can subtly reflect his style of speech. If your prospect speaks quickly, try speeding up your speech as well. If the prospect has a drawl, consciously slow your voice down to match his pacing. Pay attention to the way he speaks and also to his word choice and conversational style and adapt your style to match.

You might be thinking, so now I know how to communicate with my prospect, but I still don't know *what* to communicate. The “what” of your sales approach will depend on the specific selling situation and your pre-call objectives. In some cases, like retail for instance, your approach might be immediately followed by a sales presentation, but in other cases, particularly larger B2B sales, the purpose of the first contact is to set up an appointment for a sales presentation. In the next section of this chapter you will read more about the dos and don'ts of opening lines, or approaches, in different selling environments.

### ✓ Approach Like the Pros

Learn about sales approaches and other best practices in selling by subscribing to the *Selling Power* newsletters. There are several different versions including one that focuses on the pharmaceutical industry and one for software. All e-mail newsletters are free when you sign up at <http://www.sellingpower.com/content/newsletter/index.php>.

## Customization

Tailoring your sales approach to the individual customer is one of the keys to relationship selling. Even in retail situations in which the prospect is approaching you first (so you aren't able to research her beforehand), you would approach different customers differently. Consider the example from the first chapter, for instance: selling a gym membership to a prospect who walks into your fitness club. If a woman with two young children comes in, you would probably spend time showing her the child care center, and you would discuss any family centered activities your club offered. If she expressed an interest in aerobics or Pilates, you would show her the class schedule and the fitness rooms where the classes are held. Adaptive selling—especially in situations in which you haven't been able to prepare—involves observation, listening, and asking directed questions to uncover what your prospect needs and cares about.

John Brennan, president of Interpersonal Development, suggests using intuition to customize your behaviors and the substance of your communications to your customers' buying style. "If [something in the interaction] does not feel right," he says, "pay attention." Tune in to your customer's responses. If you get the sense that he wants simplicity, don't go into too much detail. On the other hand, if he uses detail in his own responses, use a higher level of complexity when you respond back. Ultimately, the trick is to get inside your customer's head. Ask yourself, "What would I care about and want to know if I was this person? What would I respond well to?" Is your customer an individual consumer? Is he a technical expert? Is he someone working to earn the respect of higher-level managers in his company? Putting yourself in your customer's shoes and adapting accordingly will help you earn his trust.

## Collaboration

You've learned how relationship selling is about partnering. Of course, all sales have a bottom line (you ultimately want to close the sale), but your customer has something he wants out of the transaction, too. In relationship selling you want to focus on your customer so he gets what he wants; when you do this, your selling becomes a collaborative process. When you practice collaborative selling, both you and your customer get more out of the situation, and you create ideas that would not have been possible for each party working individually.

## Dress the Part

When you meet a customer face-to-face, appearance is an important part of the first impression, so make sure to put careful thought into what you wear to your sales call. A good rule of thumb is to dress a little better than you think your customer will dress. It's hard to go wrong dressing more professionally than you need to, but you *can* go wrong by dressing too casually. What you wear is as much of a communication as what you say or how you use body language; so make sure to dress appropriately and professionally.

At the same time, make sure you know something about your customer and his company culture. If you sell agricultural supplies to farmers, or you sell products to maintenance supervisors or people who wear uniforms, for example, dressing too formally will separate you from your customer. However, these cases are the exceptions rather than the rule. When you are selling to managers within a company, dress will be more formal. Find out about the company culture to learn whether dress is business casual or "coat and tie" and dress up a notch.

## Key Takeaways

- Remembering the six Cs of the **sales approach**—confidence, credibility, contact, communication, customization, and collaboration—will help you make a good impression when you contact your prospect for the first time.
- Techniques like preparation, research, and dressing the part can help you maintain confidence going into the call.
- It is important to establish credibility early on by communicating to your prospect, both verbally and nonverbally, that you are professional, well intentioned, and trustworthy.
- Decide how you will make the initial contact with your prospect; this varies depending on the selling situation.



- Good communication is essential to rapport building in relationship selling; it involves not only knowing what to say but also knowing how to listen.
  - Customization, tailoring your **sales approach** to the individual customer, is also key in relationship selling.
  - A good salesperson works not only to achieve his own objective but also to help his customer achieve her objective. Collaborative selling creates ideas that would not be possible for each party working individually.
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## 3.2: Standards for Contact

### Learning Objectives

- Understand how to make contact with your prospect.

What is the worst pick-up line you've ever heard? How did the person on the receiving end react? Chances are he or she was not very impressed. During a sales approach there are also certain opening lines to avoid—and others that will be more successful. The following section offers some pointers (and reminders) that will give you the power to start the selling relationship off on the right foot.

### During Every Sales Approach

While sales approaches can vary widely depending on the selling situation, there are a few standards that *always* apply.

#### Always Get the Customer's Name Right

There's nothing more off-putting in a sales approach than a salesperson misspelling or mispronouncing your name. If the salesperson can't be bothered to learn something as basic as your name, it sends the message that he doesn't care about you as a person, and it certainly gets the relationship off to a bad start. In e-mails, double check that the customer's name isn't misspelled or mistyped. For telephone or in-person approaches make sure you've figured out how to pronounce the prospect's name during your pre-approach research. Ask contacts who might know (a receptionist, for instance, or your referral source) if you are unsure. And if the prospect has a difficult name, and you can't get a confirmation on pronunciation, avoid using his name in your opening lines.

#### Always Listen

"Don't be interesting; be interested." In other words, don't try to impress your customer by spending a lot of time talking about your qualifications or how wonderful your company or product is; instead, show your prospect that you are genuinely interested in getting to know him and in understanding his needs. The only way you can do this is to listen. Ask questions and then let your customer do the talking. During in-person sales calls you should engage in **active listening**. Show the customer that you are really listening by adopting a listening posture: look the customer in the eye and lean forward or incline your head while she's talking. In any sales approach you should restate the essential points your customer brings up, both to check for accuracy of understanding and to show that you are paying attention.

Listening is one of those skills that is easier said than done. While people naturally want to talk, they feel most appreciated when someone else is listening. That's when people open up and share their goals, wants, and needs. Salespeople are often known for their ability to talk, but it is listening that makes the best salespeople.

#### Be Ready with Your Elevator Pitch

Have you ever heard the term "**elevator pitch**"? It's a concise description of a product or service that should take no longer than an average elevator ride. Laura Katan, "Perfect Pitch: How to Nail Your Elevator Speech", *The Muse*, July 19, 2020, <https://www.themuse.com/advice/perfect-pitch-how-to-nail-your-elevator-speech>, (accessed May 22, 2024). Every salesperson has an elevator pitch for the product or service he is selling. That way, he can tell people about his product in under sixty seconds, and it's a perfect way to start a conversation or phone call and helps to make a good first impression. In fact, everyone from a CEO to an entrepreneur has an elevator pitch about her company to tell potential investors, shareholders, and other stakeholders. Most listeners don't have the time to hear all the details about a product or service in the first minutes of a conversation so the elevator pitch provides just enough information so the audience knows what he is talking about and wants to know more. In other words, an elevator pitch is an overview of an idea, product, service, project, person, or other solution and is designed to just get a conversation started.

Your elevator pitch comes in handy when you are making an approach on the phone or in person. It's the perfect opportunity to tell someone about your company and product or service in less than sixty seconds so that you can engage her in conversation. Remember, an elevator pitch isn't a sales presentation; it's simply a way to begin an interactive conversation and get to your ultimate goal—a meeting with the decision maker.

## Approaching by Telephone

Establishing rapport can be a challenging task when you make your approach by phone because you can't read your customer's body language or other visual cues, and she can't read yours. There is also the possibility that you will catch your prospect during a busy or inconvenient time. For telephone approaches, it's best to be brief and direct and to save small talk for your in-person meeting or for a later, scheduled phone call.

Your prospect will probably decide whether or not he is interested in what you have to say within the first twenty seconds of the call, so it's best to be direct and get this essential information across early on. You might say something like "This is Shamika Lorenz from Selling Solutions, a firm that specializes in helping businesses reduce their selling costs, and I'm calling to let you know about an upcoming seminar for small business owners in your area." Such directness also conveys honesty and lets your prospect know that you won't waste his time.

## Do Prepare a Script for Your Opening Statement

Because you want to get your prospect's attention in the first twenty seconds, it's important not to stumble over your words or sound like you are rambling. After you have given your name and the purpose of your call, offer a reference point based on your pre-approach research. For example, "I read that your start-up has recently opened a new downtown location." This will personalize your approach and help establish your credibility. Next, lead into a general benefit statement that will address your prospect's "what's in it for me?" question.

## Do Ask "Is This a Good Time?"

Keep in mind that asking for permission helps build trust and allows the customer to feel like she is in control of the call. However, it's important to think about the way you phrase your question. It is always easier for people to say yes to a question than to say no, so when you open with something like "Did I catch you at a bad time?" all your customer has to do is agree with you ("Yes, this is a bad time."), and the call is effectively over. On the other hand, if you ask whether this is a *good* time, a yes response will work in your favor. Your customer is only likely to say no if this really is a bad time, and if that happens, you are well positioned to say "I understand. Would Monday at 10:30 be a better time to talk?"

## Don't Start Off by Asking, "How Are You Today?"

This common greeting is one you probably use without thinking twice about it. But opening a sales call this way over the phone (when you are contacting a busy stranger who doesn't know why you have called) can be off-putting and will probably come across as insincere.

## Don't Launch into Prolonged Explanations

Your prospect is obviously not sitting by the phone waiting for a call from you. You want to be personable when you call, but you also want to keep in mind that for busy decision makers, phone calls are interruptions, so the more business oriented the interruption, the better.

## Leaving a Voice Mail Message

Sometimes it is difficult to reach the person by phone. Although it's a good idea to call back at different times of the day to see if you can catch the person, it is also a good idea to leave a short voice mail to introduce yourself, your company, a brief reason for your call, and when you will call back.

## Approaching by E-mail

While an e-mail approach is less personal than an in-person or telephone approach, it might be your best method. According to Mailbutler, every \$1 spent on email marketing generates \$44 in revenue. 92% of adults who are online have email, and 99% of users check their inbox daily (58% first thing in the morning). "How to write a winning first email to a potential client", Mailbutler, <https://www.mailbutler.io/blog/email/write-winning-email-to-client/>, (accessed May 27, 2024). Here are a few things to keep in mind.

## Do Write a Number of E-mails in Different Styles and Tones

Online marketing expert Daegan Smith suggests crafting about fifteen different e-mail templates so you can choose between them when you want to get in touch with a prospect. You can think of it a little like building up your wardrobe so that you have different

things you can wear on different occasions: you wouldn't wear the same clothes to a baseball game that you would wear to a business meeting. You also wouldn't send the exact same communication to all your prospects. The bottom line is that you want the e-mail to be as personal as possible.

### Do Send a Well-Written E-mail

Keep in mind that an e-mailed sales approach is still a first impression, even though the communication doesn't involve any immediate contact. While the e-mail should be personal, it should be more formal than the personal e-mails you send to friends. You want to sound knowledgeable and credible, which means paying close attention to your word choice and style. Give the e-mail the same attention you would give to a business letter. This also means reading the e-mail several times before sending it to check for spelling and grammar mistakes, just as you would with any other business correspondence.

### Do Follow Up Persistently

Don't get discouraged if you don't get a response to the first or second e-mail you send. In B2B sales, it often takes about twelve e-mails before contacts reply, so be persistent. If your prospect doesn't respond right away, it doesn't mean that he isn't interested in what you have to offer—just assume that he is a busy person with plenty of other distractions that come across his desk every day. If you continue to send your e-mails regularly, eventually the message will register on your prospect's "radar screen." Of course, you don't want your e-mails to be an annoyance either, and including an "unsubscribe" option somewhere in the body of the message for the prospects who truly aren't interested so that they can request to be removed from your e-mail list is important.

### Don't Send E-mails That Look Like Templates

Again, the goal is to make your e-mails as personal as you can. If you have a number of e-mails drafted, select the one that seems most appropriate to the specific prospect(s) you want to target, and include your prospect's name in the heading and body of the e-mail. This will set your message apart from the average, impersonal "junk" e-mail that people get regularly.

### Approaching through Online Social Networks

In some cases you will be able to leverage your online social network to approach a prospect. For instance, if you are a website designer and you attend a Webinar on increasing Internet traffic to business's homepages, the other Webinar participants are potential prospects, and you might decide to contact them and ask to be added to their LinkedIn network. When requesting to connect, mention something you have in common, or specific why you're interested in connecting with that person. Companies are also increasingly using social networks as a budget-friendly way to allow prospects to approach *them*.

### Do Make a Comment When You Add a Prospect as a New Friend

According to marketing specialist Leslie Hamp, even something as simple as "I noticed we were on the Webinar together, and I'd like to add you as my friend," will work. Leslie Hamp, "5 Steps to Effective Business Social Networking," Social Networking News, July 9, 2009, [socialnetworkingnewstoday.com/](http://socialnetworkingnewstoday.com/) (accessed August 2, 2009). The point is that you want to give your approach a personal touch. If you just go out and friend all your prospects without making the effort to engage with them, they might not accept your friend request in the first place, and even if they do accept, they may wonder who you are and how you found them. Or worse, they may soon forget about you altogether. You can think of the networking tool as a facilitator, something that gives you the opportunity to connect, but it is still up to you to do the work of socially interacting and leveraging your connections.

### Do Aim for Quality over Quantity

There are so many new and interesting social media programs available that it can be tempting to join multiple sites; but if you are a member of more than two or three social networks at one time, you will probably find your efforts spread too thin. You can get the most out of your social networking by focusing on regular contributions to the few networks of which you are a member, rather than by trying to maintain your profile and connections on a number of sites.

### Do Contribute to the Community

In social networking situations, just as in face-to-face interactions, you want to build a good rapport by earning the trust and respect of your customers and colleagues. This means considering ways you can participate in and contribute to the online community, rather than simply using the social networking sites to promote yourself or your product.

## Don't Let Your Language Get Sloppy

As with e-mail approaches, pay attention to your language. Use a higher level of formality when you contact business prospects than you would use when you send social networking messages to your friends; avoid slang (like “u” for “you” or “btw” for “by the way”). Spelling, grammar and punctuation matter!

## Don't Make a Sales Pitch

Even though a social-network approach looks different from an in-person or over-the-phone approach, the purpose is the same—establishing rapport, building trust, and helping your customer discover needs and opportunities—so avoid making your sales pitch during your initial contact. For instance, returning to the example of the website design specialist, assume you added ten of your fellow Webinar participants to your social network. Maybe your company has made a short YouTube video that offers advice on incorporating blogging capabilities into business websites, so you send a message and link to your ten new contacts: “I thought you might be interested in this video.” In the video’s description on YouTube, you can post a link to your company Web site or blog where you make a direct sales pitch. This way you are offering your prospects valuable information without coming across as pushy. If a prospect is interested in pursuing your services, he has the resources to follow up on his own. *Approaching Your Prospect through Social Networking: Dos and Don'ts*

### ✓ Use the Following Tips to Make Social Networking More Effective For Your Sales Approach

- **Do** use social networks, especially those that focus on the professional community, as a way to connect with prospects and customers.
- **Do** make a comment when you add a prospect or customer as a friend or connection.
- **Do** focus on quality of connections rather than quantity.
- **Do** contribute to the community.
- **Do** use professional social networking features such as Questions and Answers on LinkedIn.

Avoid the Following When Using Social Networking as a Tool to Make a Sales Approach

- **Don't** let your language get sloppy; always use proper spelling and grammar.
- **Don't** make a sales pitch. Use social networks to get in touch and make connections; you can follow up to set up a meeting or phone call to explore your prospect’s needs.
- **Don't** post personal photos, videos, articles, or comments to a professional social networking site such as LinkedIn.
- **Don't** post any inappropriate language, photos, or videos on your personal social networking pages such as Facebook. It’s a good idea to remove any inappropriate information as employers, prospects, and customers can see your personal brand 24/7.

## Approaching Your B2B Contact in Person

Some managers and buyers are extremely busy, and when you try to reach them by phone, you will interact with an administrative assistant, so your first contact with your actual customer might be at a trade show or industry event.

In other situations, if you are selling to smaller businesses at the local level, you might make your approach in person at the customer’s place of business. Why make an in-person approach rather than placing a phone call? While visiting in person takes more time and effort, it’s more personal: it is often easier to build rapport with your customer during a face-to-face interaction. There are just a few things to keep in mind when making an in-person or telephone approach in B2B sales.

## Do Use a Strong, Attention-Grabbing Opener

You want to get your prospect to like you in the first minute of your sales approach, and you want to give him a reason to keep listening to what you have to say. Be up front: introduce yourself and explain the purpose of your call (including the general benefit statement you have prepared) early on. Then, as in any sales call, ask permission to continue. Your opening might sound something like this:

<b>You:</b>	Hello, Aaron. My name is Janeka Jones from iFX, a provider of e-commerce solutions.
<b>Aaron:</b>	Hello.

<b>You:</b>	We met at the South by Southwest conference in Austin last week. You mentioned that an area of growth for your business is personalized apparel. The personalized jerseys you offer on your Web site are really unique. In fact, I ordered one this weekend, which gave me an idea about how we can help you reduce your order processing time. Is this a good time to talk about your business?
<b>Aaron:</b>	I'm running off to a meeting in a few minutes, but I always like talking about my business.
<b>Aaron:</b>	I'm always looking for ways to get the product to my customers faster, but I really can't afford any additional order processing costs.
<b>You:</b>	I can understand that. My idea can actually help you reduce your overall operating costs and improve your processing time. Since you are on your way to a meeting, would it work for you if I stop by on Tuesday morning so we can talk more?
<b>Aaron:</b>	Let's see. Tuesday morning at 10:30 looks like it works for me.

### Do Take Your Lead from the Prospect or Customer

Of course you want to be personable and establish a good relationship with your customer, but buyers often say that it irritates them when salespeople try to engage in too much small talk, especially when it comes across as forced or artificial. When deciding how to balance small talk with business, it's important to take your lead from your customer. In the example where Janeka Jones from iFx approaches a prospect, for instance, it wouldn't be a good idea to make a lot of small talk during your approach because the customer let her know that he was short on time.

Some customers are more people oriented, so getting to know you as a person will be an important part of the sales process for them. Other customers are very task oriented and will prefer to get down to business right away. They may opt for a more formal, businesslike approach and will only be interested in socializing after a transaction or meeting is completed. Start your call with a direct approach, and then pause and give your customer a chance to respond. You can read his reaction to gauge the most appropriate communication style to use. Does he seem anxious to get down to business, or is he open to conversing for a bit first? The bottom line is that you don't want him to feel like you are wasting his time. Consider this story of a meeting at the major retail trade show between a salesperson and a buyer for a retail chain. The buyer started the meeting off by saying that she didn't have much time and just wanted a quick overview of the company, but the seller, who was naturally chatty and personable, missed these cues. He talked at some length and gave the buyer a thorough tour of all the displays at his product booth. Meanwhile, the buyer looked at her watch (another cue the seller missed) before the seller concluded by saying "We really want your business." The response from the buyer was sarcastic and a little cold: "You *do*? Instances like this are why it is critical to listen to your customer: both his verbal and nonverbal communications. Your attempts to establish rapport can backfire if you don't pay attention to his signals.

### Don't Use Opening Lines That Send the Wrong Message

Avoid insincere openers or openers that convey a lack of confidence in yourself or your product. Here are a few examples of opening lines to avoid:

- "Would you be interested in saving money?"

An opening line like this immediately puts people on guard. (*Oh no, another phony salesperson trying to get my attention with an obvious ploy.*)

- "You're probably a busy person, so I promise I'm not about to waste your time."

Of course, buyers don't want you to waste their time, but if you mention time wasting up front, you are suggesting that you are someone who *could* waste your customer's time. This opening conveys a lack of confidence, and it sets a negative tone for the sales call.

- “I just happened to be in the area visiting another customer, so I thought I’d drop by.”

This tells your customer that he isn’t a priority—just someone you were able to fit in between other, more important sales visits.

- “I heard that you’ve been having trouble in your customer service department [or in some other area] lately.”

This opening will also put your customer on guard. (*Who’s been talking about our problems? How did she find out?*) Tom Reilly, *Value-Added Selling: How to Sell More Profitably, Confidently, and Professionally by Competing on Value, Not Price*, 2nd ed. (New York: McGraw-Hill, 2002), 138.

### ✓ Approaching Your B2B Prospect in Person

Use the Following Tips to Make Your In-Person Sales Approach More Effective

- **Do** use a strong, attention-grabbing opener.
- **Do** take your lead from the prospect or customer.
- **Do** use a personal, sincere approach.

Avoid the Following When Approaching a Prospect in Person

- **Don’t** use opening lines that send the wrong message; keep in mind the six Cs of the sales approach.
- **Don’t** be insincere.

## Approaching a B2C Contact in Person

In B2C sales situations, there is sometimes a greater temptation to focus immediately on selling and to forget about rapport building. In most B2C situations the salesperson hasn’t invested time in researching the prospect, and he might figure that this is a one-time sale. However, relationship selling is as valuable in the retail environment as it is in the B2B sales environment. Salespeople who treat their customers as *people* before they treat them as sales prospects are the ones who get good customer referrals and repeat buyers. If you have a restaurant or a coffee shop where you’re a regular customer, you might already know how this principle works. Aren’t you more inclined to order coffee at a place where people greet you, know your name, and get your drink order right—even if another coffee shop opens up closer to your home or your office? Here are a few dos and don’ts when it comes to earning your customer’s trust and building rapport.

### Do Talk to Your Customer

Everyone wants to be recognized. Have you ever walked into a retail store, looked around, and left, without an employee ever talking to you? How does an experience like that affect your buying decision? Feeling ignored can make customers not want to stop in again. Engaging your customer might mean the difference between making or losing a sale. Even if you don’t know the person, you can make small talk: compliment the customer (sincerely of course) or discuss the weather, local news or events, or sports.

### Do Treat Your Customer Like a Guest

Make your customer feel welcomed and comfortable when she comes into your business. As a service provider, an “attitude of gratitude” for the opportunity to serve a customer goes a long way. Earl Taylor, longtime employee at Dale Carnegie & Associates, says, “The specific words you say are different, of course, but the motivation and attitude should be that you are truly grateful for the opportunity to interact with this individual and have the opportunity to be of service. Making the customer feel at home means not only interacting with him but also going out of your way to help him. Maybe the customer comes into your computer store looking for printer ink. Rather than leaving him to fend for himself, walk him to the aisle where you keep your printers (don’t just point him in the right direction). Once you take him to the aisle, ask if you can help him find the right ink type for his printer.

### Don’t Ask “Can I Help You?”

“No, thanks. I’m just looking” is the customer’s automatic response to this question, so the question itself actually comes across as a polite way of giving your customer the brush off. Instead, ask a question that will get your customer talking. An open-ended question like “What brings you in today?” will be a more effective way of engaging someone.

### ✓ B2C Approach: What's Important to the Customer?

When a customer enters a high-end car dealership, all the elements of the approach should be used to engage the customer, as in the example below:

<b>You:</b>	It is a great car, and it gets over thirty miles per gallon in the city.
<b>Customer:</b>	It is really nice, but I'm not sure a hybrid is what I need. I just came in to learn a little more about it.
<b>You:</b>	That's a good idea. I'll be happy to give you a lesson in hybrids to determine if one is right for you. You should also consider a test drive so you can see exactly how it handles on the road.

### Don't Put Any Pressure on Your Customer

What is the number one fear customers have about talking to salespeople? You might have guessed it: pressure. In fact, some customers will go out of their way to *avoid* salespeople for this reason. Let your customers know that they don't have to worry about pressure when they buy from you. As in *all* selling situations, take your cue from the customer by listening and asking questions to uncover her needs first. *Don't* start the conversation off with a question like "What'll it take to get you into a Lexus today?" That's essentially putting your sales presentation before your approach. Finally, keep in mind that asking your customer's permission will also help take the pressure off: "We have a number of new sports utility vehicles. Can I ask you some questions about the specific characteristics you're looking for?"

### Don't Prejudge a Customer

You've probably seen the scene in *Pretty Woman* where Julia Robert's character walks into a high-end clothing boutique on Rodeo Drive and the saleswomen turn up their noses at her because she doesn't fit the right customer image. You probably felt a little triumphant, especially if you've ever been slighted by a salesperson, when her character returns the following day to spend a few thousand dollars at several stores, embarrassing the salespeople who treated her so poorly. The moral of the story for a salesperson? Never make assumptions about a customer based on the way he looks, speaks, or dresses. Treat all your customers with respect and care.

### ✓ Approaching Your B2C Prospect in Person

Use the Following Tips to Make Your In-Person Sales Approach More Effective

- **Do** talk to your customer.
- **Do** treat your customer like a guest.

Avoid the Following When Approaching a B2C Prospect in Person

- **Don't** ask, "Can I help you?"
- **Don't** put pressure on your customer.
- **Don't** prejudge any customers.

### Key Takeaways

- In **all** sales calls, make sure to listen to your customer and ask for her permission before continuing with your approach.
- Use your **elevator pitch** to engage your prospect and secure the opportunity to make the complete sales presentation.
- When making a sales approach over the phone
  - *Do* give your name and the purpose of your call in the first twenty seconds;
  - *Do* remember to ask, "Is this a good time?";
  - *Don't* launch into long explanations. Keep it brief and businesslike.
- When making a sales approach by e-mail
  - *Do* draft a number of e-mail templates from which to choose,



- Do make sure the e-mail is well written and businesslike,
- Do make the e-mail as personal as you can.
- When approaching through online social networks
  - Do make sure to comment when you add a prospect to your network,
  - Do contribute to the social network of which you are a member,
  - Do avoid slang in your communications.
- When approaching a B2B contact in person
  - Do use a strong opening line that gets the customer's attention,
  - Do follow the customer's lead when it comes to small talk,
  - Do be careful that your opening line doesn't send the wrong message.
- When approaching a B2C contact in person
  - Do make conversation with your customer;
  - Don't just ask, "Can I help you?";
  - Do avoid putting any pressure on your customer.

### ? Exercise 3.2.1

1. Take the listening quiz by clicking on the following link: [http://www.proprofs.com/quiz-school/story.php?title=test-your-current-listening-skills\\_1](http://www.proprofs.com/quiz-school/story.php?title=test-your-current-listening-skills_1). How did you score? What areas do you feel you need improvement? How will this help you in selling?
2. Listen to some business elevator pitches with this video: [www.blinkx.com/video/elevator-pitch-piece-of-cake/SmKk9ZSYrHee-91t7dDalA](http://www.blinkx.com/video/elevator-pitch-piece-of-cake/SmKk9ZSYrHee-91t7dDalA). What are the elements you thought were important in the elevator pitch? What elements did you think were not important in the pitch? Why do businesses have elevator pitches? To whom do they deliver the pitches?
3. Review the following video and identify at least three things the salesperson is doing incorrectly on this sales call. What do you recommend he do to change the outcome of the call?

(click to see video)



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### 3.3: Choosing the Best Approach

#### Learning Objectives

- Describe the different types of sales approaches.

There's more than one way to start a sales approach. The method you use will depend on the specific selling situation, the specific customer, and on *you*. If you want the approach to feel natural, the best way to do this is to be yourself. The following examples offer some approach options, but of course the specific approach you use will be a reflection of your style and may include a combination of these approaches.

#### The Question Approach

When you are making small talk with an acquaintance and you want to show him that you are interested in getting to know him, what do you do? You ask questions, right? A **question approach** is also an effective way to open a sales call because it shows the prospect that you are interested in listening to him, it begins a dialogue, and it helps you get the information you need to move the sale along. Charles D. Brennan, *Sales Questions That Close the Sale* (New York: AMACOM, 1994), 49. As sales consultant Michel Neray points out, asking questions that reveal something of what you know about the target company can also help establish your credibility. Ask questions that lead, questions that confirm, and questions that will allow you to test your hypothesis about the challenges your customer might be facing. Then, listen to what your customer has to say. Michel Neray, "How to Establish Credibility," MarketingProfs, <http://www.marketingprofs.com/5/neray3.asp?part=2> (accessed May 22, 2024).

Here's an example.

<b>You:</b>	Hi, my name is James Dotson, and I'm with Infinity Document Reproduction Services. I noticed that your office is currently using the 2004 model of company Techmax copy and fax machines, and I wanted to ask you a few questions about your satisfaction with the machines' performance. Would that be all right?
<b>Customer:</b>	We don't really have any problems with our current equipment right now, but we're always looking for something better, so sure.

Notice that the first question simply asks for permission. This is a question you should ask no matter what sales approach you are using. Once you establish permission, you could ask a closed question (one with a yes or no answer) like "Are you happy with your current copy machines?" but then you risk ending the conversation quickly if your prospect says "yes." You could ask an open-ended question like "How well do your copiers work?" but this is broad question, and there's a good chance that you will get a vague answer. Instead, it's better to ask a leading question that demonstrates you know something about the problems your customer might be facing with her current products.

<b>You:</b>	On average, how many paper jams would you say you have to deal with each week?
<b>Customer:</b>	Paper jams, now there's an area we could definitely use some help with. It seems like we have paper jams quite frequently—about two or three a week.
<b>You:</b>	So your copiers are jamming about every other day?
<b>Customer:</b>	At least.
<b>You:</b>	And how long does it take you to get a machine back on line once it jams?

<b>Customer:</b>	It depends on who is at the copy machine. If it's someone like me, I have to call someone to help. But it's usually only a few minutes for someone with experience. Sometimes, if a new employee has tried fixing the machine it can take longer, or we have to wait until the end of the day when we're less busy.
<b>You:</b>	Paper jams are usually a problem, and they cause downtime, not to mention frustration. That's why Infinity just developed a new model called Jam-Free. It's guaranteed to experience fewer paper jams than any other copiers on the market today, and it has been designed with simple interiors that allow you to get them back on line easily in the unlikely event that they <i>do</i> jam, so your new employees should have no trouble using them. Do you think this is something that would help your office run more efficiently?

A line of questioning like this builds credibility because it demonstrates that you (a) have done your research and understand your customer's problems, (b) are interested in finding a solution specific to your customer's situation, and (c) are competent and won't waste your customer's time. Jeff Thull, "How to Establish Sales Credibility: It's Not the Stories You Tell, It's the Questions You Ask," MarketingProfs, <http://www.marketingprofs.com/7/thull15.asp> (accessed May 22, 2024).

This line of questioning works well when you have done your research, but what about sales situations where the customer approaches you? In these instances, you won't have specific research to go on, but you can still start the conversation by asking some directed, diagnostic questions to help build credibility. Freese, *Secrets of Question Based Selling* (Naperville, IL: Sourcebooks, Inc., 2003), 122 For example, say you work in a store that sells high-end speakers and sound systems.

<b>You:</b>	Welcome to Alpha Audio. Have you been into our store before?
<b>Customer:</b>	Yes, I was here a couple of months ago but I haven't been back in a while.
<b>You:</b>	Well, we've just recently redesigned our store to make room for some new product lines. It might take a little while to find your way around and see all the new portable and home audio products. Would you like me to give you a quick overview of the new layout?
<b>Customer:</b>	Yes, that would be great.

By asking questions, you are establishing trust by showing your customer that that you are not just some pushy salesperson—and by asking *directed* questions, you are securing permission to follow up and dig more deeply into what your customer is looking for.

<b>You:</b>	All right. First of all, are you looking for speakers that will work in a large space, or will you be using your speakers in a smaller area, like your living room?
<b>Customer:</b>	I'll be using them in my family room, which is a small area.
<b>You:</b>	OK. We have a few models that have an excellent sound quality in smaller spaces. I can show you where those are located. Can I ask you another question?
<b>Customer:</b>	Sure
<b>You:</b>	What type of amplifier will you be using with your speakers?

As you begin to ask diagnostic questions, you are building credibility and trust by demonstrating that you are genuinely interested in learning what your customer needs and that you can be a valuable resource in the sale; you are finding out the information you

need to know to establish a collaborative selling relationship; and you are opening a dialogue on which to build the relationship. Freese, *Secrets of Question Based Selling* (Naperville, IL: Sourcebooks, Inc., 2003), 124–25.

## The Product Approach

When John Koss, founder of Koss Corp., approached prospects at the Consumer Electronics Show, he had his product booth, complete with visual displays and over forty headphone models, to catch their attention. Koss took advantage of the noisy, chaotic showroom floor to showcase his noise cancellation headphones: a large banner over his booth announced, “Welcome to the Quiet Zone,” and he invited buyers to sit down, try the headphones on, and experience the instant silence. Susan Greco, “Marketing: Selling the Superstores,” *Inc.*, July, 1995, <https://www.inc.com/magazine/19950701/2331.html>, (accessed May 27, 2024). Opening the sales call with a product demonstration can be an effective method of capturing a customer’s attention. For instance, a textiles vendor might bring fabric samples to a sales call. After introducing herself and the purpose of her call, she might hand a sample to the buyer and say, “I think you might like this new fabric. It’s especially popular for women’s scarves this season. Can you tell whether or not it’s silk?” Barton A. Weitz, Stephen Byron Castleberry, and John F. Tanner, *Selling: Building Partnerships*, 5th ed. (New York: McGraw-Hill, 2003), 245. The **product approach** is especially appealing to people who are visual or hands-on learners because it allows them to look and touch.

## The Referral Approach

You already know that establishing trust is a critical part of relationship selling. What’s one way to instantly earn a new customer’s trust? Mention someone your prospect already knows with whom you have an existing customer relationship: trust already exists between you and your referral source and between your referral source and your prospect, so the referral allows you to use that mutual relationship as a bridge to build trust with your prospect. Tapping into strong, existing relationships accelerates your ability to build new customer relationships. A **referral approach** might go something like this:

<b>You:</b>	My firm recently finished a project for Calloway Industries, and Ms. Calloway suggested that I contact you. She thought your company might be interested in learning about our consulting services. Maybe she already mentioned us to you?
<b>Customer:</b>	Yes, as a matter of fact, I just spoke with Elaine Calloway. She speaks very highly of you and your company, and she’s hard to impress. Based on that, I’d like to hear what you think about what you can bring to my business.

When using the referral approach, just be sure that you *ask* your referral source before mentioning her name to your prospect. Also, it’s always a good idea to thank your customer when she gives you a good referral. Send her a personal note to let her know how much you appreciate her support.

## The Customer Benefit Approach

If you are in a sales situation where you have carefully researched your prospect and you already have a good sense of his needs before your first meeting, you might open your sales call with a **customer benefit approach**. The benefit approach goes beyond the general benefit statement to focus on a specific product benefit. This opening is only effective if the benefit you describe is of real interest to your prospect: Barton A. Weitz, Stephen Byron Castleberry, and John F. Tanner, *Selling: Building Partnerships*, 5th ed. (New York: McGraw-Hill, 2003), 245.

<b>You:</b>	Mr. Ling, our awnings can cut your energy costs by at least 20 percent. The savings are often even higher for businesses like yours that get a lot of direct sunlight because of a south-facing storefront.
<b>Mr. Ling:</b>	Yes, sunlight is a problem for us as it fades the merchandise we display in our front window. Do you have something that can really reduce the impact of the sun on our front windows?

By quickly identifying the benefits of your product, you are letting your customer know what he has to gain from doing business with you. This will not only capture his interest, but it will also establish credibility because it shows that you have taken the trouble to prepare and learn about his specific concerns.

## The Survey Approach

The **survey approach** is one that works best in sales that require a complex solution or in sales where the solution is often specifically tailored to customer needs, and the approach ranges in levels of formality depending on the selling situation. For instance, if you go to an upscale spa to have a facial, you might be given a brief, informal survey about your specific skin-care needs before you discuss service packages with the aesthetician. Or if you are in the market for a new home, the real estate agent will most likely ask you questions about your preferences and lifestyle before she even begins to show you listings: “How many bedrooms are you looking for?” “Which neighborhood do you want to live in?” “Is outdoor space important to you?” “How many cars do you have?”

On the other hand, in B2B situations or in otherwise more complex B2C sales, the survey process might be more formalized. If you want to purchase an insurance plan, the agent may guide you through a detailed, computer-based survey to find out about your medical or driving history, your family members, your vehicles, or other details that are very specific to you as an individual customer. In another B2B situation (e.g., your firm needs to purchase an integrated software suite with diverse capabilities like timekeeping, payroll, and benefits), the salesperson might give you a detailed questionnaire that will identify your specific needs and ask you to complete it before scheduling a sales presentation.

The survey approach has the advantage of being a nonthreatening way to establish your initial contact with the prospect, as you are only asking for information and not discussing services or costs. It allows you to gather information and create a sales presentation that will address the customer’s specific needs and be prepared with the appropriate information or ask other people in the company to attend the sales call. In addition, the survey helps your customer feel like she is receiving special treatment because you are using the information you gather to tailor-make a solution that matches her needs.

## The Agenda Approach

You already know the goals of your sales call and the points you will address before going into a meeting, so why not share this information with your customer? The **agenda approach**, in which you lead off the sales call by giving your customer an overview of your meeting agenda, is particularly appealing to busy executives because it gets straight down to business and lets your customer know you won’t be wasting her time. Here is an example of something you might say:

<b>You:</b>	I usually cover three things in my first meeting with a customer. First, I like to find out about the specific event you are planning and what you are looking for in a catering service, next I bring out several products for customers to sample, and finally, if you decide you are interested in our services, I schedule a follow-up meeting where we will go over your customized menu and discuss the service contract. This first meeting should only take fifteen minutes of your time.
<b>Customer:</b>	Great. Let’s get started.

The agenda approach outlines your meeting objectives and lets the customer know how long the meeting will last. If you know your customer is someone who likes to get right down to business, leading off with an agenda approach is often a good idea.

## The Premium Approach

*Free* is always appealing. The **premium approach**, in which you offer your prospects free product samples or other giveaway items, helps build enthusiasm about your brand or products, attracting customers who might not otherwise express interest. Once you’ve gotten your prospect’s attention with the giveaway, he will be more inclined to listen to a sales presentation or at least give you a moment of his time. The premium approach is common in retail situations such as cosmetics, wine retail, or specialty food stores where sampling a product can often influence a customer’s decision to buy. In other cases, like trade shows, sales representatives might give out inexpensive promotional items or samples as a way to initiate contact with prospects.

For instance, if you were working at a booksellers' convention, your publishing house might be giving away bookmarks or even free copies of a new best-selling novel. You could use the premium as a way to talk to someone who comes to your booth using the following approach:

<b>You:</b>	Our house publishes some of the best-selling mystery authors on the market. You might be interested in taking this copy of the number one best seller, <i>One Moment in Time</i> by Jacque Rolique.
<b>Customer:</b>	I would really like a copy of the book. I've been meaning to read it. Thank you.
<b>You:</b>	I'm Sasha Conti from New World Publishing. What's your name?
<b>Customer:</b>	My name is Ramsey Jackson from Books and Nooks. We have fifty-five stores in the Northeast along with an e-commerce Web site.
<b>You:</b>	It's a pleasure to meet you, Ramsey. Thank you for stopping by our booth. I'm familiar with Books and Nooks, and it's a really special store. Would you also like to see a booklist featuring our newest releases? We have so many new titles that haven't even hit the shelves yet. With this list, you can see what's new and bring the hottest titles to your customers sooner. What kinds of titles are important to your customers?

The premium approach gives you the opportunity to engage your prospect, learn about her business, and find out how you can help her meet her customers' needs.

### The Combination Approach

Effective relationship selling is adaptive. Even if you prepare a script beforehand, you won't follow it word for word; instead, you will modify it based on the feedback you get from the customer during your interaction. Real-world, adaptive selling rarely fits neatly into textbook models. Often, an experienced salesperson will shift fluidly from one type of sales approach to another. For instance, he might start off by offering a product demonstration and mentioning a customer benefit almost simultaneously:

<b>Salesperson:</b>	Here. Try lifting this ultralight graphite bicycle frame. How much would you guess it weighs?
<b>Customer:</b>	Wow! That's amazing. Really light. I'd guess it only weighs about four pounds?
<b>Salesperson:</b>	Close. It's actually even less than that: only 2.9 pounds. Technocycle specializes in engineering cutting-edge bicycle components like that frame you're holding. Our products fit the needs of the serious cyclists like your customers because using Technocycles's components ensures that you will always be offering the best, most competitive technology on the market.

So what approach should you use in your selling situation? Plan one that best showcases your company or product, that fits your style, and that matches what you know about your prospect. But when you make that first contact with the prospect, let flexibility be your guide. Be prepared to start with a referral and move straight into a question or customer benefit or to scrap your prepared approach altogether in favor of something else.

### Key Takeaways

- The **question approach** involves leading off with questions to learn about your prospect and engage him in dialogue.
- In a **product approach**, the salesperson opens the call with a product demonstration or display.

- The **referral approach** is an effective way to quickly establish trust with a prospect because it involves starting the call off by mentioning a mutual connection who has referred you to the prospect and who is willing to vouch for you.
- The **customer benefit approach** requires research beforehand so that you can open your call by mentioning an important, customer-specific benefit of your products or services.
- Sales that involve very specific solutions to customer problems sometimes begin with a **survey approach**.
- The **agenda approach** is a straightforward approach that gets right down to business. It appeals to highly organized people because it involves outlining the meeting agenda at the start of the sales call.
- A **premium approach** is one in which the salesperson offers product samples or giveaway items to attract a prospect and establish goodwill.

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## CHAPTER OVERVIEW

### 4: The Needs Assessment

[4.1: Solving, Not Selling](#)

[4.2: Setting Sales Call Objectives](#)

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## 4.1: Solving, Not Selling

### Learning Objectives

- Understand how to identify needs and opportunities.

Imagine you wanted to sell a new digital camera to your teenage sister. How would you convince her to buy? You might start by thinking of the things that matter to teenagers—specifically your sister. Maybe you’d say, “It’s small and lightweight so you can fit it in your purse and take it with you when you go out with your friends. It has a new sleek design, and you can customize it by ordering it in one of six different colors.” You’ve considered things your sister might need (a camera she can take on a night out), and you’ve identified an opportunity that might appeal to a teenaged girl (a combination of appearance, style, and functionality).

Now what if you were selling the same product to your grandmother? She might be more concerned with reliability than appearance, and she might also be intimidated about using a digital camera if it’s a technology she hasn’t tried before. “This camera doesn’t have a lot of bells and whistles,” you could say. “It’s straightforward and easy to use and makes an excellent choice for a first digital camera purchase. It’s perfect for taking pictures of the grandkids. It has also been highly rated as a reliable and high-quality product.” You’ve addressed her problem (intimidation about using a new technology), and you’ve helped her discover opportunities (taking photos of the grandkids).

Even though you’re selling the same product to both people, you’re using a very different approach. Ultimately, what you’re selling is not a product but a *solution* based on your customer’s specific needs. This is the heart of the pre-approach. There are three simple steps you can follow to turn your products and services into customer-specific solutions.

### Step 1: Complete a Needs and Opportunity Analysis

Great salespeople don’t sell, they solve. As you research your prospect, you should be able to identify problems that are specific to that person or organization: Do they need to reduce costs? Do they need to increase sales? Do they need to drive traffic to a Web site or generate leads for their new service? Or maybe they need something that will set their brand apart from their competitors. In the case of individual consumers, the problem might be very different: Does she want to have the latest in fashion without couture prices? Does she want the latest technology “toys” as soon as they are available? Does she want a car that is a dependable form of transportation and friendly to the environment?

Sometimes people are forthcoming about their problems, but many times it’s up to you to ask the *right* questions; the ones that will uncover what your prospect needs or where opportunities exist. For instance, if your prospect is buying from a competitor, you might ask questions like “What were your expectations when you signed up for this service? What has your actual experience of the service been? What would you like to see happen differently?” The prospect might not fully realize what his problems are. Paul Cherry, *Questions That Sell: The Powerful Process for Discovering What Your Customer Really Wants 2e* (New York: AMACOM, 2018), 25. Often, especially in B2B sales, the goal of your first sales call will simply be to identify your prospect’s specific areas of need. You won’t make a pitch; you’ll just ask questions and listen.

Asking questions often opens up opportunities you might not otherwise discover. There will be occasions when your prospect doesn’t have an immediate problem she can identify, but if you’ve done your research and know something about her goals and priorities and if you ask the right questions, you have the chance to uncover useful opportunities. What can help him achieve his goals even more efficiently? What kinds of results would he like to see? What would he like to have if he only knew it was possible?

Think about the advent of the cell phone. Consumers had a problem: their lives were getting busier, and they wanted to be able to communicate on the go. They needed a phone they could use when they weren’t at home or in the office. What do you do on a car trip if you get lost or your car breaks down? How do you find someone in a crowded place? How can people get in touch with you if you’re almost never home? Cell phone providers figured out consumers’ problems, and they solved them. Then along came the iPhone. Most cell phone users wouldn’t have said they *needed* a device that could capture videos and photographs, play MP3s, store a day planner, surf the web, run hundreds of different applications—oh, and make phone calls too—using a single slick interface. But Apple saw an opportunity, and they helped consumers to see it too: over a million iPhones sold the first weekend the product came out in stores. Philip Elmer-DeWitt, “Munster: 500,000 New iPhones This Weekend,” *Fortune*, June 18, 2009, <https://fortune.com/2009/06/18/munster-500000-new-iphones-this-weekend/> (accessed May 22, 2024).

## Step 2: Brainstorm Solutions and Generate Ideas

Once you've identified your customer's problems, take the time—either with a team or on your own—to brainstorm solutions and opportunities that address your prospect's specific needs. Sometimes solving your prospect's problem is a straightforward task, but often with larger sales, particularly B2B sales, coming up with a solution that is tailored to your customer's needs requires time and thought. No two prospects are the same, so no two solutions will be exactly the same. As a salesperson, your job is to solve customer problems, *not* push a product. In other words, you're offering solutions that include unique and different ideas, not selling products. For this reason, brainstorming—the process of generating ideas—is a crucial part of the selling process.

When you go into a brainstorming session, there are several techniques that will help you generate effective results.

- **Know your problem or opportunity.** If you've already completed your needs analysis, you're off to a good start. According to James Feldman, a Chicago-based idea-generation consultant, “Most people do not identify their problem correctly” going into the brainstorming session. Once you have a clear idea of the problem or opportunity, set it out in specific terms to guide your brainstorm. Just make sure you don't define the problem so narrowly that you'll limit your results. Start the session by stating the objective. What problem do you want to solve? It also helps to frame the question in positive terms. For example, rather than asking “How will this company's new computer system change the way they do business?” you could ask “How can this company get the most out of their new computer system?” Allison Stein Wellner, “A Perfect Brainstorm,” *Inc.*, October 1, 2003, [www.inc.com/magazine/20031001/strategies.html](http://www.inc.com/magazine/20031001/strategies.html) (accessed May 22, 2024).
- **Generate; don't evaluate.** Brainstorming isn't about coming up with the best, most carefully polished solutions. Get your ideas out there, on paper, without disrupting the flow. Once you've exhausted your resources, you can worry about sorting out the stronger ideas from the weaker ones. If you're too critical of your ideas to begin with, you'll never access that part of your brain where the creative ideas are generated. Team Asana has curated a robust list of techniques to optimize brainstorming sessions. Team Asana, “29 brainstorming techniques: effective ways to spark creativity”, February 4, 2024, <https://asana.com/resources/brainstorming-techniques> (accessed May 22, 2024).
- **Push beyond the wall.** At some point during every brainstorming session, whether group brainstorming or individual, people tend to hit a wall. Ideas flow quickly, and then they seem to stop altogether. Cognitive psychologist Paul Paulus says this point in the session may seem like a wall, but in reality it's just “a space in [the] brain.” Pushing past this space often leads to the best ideas. Allison Stein Wellner, “A Perfect Brainstorm,” *Inc.*, October 1, 2003, [www.inc.com/magazine/20031001/strategies.html](http://www.inc.com/magazine/20031001/strategies.html) (accessed July 15, 2009).
- **Seek strategic stimuli.** Sometimes you have to disrupt your normal routine to get the ideas flowing. Putting yourself in a new environment or doing something with your hands—molding clay, for instance—can often be a surprising way to unlock ideas in your subconscious that your rational mind might otherwise block off.

Brainstorming, as an idea-generation tool, is a proven and powerful part of creative development. However, keep in mind that some of the ideas you come up with in the brainstorming process will be stronger than others. A great idea has two important elements: it solves your customer's problems and, in B2B sales, it reinforces your customer's brand. Consider consultant Mike Rubin's solution to a problem faced by one of his customers, a Harley-Davidson dealer, who wanted to boost sales and appeal to a broader customer base. Mike's Famous Harley-Davidson Dealership was already drawing in the “hard-core” bikers, but the store's owner wanted to reach the more conservative, baby boomer demographic too. By turning the dealership into a destination, complete with a Harley museum and restaurant, Rubin hit on a solution that both addressed the customer's problem and remained true to the Harley brand image. The restaurant, designed to resemble a factory cafeteria, appealed to tough bikers and families alike, and the museum—also a family-friendly draw—was laid out in a warehouse style that reflected the company's brand image of independence, toughness, and the open road. The result? In three years, bike sales increased from 800 to over 1,700 annually. Donna Fen, “(Re)born to Be Wild,” *Inc.*, January 2006, [www.inc.com/magazine/20060101/reborn.html](http://www.inc.com/magazine/20060101/reborn.html) (accessed May 22, 2024).

If you are working out of your home and you don't have a group of people with which to brainstorm, it's not a problem. Get your colleagues in other areas involved by having a brainstorming conference call. Or have a virtual brainstorming session through Teams or Zoom, or getting ideas from connections on LinkedIn, or creating a **wiki** where people can share ideas at any time and see the ideas that others have created.

The bottom line is that selling is all about selling your brand (remember from Chapter 1 that a brand is unique, consistent, and relevant and has an emotional connection with its customers). When you really understand your customer and their needs and motivations, you can be extremely creative about the way you position and tell the story of your brand.

### Step 3: Identify General and Specific Benefit Statements

Once you have brainstormed a customer-specific solution, you want to find a way to showcase your solution in the best light. How will you present this idea to your prospect so that he can immediately see its relevance to his situation? How will you establish the value proposition you have to offer? How will you position your idea as a benefit to your prospect, not a self-serving sales pitch? As part of your pre-approach, you should identify both a general and a specific statement to highlight the benefits of your solution or opportunity. When you deliver value to your prospect, you earn the opportunity to be a business partner, not just someone who is trying to sell something.

Imagine you work for a dairy products distributor that sells wholesale to restaurants. You’ve researched one of your prospects, a downtown deli, and have identified one of its major problems: the company is losing business to the sandwich place across the street. Your prospect may not yet realize the source of the trouble, but you have an idea. It seems that the prospect’s competitor has cheaper sandwiches, and you know for a fact that part of the problem lies in the cost of the ingredients. Your prospect currently pays 10 percent more for the cheese it gets from its current vendor than you would charge for the same product. If the deli started buying cheese from you, it would be able to lower the cost of its sandwiches to a more competitive price and draw some of the sales that are going to its competitor. You have also brainstormed how the deli can create a “signature sandwich”: a unique combination of meat and cheeses that only it offers. The sandwich provides a point of difference for the deli and a reason for previous deli customers to come back. In other words, you are helping to build your prospect’s brand and business with a great idea.

This is a good solution, but you can’t walk into the deli and tell your prospect, “I want to sell you some cheese.” Your prospect doesn’t need cheese; he needs to increase his sales, and he’ll probably tell you to go away because he already has a dairy products vendor. It’s your job to frame the solution in such a way that your customer can easily see its relevance to his problem; you want to answer the “What’s in it for me?” question early on in the sales call. Todd Natenberg, “What’s in It for the Prospect? Everything—If You Tell Them,” SelfGrowth.com, <http://www.selfgrowth.com/articles/Natenberg12.html> (accessed May 22, 2024). Begin by drafting a **general benefit statement**, a statement that gives the big picture of how your solution will meet your prospect’s need. For instance, you might say, “I have an idea for a way to increase your sandwich sales by 15 percent.” Your statement showcases a solution rather than a product.

General benefit statements, as opposed to specific benefit statements, are broad enough that they would be important to most people. They might address things like improving company visibility, expanding the business, increasing profits, or cutting costs. The **specific benefit statement**, on the other hand, comes once you’ve grabbed your prospect’s attention. It identifies the particular way your solution applies to your prospect, and it demonstrates that you’ve done your research and understand the needs that are unique to his company or situation. For instance, you might say, “Your food cost is too high, and it’s keeping you from competing with other businesses. I can help you cut your food costs so that you can afford to sell your breakfast burrito for under \$3.99. Would that be something you would be interested in?” If you’ve done your research and brainstormed an effective solution, your benefit statements are the tools that will give you the power to convey that information clearly and effectively.

Table 4.1.1: Benefit Statement Examples

General Benefit Statement	Specific Benefit Statement
I have an idea that can help you lower your labor costs. Is that something you might be interested in?	If I can prove that I can help you reduce your labor costs by 10 percent, would you be willing to make a commitment?
I have some ideas about how to increase traffic to your Web site. Is that something that is of interest to you?	If I can show you how our social networking tool can drive 15 percent more traffic to your Web site during key seasonal periods, would you be willing to consider it?
I have some ideas about how to decrease your transaction time and take care of more customers every hour. Is that something you are interested in?	If I can show you how our product can decrease your transaction time for each customer by at least one minute, would you be interested in looking at the proposal?

#### Key Takeaways

- Good salespeople don’t sell products; they sell *solutions* to their customers’ problems or challenges.
- Your research, including the questions you ask your customer, should help you identify needs and opportunities.
- Once you have identified your customers’ problems and goals, brainstorm solutions and opportunities that will meet their needs.

- Knowing the best solution for your customer will help you craft a **general benefits statement** and a **specific benefits statement** that will help the customer envision the way your solution or opportunity meets his needs.

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## 4.2: Setting Sales Call Objectives

### Learning Objectives

- Learn how to set SMART pre-call objectives.

Identifying your prospect's need is only part of your pre-approach research. There's still more research and planning for you to do before you meet with or speak to the customer.

### Determine Your Objectives

If you haven't determined what you hope to achieve before going into your sales call, it will be difficult to figure out what to say once you arrive or once you have your prospect on the phone. Setting **pre-call objectives** is a strategically important step. If you have clear goals, you will be more confident and appear more organized, and it's more likely that you will see results. Your customers are busy people, and you don't want to waste their time. They will appreciate your organization and will be more likely to trust your judgment if you come prepared. You also don't want to waste *your* time or your company's time.

As you plan your meeting, ask yourself this question: "What will success look like for this call?" "How to set winning sales call objectives for maximum conversions?" <https://www.salesmate.io/blog/sales-call-objectives/> (accessed May 22, 2024). That may seem like a question with a straightforward answer, but success doesn't always mean closing the sale. In some situations, you'll experience a **one-call close**, but with larger sales, particularly in B2B sales, the **sales cycle**, or the length of time it takes to go from the first contact with the customer to closing the sale, is generally longer—sometimes even taking up to a year or longer.

If you know that you are facing a longer sales cycle, the goal of your initial call might be gathering and conveying specific information to move forward in the sales process or further qualify your prospect. In more complex sales it's realistic to set a pre-call objective of establishing rapport and trust, making new contacts in the organization, qualifying your prospect's budget, or discovering what your prospect's decision-making process is. You should also consider your prospect's objectives: what outcome is she hoping for from this call? Sometimes, setting strategic, information-gathering objectives may actually help you shorten your overall sales cycle. "How to set winning sales call objectives for maximum conversions?" <https://www.salesmate.io/blog/sales-call-objectives/> (accessed May 22, 2024).

### Make Your Objectives SMART

So it's early in the process of a complex sale, and you are setting your goals for your next meeting with your customer. You know it will primarily be an information-gathering session because you need to know more before you can propose a workable, specific solution. However, if you go into the meeting with a vague plan like "I want to find out more about my prospect's business," you won't accomplish much. Instead, you might come up with a goal similar to the one mentioned earlier: "By the end of this meeting, I want to know who my prospect's current vendors are, what issues or challenges he faces with this vendor's services, and what three priorities he has for future purchases." This objective, like all effective pre-call objectives, is **SMART**. That is, the goal is Specific, Measurable, Achievable, Realistic, and Time-bound. Team Asana, "What are SMART goals? Examples and templates", February 3, 2024, (accessed May 22, 2024).

- **Specific.** The goal should clearly define which actions you want your customer to take, what information you hope to convey, and/or what information you hope to learn from your sales call. In the example cited by Gary Duncan, the salesperson is setting out to gather three specific pieces of information.
- **Measurable.** You want to be able to measure the results of your efforts so that you'll know at the end of your sales call how close you came to achieving what you set out to do. This will help you strategize about which actions to take next. The first two parts of the example are measurable with a simple yes or no (Did I find out the names of the current vendors? Did I identify issues and challenges my customer has encountered?), and the last part of the goal is quantifiable (How many of my customer's priorities was I able to help him articulate?).
- **Achievable.** If a goal is achievable or attainable, it's something you can actually *do*. It might involve asking questions, explaining something, or suggesting something. Whatever the case, it should be something on which you have the ability to act. In some instances, the actionable goal might be as simple as closing the sale: "By the end of the meeting, I plan to convince my prospect to sign a contract."
- **Realistic.** If you set your goal too high or try to move your sales process along too quickly, you will only be setting yourself up for disappointment and failure. Ask yourself, "What can I reasonably hope to accomplish given the current situation with my

prospect?” If you decide you want to get appointments with ten top people in the organization during your first contact with the company, or if you intend to close a major account by your first call, you will probably not be able to achieve what you set out to do.

- **Time-bound.** Not only should you know *what* you hope to achieve, but you should also know *when* you hope to have it accomplished. In the example objective, your time frame is “by the end of the sales call.” Other times, you might set a specific date—for example, “Get the prospect to agree to schedule a face-to-face meeting by the 15th.”

## Key Takeaways

- It’s important to know exactly what you want to accomplish when you go into a sales meeting.
- The goals for your sales call should be specific, measurable, actionable, realistic, and time-bound: **SMART**.
- Setting **SMART** goals will help you direct your approach, take action, and measure the results of your sales call.

### ? Exercise 4.2.1

1. Which of the following is a SMART goal for your first sales call on a prospect to sell car insurance? Rewrite each of the other goals to be SMART.
  - Identify current insurance carrier and conduct needs analysis by Friday.
  - Call the customer and ask some questions to learn about his current situation.
  - Conduct online research about the customer and understand why he chose his current insurance carrier.
  - Call at least six new prospects by the end of the day today.
2. Imagine you sell website consulting services and are going into a sales call with an existing customer. You want to expand the selling relationship in two ways: by extending your contract with the customer for another two years and by getting referrals for the network support department. Identify your SMART goal for this sales call.
3. Assume you are a financial advisor and you are meeting with a prospect for the first time. Identify a SMART objective that you would set prior to your first meeting.
4. Describe the difference in the sales cycles between selling jeans to a college student compared to selling a home to a newly married couple. What impact will that have on your SMART objectives?
5. You are a sales rep for medical supplies and just took on a new prospect, Springfield Nursing Homes, a regional chain of twenty-two nursing homes. You have a contact, but you are not clear if he is a decision maker. In the past, the company has allowed each nursing home to make its own purchasing decisions, but it is moving toward a more centralized approach. This is an excellent opportunity for you to present your comprehensive product line. You are preparing for your first call, and your sales manager has asked you to review your SMART objectives for the call with him. What are your SMART objectives for the call? How you will present them to your sales manager?

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## CHAPTER OVERVIEW

### 5: The Sales Presentation

- 5.1: Preparation
- 5.2: Dress for Success
- 5.3: Making Your Presentation Work
- 5.4: Using the SPIN Method
- 5.5: Putting It All Together
- 5.6: The Social Style Matrix

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## 5.1: Preparation

### The Presentation: The Power of Solving Problems

#### Learning Objectives

- Utilize FAB to communicate value.
- Learn how to prepare for a sales presentation.

As discussed in chapter 1, the FAB model enables us to appeal to a customer's rational and emotion buying behavior by first providing the most compelling features/facts and then showing how those features provide an advantage that delivers a benefit. This is how salespeople help customers establish an emotional connection with a product. If you want to be able to use FAB in conversation, simply think in terms of the following:

- **Feature:** what the product *has*
- **Advantage:** what the features *do*
- **Benefit:** what the features *mean for the customer*

#### How to Use FAB

Now that you know what FAB is, you probably want to know how to use it most effectively in selling. Here are three easy steps to put FAB to work for you:

1. **Know your customer.** Benefits speak emotionally to customers in a way that rational facts can't. But you need to know what is important to each customer. The health club that's open twenty-four hours might be attractive to a young professional because he can work out late in the evening after a long day, whereas the club's day care center might be appealing to a young mother. Similarly, in a B2B selling situation in which a buyer is evaluating warehouse space, one customer might be interested in the warehouse because of its state-of-the-art systems, while another might be focused on location. Know what motivates your customer, and then you can craft an effective FAB statement.
2. **Think outside your box.** If you want your FAB to work for your customer, you will need to deliver value in the form of benefits that she can't get from anyone else. Think about your product or service in a different way; talk to people, watch the trends, see what else you can bring when you look at your product or service in a different way. Baking soda had traditionally been used as a leavening agent for baking. Arm & Hammer reinvented baking soda as a way to remove odors from refrigerators. Can you be as creative with the application for your product or service?
3. **Get in touch with your customer's motivation.** Listen, learn, and craft an FAB message that will resonate with your customer. Although that might be an overly romantic notion of how selling works, your goal is to have your customer fall in love with your product or service so much that it's something he can't live without. Imagine living without iTunes, your cell phone, or your favorite pair of jeans. That's how your customer should feel about the product or service you are selling. If you understand his motivation, you can deliver features, advantages, and benefits that not only tell him why he should buy, but why he can't afford not to.

#### Ready to Sell

You've made it! After all your hard work you have reached the point in the selling process where the qualifying, researching, and planning stages pay off. Finally, your story and the customer's story are about to connect in an exciting way. Most salespeople think of the presentation as the best part of the selling process. It's the opportunity to show the prospect that you know your stuff—and the chance to deliver value by putting your problem solving skills to work. So get ready, visualize the best possible outcome to your sales presentation, and take the necessary steps to make this outcome a reality.

#### Keep Your Eye on the Prize

As excited as you might be about your product, or as eager as you are to demonstrate your solution, keep in mind that your sales presentation is primarily about building a relationship and beginning a partnership, especially in the business-to-business (B2B) arena. When Selena Lo, CEO of Ruckus Wireless, is gearing up for a sales presentation, she focuses her final preparations on making it personal. Lo's company specializes in wireless routers that handle video, voice, and data capabilities for businesses. When she identifies a prospect, Lo's first priority is finding the person she refers to as "the fox": her ally in the prospect company



who wants to see technological changes take place in his organization. Lo gives this relationship special attention, often inviting this individual out to dinner before the presentation to win his loyalty and get any additional details about his company.

Several days before the presentation, Lo researches everyone who will be in the meeting. She reads their bios and googles them to find out their employment histories. “You don’t want someone to think you checked out their entire past,” says Lo, but “you try to strike up more links between you and that person.” She prepares the seating arrangement for the sales meeting strategically, making sure that she will be sitting directly across from the highest-ranking person there so that she can make eye contact. On the day of the presentation, she asks a member of her sales team to write down each person’s name when they walk in the door—and to make a point of using the names during the presentation. Stephanie Clifford, “Find the Fox,” *Inc.*, February 1, 2007, [www.inc.com/magazine/20070201/features-sales-performance-lo.html](http://www.inc.com/magazine/20070201/features-sales-performance-lo.html) (accessed May 22, 2024). Lo’s efforts to give the sales presentation a personal touch are a reminder that in relationship selling, you can never lose sight of the most important thing: your customer. Coach yourself on this on the day of your presentation and keep it in mind in the days leading up to it. What can you do to personalize this presentation and show your customers that it’s all about their organization?

Taking a customer-centric approach lies at the heart of delivering value. In these terms, value isn’t about offering a good price. It’s not just about solving the customer’s problems either. Delivering value means that you define value in customer terms, ask questions, listen to customers, and put the spotlight on customer-centric solutions. This might mean that it takes more than one meeting to close your sale; you might need several visits to adequately respond to your customer’s needs. Mark Roberts, “High-Performing Reps Talk Less, Speak Slower and Listen More”, <https://www.linkedin.com/pulse/high-performing-reps-talk-less-speak-slower-listen-more-roberts/>, November 6, 2019 (accessed May 22, 2024). Make it your goal to see that you *and* your prospect get what you want out of the meeting.

It’s a good idea to visualize this outcome before going into the meeting. Review your pre-call objectives. What will it look like to achieve these objectives? What steps will you and your prospect have to take? How will it feel when you both have achieved your goals? This isn’t just about calming your nerves; visualizing the outcome you want is actually a powerful tool to help you achieve that outcome. For one thing, it’s another form of planning. If you mentally run through a “movie” of the sales presentation, allowing yourself to picture your reactions and the steps you will take to close in on your objective, you will be better prepared when the meeting takes place. Each step of the presentation will come naturally to you because you have already mentally rehearsed, and you will be better positioned to sell adaptively because you have already imagined a number of possible scenarios and customer responses.

For another thing, **mental rehearsal** fools your subconscious mind into believing you have already achieved your goals. Sales trainer and CEO Brian Tracy says, “Your subconscious mind cannot tell the difference between a real experience and one that you vividly imagine,” so if you imagine a successful presentation and its outcome several times before your *actual* presentation, you will be as calm and confident as if you had already closed the sale. You will smile more easily, you will speak more slowly and clearly, and you will command attention. In addition, if your subconscious mind believes you have already been in this situation before, it will direct you to say and do the things you need to achieve your objective. Brian Tracy, *Advanced Selling Strategies* (New York: Simon & Schuster, 1996), 80.

## The Power to Adapt

The sales presentation is where adaptive selling makes all the difference. Up until this point, you have researched and prepared and developed a solution that you think will meet your prospect’s needs, but walking into the presentation and delivering on that preparation requires a different set of skills. Among other things, it requires flexibility and the ability to think on your feet. The best salespeople adapt their presentations to their prospect’s reactions, and they go in knowing they may have to adapt to surprises for which they were unable to prepare (maybe the building has a power outage during the slideshow, for instance, or maybe one of the people from the customer organization decides to send another employee in his place at the last minute). These top-performing salespeople know that keeping a customer-centric focus, visualizing a successful outcome, and mentally rehearsing your presentation before you deliver it will give you the power to adapt with confidence and ease.

Adapting is all about listening. Your sales presentation is really a compilation of all the listening you have done to this point. And listening doesn’t stop there. It’s impossible to adapt if you’re not listening. When you are creating your presentation, keep in mind that it is not a one-way communication. **Presentations are for listening, adapting, and solving problems.**

## Logistics Matter

There's nothing worse than putting hours into preparing a killer sales presentation, only to blow your chances because you forgot to bring an important part of your demonstration or because you got lost on your way to the meeting. Don't let disorganization hold you back: take charge of the details so that your only concern on the day of the presentation is the delivery.

## The Night Before

The evening before your meeting, read over your pre-call objectives; practice your presentation a number of times out loud; and walk through your mental rehearsal, visualizing success. You can't practice too many times. The content of your presentation should be second nature by the time you get up in front of your audience so that you can focus your energy on your prospect. Rehearsal is one of the best ways to calm your nerves so that you can focus on delivering your presentation naturally and connecting with your prospect.

The night before, you should also get together all the materials you'll need for your presentation—handouts, files, product samples, and contracts—and have them ready to go for the following morning. This will save you time tracking down loose supplies at the last minute, when you're trying to get out the door to make it to your meeting. It's also a good idea to set out your clothes the night before for the same reason.

If you are planning to use multimedia equipment in your presentation, make sure in advance that your prospect will have everything you'll need to make it run. If you aren't sure, bring everything (e.g., cables, adapters, flash drives, remotes) with you. And of course, make sure you know how to use all your equipment. Then, be sure you are ready to go "no tech" should the situation call for it.

## Getting There

It might surprise you to know how often salespeople show up late to their own presentations because they get lost on the way to the meeting. When you are traveling to an unfamiliar place for your appointment, get directions in advance, and allow extra travel time in case of traffic delays or wrong turns. Make sure you also research the parking situation beforehand. If your prospect is a large corporation with its own complex, are there reserved employee lots and visitor lots? Will you have to walk a considerable distance from your car to the meeting room? If you'll be meeting in an urban area, is street parking available, or will you have to find a parking garage? You don't want to arrive on time only to get delayed because you spent twenty minutes driving around in search of a parking spot. It's a good idea to make a "test" trip in advance of your meeting. That will help avoid surprises with traffic, parking, security, or other areas that might cause a delay. If something unavoidable *does* come up to set you back, make sure you call ahead to let your customer know you will be arriving late.

Besides the extra time you allow for travel, plan to arrive at the meeting a little early. Not only does this convey professionalism, but it also gives you the time to mentally prepare once you arrive and to set up any equipment you'll be using. It's a good idea to allow time to stop in the restroom and take one last look to be sure you're at your best (and it's a good time to use a breath mint). Finally, bring something to read in case you have to wait.

## Key Takeaways

- **Features, Advantage, Benefit** is a powerful way to communicate value in the selling process. When preparing for your sales presentation, stay focused on the essentials: your relationship with the prospect and your pre-call objectives.
- Practice **mental rehearsal** by visualizing the best possible outcome to the sales presentation.
- Delivering value to the customer means practicing adaptive selling and listening to the customer to understand her needs. Keep this in mind before and during the presentation.
- The night before your presentation, make sure you have all the logistics worked out: your equipment, your wardrobe, directions to the location, and parking information.

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## 5.2: Dress for Success

### Learning Objectives

- Discuss how to dress for success for a sales presentation.

Your appearance communicates volumes about you before you ever open your mouth. You want your prospective customers to take you seriously at first glance, so pay careful attention to what you wear on your sales call. Think about it this way, when you are buying a product off the shelf in a store, isn't packaging the first thing that catches your attention? Marketers know that packaging can influence a consumer's decision to buy before she even researches the product or reads about its features. In the same way, your prospect will make a judgment about you based on the way you "package" yourself; a professionally dressed salesperson can have a huge influence on a prospect's perception of him, his company, and the product he represents. Your appearance should convey professionalism, competence, and success. Most important, regardless of the dress code at your prospect's business, be sure your appearance includes a smile. A smile is an instant rapport builder. No one wants to buy from someone who isn't excited about the company or product he's representing. Show your prospect that this isn't just a job; it's a passion.

### Business Casual or Business?

When you are making a sales presentation at a company, dress one step above what you would wear if you worked at the organization. If you are ever unsure about a company's standard dress code, *always* dress up. It's easier to take off a jacket and tie than to put them on at the last minute.

For most of your business-to-business (B2B) sales situations, business attire will be the norm. However, dress codes post-COVID have relaxed. Advice from Forbes suggests being professional in whatever style you choose, being "yourself" by showing personality, and dress to match the industry you are in. Stephanie Coughlan, "Returning To The Office: What Is The Dress Code Now?" Forbes, <https://www.forbes.com/sites/forbesbusinesscouncil/2022/04/15/returning-to-the-office-what-is-the-dress-code-now/?sh=7603be9e2f>, April 15, 2022, (accessed May 22, 2024).

### Business Casual

Business casual can sometimes be tricky because it's less clearly defined than business attire. According to Indeed.com, business casual "blends traditional business wear with a more relaxed style that's still professional and appropriate for an office environment." Whitney Head, "What is Business Casual", Indeed, May 23, 2023, <https://www.indeed.com/career-advice/starting-new-job/guide-to-business-casual-attire>, (accessed May 27, 2024). "Business casual is typically defined as no jeans, no shorts, no short dresses or skirts for women, optional ties for men, and a rotation of button-downs or blouses. Business casual dressing is more about avoiding a list of "don'ts" than following a list of "dos" and can vary slightly depending on style, preference, and gender presentation." Anne Sraders, "What is business casual attire?", January 6, 2022, TheStreet.com, <https://www.thestreet.com/lifestyle/...asual-14629494>, (accessed May 27, 2024).

Getting the clothes right but missing the mark on the details will create a poor impression just as much as underdressing for the occasion can, so make sure everything from your nails to your hair and choice of accessories conveys professionalism.

- All clothes should be clean and wrinkle-free.
- If the garment has belt loops, wear a belt. Belts should match shoes.
- Make sure your hair looks professional and well groomed.
- Carry a good quality portfolio or notebook and a nice pen.
- Avoid wearing perfume or cologne.

And don't forget good grooming. Body odor, bad breath, poorly manicured fingernails, and messy hair can be a deal breaker.

### Key Takeaways

- When you prepare for a sales presentation, pay careful attention to your appearance because this is an important part of your first impression.
- Always dress more formally than you think your customer will be dressed. When in doubt, dress up.
- Give careful attention to detail, such as accessories and grooming.
- Make sure to convey an image that's in line with your customer's products and values.

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## 5.3: Making Your Presentation Work

### Learning Objectives

- Learn how to deliver your message in a powerful and effective way.

When deciding on the structure of your presentation, there are a number of things to consider. Will you present to a group or to an individual? Where will you be giving your presentation? What tools will you use? Sometimes these options are under your control, but often in business-to-business (B2B) sales, you will have to adapt your presentation to your prospect's needs. In either situation, you can maximize your presentation if you know what to avoid, what to prepare for, and how to make your solution come to life with the tools you have.

### The Right Size

A good salesperson can read group dynamics as skillfully as she can read an individual prospect's verbal and nonverbal cues and is comfortable in one-on-one and in group presentation situations. This is critical because as a salesperson sometimes you have control over the kind of presentation you will deliver (group versus individual), but in many situations, the size of the audience to which you will present is determined by the needs and structure of your prospect's organization. In many organizations large purchasing decisions are the responsibility of purchasing committees or of a combination of individual and group decision makers. You might find that you begin with several individual presentations to decision makers in an organization and then are asked to give a follow-up group presentation to a purchasing committee.

### Presenting to Individuals

In one-on-one presentations, of course, you only have one person's needs, preferences, and background to research and adapt to, so customization is usually an easy task. You can closely observe your prospect's nonverbal communication and listen to her stated needs and concerns and respond accordingly. Does he look worried when you tell him that your company's integrated marketing plan usually takes four months to develop? You can explain that for preferred prospects you are sometimes able to turn around a faster solution. Does he seem distracted when you begin discussing product features? You can back off and begin asking more questions.

Later in this chapter you will learn about more social styles. You will be in a better position to deliver value during your sales presentation if you know something about your buyer's personality before going into the meeting: Is your prospect conversational and people oriented, or is he task oriented and businesslike? Does your prospect care about details and thorough descriptions, or does he prefer to see the "big picture"? Is he competitive? How does he feel about change? Understanding these things about your prospect will help you to favorably position your product and plan your presentation so that you can put emphasis on the things that matter most to the individual. If you know your prospect is highly competitive, for instance, he will probably be interested in learning about the features that set your product apart from others on the market and the ways in which your product can give him or his company a competitive edge.

In adapting to an individual buyer, it's also important to consider his motivation. What are his responsibilities in the organization? What pressures does he face? Is he on a strict budget? Is he concerned with his status in the company? If you have two buyers who purchase the same product, chances are they'll be doing it for different reasons: one person might buy a car from you because he sees it as a status symbol, while another person might buy the same car because it gets good gas mileage and is well built and reliable. Keep in mind that delivering value isn't *only* about meeting a prospect's needs; it's also about showing him that you understand his specific motivations and concerns. The best salespeople present themselves as advisors their customers can trust. Is a prospect worried about proving herself in a new role in her company? Show him how your product can help him perform her role better, or demonstrate how people in similar positions at other companies have used your product with success.

### Presenting to Groups

If customization is that straightforward with an individual buyer, why would you ever choose to sell to a group? Besides the fact that sometimes the nature of the sale demands it, selling to groups is also more efficient than selling to individuals. If you're selling accounting software to a number of departments in an organization, rather than meeting individually with a decision maker from each department, you can save time by giving your sales presentation to a number of decision makers at once. Group presentations can also help you identify the decision makers in an organization if you aren't yet sure who they are. By keeping an eye on group

dynamics during the presentation you can usually observe the “pecking order” among members and identify the individuals in the group whose opinions hold the most leverage.

Additionally, group presentations can be a way to win greater support for your sale. If you know one or two people in an organization who are excited about your product, you can allow their enthusiasm to influence others in a group setting. Recall Selena Lo of Ruckus Wireless, who finds the “fox” within each of her target organizations and leverages his support of her product to sway the group buying decision.

If you know what is at stake for each member of the group, you will be able to facilitate the discussion during your presentation much more effectively. This is why it’s important to gather information about everyone who will attend your sales meeting. Again, think of Lo’s method, where she reads each group member’s bio and googles their names before going into a group meeting. Find out the individual’s needs within the organization. What is her status? How does she perceive the urgency of the problem you want to solve? Does she have any ego involvement in the product or service? Barton A. Weitz, Stephen Byron Castleberry, and John F. Tanner, *Selling: Building Partnerships*, 5th ed. (New York: McGraw-Hill, 2003), 264. (For instance, an accountant in the organization might feel threatened by new accounting software if it replaces part of her current role.) This will help you understand the most important concerns you will need to address in the presentation, and if certain parts of your presentation apply more directly to certain members of the group, you can direct those parts specifically at those individuals.

Keep in mind that people act differently in group settings than they do when you are interacting with them alone, so finding out about individual members’ personalities is less important in group presentations. Instead, adjust your presentation to the dynamics in the room. Watch the group for nonverbal cues; when one member is talking, observe how others react to see whether or not they support what she’s saying. Barton A. Weitz, Stephen Byron Castleberry, and John F. Tanner, *Selling: Building Partnerships*, 5th ed. (New York: McGraw-Hill, 2003), 265. If the energy in the room feels low, or if you get the sense that the group is getting restless, consider moving on to the next part of your presentation or changing tactics.

Sometimes you won’t know who or how many people you will be presenting to beforehand, so you won’t be able to research the individuals. However, it’s always a good idea to ask when you call to schedule your meeting. You may be able to find out information that your contact at the organization wouldn’t otherwise volunteer.

## The Right Place

You also might not know *where* your presentation will happen. If you know you’ll be presenting to your prospect at his office or in a conference room at his company, you won’t have control over the environment. What happens if your prospect has reserved a meeting room and when you arrive there are no empty walls on which you can project the PowerPoint presentation you brought along? When you know you’ll be presenting in an unfamiliar environment, make sure to have a contingency plan in place. If slides or other multimedia equipment are central to your presentation, talk to someone at the company to make sure you’ll be able to use the equipment. And if this fails, be ready to rely on your handouts, product samples, or the good old whiteboard to carry the presentation through.

Of course, in other situations, you will have control over the environment. In real estate, for instance, the presentation takes place inside the product. In retail, the presentation generally happens at your store. And there are other selling situations in which the prospect will come to your office or a conference room at your company or where you will meet at a “neutral” location like a rented meeting space. Here are a few guidelines to follow, depending on the environment in which you’ll be presenting.

## Your Place of Business

When the prospect comes to you, treat her like you would treat a guest in your home. Make sure you set up any presentation materials well in advance and have refreshments set out in the conference room or your office. Think about ways you can add personal touches—for instance, a sign with the prospect’s name on it (“[Your company name] welcomes [prospect’s company name]”), or, for a group presentation, information packets at each person’s seat with his or her name on the front. Small, thoughtful details can make an important difference.

## Your Prospect’s Place of Business

When you deliver your presentation at your prospect’s location, you won’t have the luxury of extensive setup time, and you may find that you have to adapt to the space and resources on hand. However, there are a few things you can do to make a good impression and ensure that things go as smoothly as possible:

- Arrive early and set up any technology you plan to use so that you can minimize the chance of something going wrong.

- When it's possible, call ahead to find out about the space in which you will be presenting and the materials that will be available to you.
- Let your prospect know how long you will need to set up—particularly if you are using multimedia equipment.
- When you arrive, the first person you interact with will probably be the receptionist. Introduce yourself and let her know that the customer is expecting you.
- In addition to your presentation items, consider bringing food, coffee, or small giveaway items.

## Webinars and Video Conferences

So how do you give a sales presentation if your prospect lives across the country, but you have a limited budget for travel? Unless there is a good chance that a prospect will become a key customer, it usually isn't practical for a salesperson to travel long distances to make one presentation. However, thanks to technology, it's common for salespeople to address this problem using Webinars, video conferences, and online meetings. These technologies are allowing companies to reach more prospects in less time and to reach prospects internationally and across long distances.

Even though video conferencing feels different from in-person communications, you should essentially treat your online meetings the way you would treat any sales call. Keep in mind that nonverbal communication has a strong influence on interactions—and, especially with good technology, your customer can see you clearly. Pay attention to your body language and facial expressions, and avoid personal gestures (like playing with your hair or scratching an itch). Dress professionally, plan your agenda carefully, and make sure to prepare and get your materials set up ahead of time. If you are conferencing from a location other than your office, arrive early to make sure the technology is set up to run smoothly for your presentation.

It is also important to resist the temptation to multitask during your video conference. Close down any other applications you might have open on your computer, clear off your desk, and make sure you will not be interrupted until the call is over. Mute any cell phones and close the door to the room in which you are presenting. Give your customer your full attention. While this level of focus is a given on your end, unfortunately, you can't always be certain that your prospect will give a video conference meeting *his* full attention by minimizing distractions. For this reason, it is especially important to have a clear agenda that you follow closely. Keep your presentation brief, and be aware that you will have to work harder to hold your prospect's attention. Live interaction from your audience is critical to make sure your participants are engaged.

Besides a greater likelihood of distraction, there are a few other extra considerations to keep in mind in a video conference situation. When the presentation is over, close the meeting with a clear call to action in which you include a wrap-up and well-defined next steps that you and your prospects should take.

## PowerPoint Presentations

PowerPoint slides provide an easy way to organize your presentation and add helpful visuals. For many salespeople, PowerPoint is one of their go-to presentation tools. It can be an especially helpful tool for salespeople who are starting out and want the security of a clear framework from which to present. An added benefit is that it doesn't take much technological know-how to put together a clean-looking PowerPoint demonstration.

On the other hand, not all presentation situations lend themselves to PowerPoint (e.g., conference rooms with no wall space on which to project or presentations given in the field), so if you plan to use this tool, make sure that you will be presenting in a space where you can make it work. Additionally, be aware of—and avoid—a number of common mistakes salespeople make when using PowerPoint that can ruin a presentation. To maximize PowerPoint as a tool to successfully sell your story, use the tips in Figure 5.3.5.

If you want to...	Then use...
explain trends	line graphs
describe a series of steps	a diagram
compare capabilities	a table
show product/service comparisons	a pie chart or bar graph
explain how your Web site works	the Web site

Figure 5.3.5: Guidelines for PowerPoint Visuals

The following dos and don'ts can also be helpful as you are creating a PowerPoint presentation.

- *Don't* turn down the lights. It takes the focus away from you, and it can put people to sleep.

- *Don't* go overboard with technological gimmicks. Fancy fades and clever add-ons will only distract from you and from the content of your presentation.
- *Don't* hide behind your computer screen when using PowerPoint; make sure you face your audience and make eye contact. This can be a temptation when the computer is set up on a podium close to eye level.
- *Don't* fill your slides with words. Use bullet points, separate each point with white space, and cut out *any* unnecessary words you can.
- *Don't* bore your audience with visual sameness. Slide after slide of bulleted lists gets monotonous; visuals and charts have a stronger impact.
- *Do* make your slides easy to read. Avoid small fonts, visual clutter, and dark text against dark backgrounds.
- *Do* replace descriptive headlines with headlines that sell. No one cares about a headline that describes what's already on the page. For example, rather than writing "Our Statistics" at the top of the page, write "See Significant Savings in the First Year."
- *Do* use the 10/20/30 rule: Make sure you limit your slides to 10 or fewer. Focus on the things you want people to remember, rather than overwhelming them with information. Give yourself 20 minutes to go through your 10 slides. Any more than this and you will reach the limit of your audience's attention span. Finally, use only 30-point or larger font size so that your audience can clearly read what you've written.

## Samples and Demonstrations

There is almost no better way to make your story come to life for your customer than letting him experience it for himself. Think of television courtroom dramas: when the lawyer is making her final statement to the jury and she wants to pull out all the stops, what does she do? She doesn't just give the jury the facts or tell them the version of the story she wants them to believe—she brings the story to life; she puts the gun in the defendant's hand; she brings out the pictures of the stab wounds. Think about this when you plan your sales presentation. During the presentation, you can bring your story to life by offering product samples for your prospects to try or by running demonstrations that let them see for themselves what your product can do. When winemakers sell their products to large distributors, they don't just bring in descriptions of their wines for the buyers to read; they offer tastings so buyers can experience the product. When caterers want to sell their services to someone who is planning a wedding, they bring in samples from their menus, so the customer can say, "Wow this pasta really is delicious!"

Besides bringing your story to life, there are a number of other good reasons to use demonstrations:

- **To educate your prospect.** If you are selling a complex product, such as a highly involved software program, the best way to help your customer understand how it works is to show her.
- **To involve your prospect.** Let him find the results for himself. Just as car shoppers get to take the wheel in a test drive—and this often makes the difference between a decision to buy or not to buy—customers who use your products for themselves are more likely to make a personal connection with it. A salesperson selling insulated windows, for instance, might place a piece of glass in front of a heat lamp and ask her customer to put out his hand and feel the heat. Then the salesperson might substitute the sheet of glass for a window sample. "Now put out your hand," she will tell the customer. "Can you feel how this window is going to keep the elements out and save you money on your energy bills?"
- **To prove the performance of your product.** Of course, you can tell your prospect "our air purifiers are quieter than the leading model, and they take up less space in your home." But if you *bring* your air purifier to the presentation and set it next to the leading model, and if you ask your prospect to turn both machines on, he can see for himself that your product is smaller, and he can hear for himself that it makes less noise.

## Give Them the Numbers: Cost-Benefit Analysis and ROI

When you present your solution to the customer, especially in B2B sales, closing the sale usually depends on whether the cost of your solution is offset by the value it delivers. Gerald L. Manning and Barry L. Reece, *Selling Today: Creating Customer Value*, 9th ed. (Upper Saddle River, NJ: Prentice Hall, 2004), 256. If you can quantify your solution using cost-benefit analysis and ROI (return on investment) analysis, you can help your customer determine whether a project or purchase is worth funding.

A **cost-benefit analysis** asks the question "Will this purchase save more money in the long run than it costs?" David H. Miles, *The 30 Second Encyclopedia of Learning and Performance* (New York: AMACOM, 2003), 139–40. Imagine you are selling an energy-efficient commercial dishwasher to a pizza kitchen. The dishwasher costs \$3,000, but average cost savings per year are \$800 in energy bills and \$200 in water usage: a total of \$1,000. Energy Star, "Commercial Dishwashers for Consumers," U.S. Environmental Protection Agency and U.S. Department of Energy, [www.energystar.gov/index.cfm?c=comm\\_dishwashers.pr\\_comm\\_dishwashers](http://www.energystar.gov/index.cfm?c=comm_dishwashers.pr_comm_dishwashers) (accessed May 16, 2010). Your dishwashers are guaranteed to last a long time; in



fact, you offer a five-year warranty on any purchase. At a savings rate of \$1,000 each year, your customer will have saved \$5,000 in energy and water expenses by the time his warranty expires. Based on this information, you present this cost-benefit analysis to your prospect:

$$\$3,000 = \text{cost (initial investment)} \quad \text{cost savings} - \text{initial investment} = \text{benefit} \quad \$5,000 - \$3,000 = \$2,000$$

In this case, the cost savings is \$1,000 per year times five years for a total of \$5,000, minus the initial investment of \$3,000, means that there is a benefit of \$2,000.

In other words, the dishwasher has a three-to-two cost-benefit ratio over five years (\$3,000 in cost to \$2,000 in benefit). You can tell him, “This purchase will save you money in the long run. After you make back what you spent on the dishwasher in cost savings, you will continue to save \$1,000 each year.” Similarly, you can show your customer a **return on investment (ROI) analysis**. ROI shows the customer the return (profit or cost savings) compared to the investment he will make. In the case of the dishwasher, the ROI would be calculated by dividing the benefit (in this case \$2,000) by the cost of the product or initial investment (in this case \$3,000), then multiplying the result by 100, which would yield a 66 percent ROI after five years.

$$\$2000 (\text{savings over five years}) \div \$3,000 (\text{initial investment}) \times 100 = 66\% \text{ ROI}$$

You can maximize ROI by cutting costs, increasing profits, or accelerating the rate at which profits are made. Some businesses have a minimum ROI that must be met before a purchase can be approved. While you might be able to learn this information in your pre-approach, it is more likely that you will have to discuss minimum ROI with your customer during the sales presentation. You might present your solution and find out more about your customer’s specific needs (including budget constraints and minimum ROI) during the first sales presentation and then write up a proposal in response to your findings, which you deliver during a second presentation.

## Key Takeaways

- Presenting to individuals requires a different set of skills and techniques than presenting to groups, so make sure you have a clear strategy for your presentation that takes the size of your audience into account.
- When presenting to an individual, keep your prospect’s personality in mind and adapt your approach accordingly. Take his position and responsibilities in the company into account in the way you present your solution.
- Selling to groups can be a more efficient presentation method, and sometimes it is required in your customer organization. When conducting a group presentation, take group dynamics into account, keeping in mind that people act differently in group situations than they do in one-on-one interactions.
- When you are delivering your presentation at your place of business, treat the customer as you would treat a guest in your home. Set up refreshments and supplies well ahead of time so that you are well prepared when the prospect arrives.
- When you are presenting at your prospect’s place of business, try to find out about the presentation venue beforehand—but be prepared to adapt if your prospect doesn’t have the equipment or setup you were expecting. Arrive early so that you have time to set up.
- If your presentation is given as a Webinar or video conference, treat the presentation as you would treat an in-person interaction. Dress professionally and set up ahead of time. Make sure to minimize distractions.
- When delivering a PowerPoint presentation, keep your slides brief, uncluttered, and easy to read. Don’t let the technology overshadow you, the presenter.
- There is almost no better way to bring your product to life than by using samples or demonstrations to get your prospect involved.
- Your customer will expect you to bring a **cost-benefit analysis** or **ROI analysis** as a way to quantify your solution.

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## 5.4: Using the SPIN Method

### Learning Objectives

- Understand SPIN and how to use it during the sales presentation.

In 1988, Neil Rackham and his company Huthwaite, Inc., researched more than 35,000 sales calls, observing successful and experienced sales professionals doing what they do best. In the process they disproved a number of popular myths about the selling process, and they developed a sales model of their own, which they called SPIN selling. Neil Rackham, *The SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996). Prior to SPIN Selling, success in sales and all sales training, in general, focused on probing, objection handling, and closing. Today sales professionals around the world incorporate the SPIN selling model into their sales process with great success—and if you learn a few simple principles, you can too. Ashok Kammara, "How To Use SPIN Selling Effectively in the Modern Day Sales Process", <https://www.klenty.com/blog/spin-selling-technique/>, November 29, 2023, (accessed May 20, 2024). The following section describes SPIN selling in a nutshell.

### What Is SPIN Selling?

**SPIN** works from the theory that relationship selling is customer-centric. It requires you to adapt your selling process to your customer, and it delivers personal solutions. To make this work, you have to ask your buyer a lot of questions, let him do most of the talking, and give his responses your full attention.

In the SPIN model, there are four components of a sales call: opening, investigating, demonstrating capability, and obtaining commitment. SPIN gets its name from the four kinds of questions that take place during the investigation stage: **S**ituation, **P**roblem, **I**mplication, and **N**eed-payoff.

- **Situation** questions collect facts
- **Problem** questions probe for pain points
- **Implication** questions urge the prospect to understand the consequences of the pain point
- **Need** questions aim to uncover the benefits the prospect wants from their solution Anthony Innarino, "14 Example SPIN Questions + Real World Scenarios To Use Them In", <https://www.thesalesblog.com/blog/example-spin-questions> December 18, 2022, (accessed May 22, 2024).

Let's dig deeper. With smaller sales, these four components of the sale (opening, investigating, demonstrating capability, and obtaining commitment) often happen sequentially and in a short period of time; a customer might walk onto your car lot and commit to buying a car from you an hour later. But often in business-to-business (B2B) sales, especially complex ones, you will incorporate SPIN components into a number of the steps in your selling process. For instance, you will do some investigation during your pre-approach, and you might make an early presentation in which you open, investigate, and demonstrate capability. Because larger sales take more time, you won't close the sale at the end of your first presentation, but you might get a commitment from your customer to move the sale forward. SPIN selling is not a rigid, step-by-step model; rather it provides an effective, flexible framework for customer centered selling. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 38.

### Opening

According to Rackham, the **opening** of the sales call is not the most important part, but it does pave the way for the important steps that come after. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 139. At the beginning of every call, you want to set the preliminaries and make any necessary introductions. (In larger B2B sales, you usually won't spend very long on introductions because 95 percent of the time you will be meeting with an existing customer or a prospect you have already met.) Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 40. If you are following up on an earlier sales call, it's important to recap the conclusions of your last discussion: "The last time we spoke, we talked about pricing and setting a timeline, and you agreed that you would like to move the sale forward if we could put together a proposal that matched your budget and would meet your deadlines." Then, most important, you want to begin the conversation by getting your customer's agreement to let you ask him some questions. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 144. This builds rapport and establishes a buyer centered purpose for your call.

## Investigation

**Investigation**—asking questions to uncover your buyer’s needs—is at the heart of SPIN selling. This is the stage during which you ask the types of questions that give SPIN its name: situation, problem, implication, and need-payoff. Here’s how each of these types of questions works during the sales presentation.

### Situation Questions

**Situation questions** deal with the straightforward facts about the buyer’s existing situation and provide a starting place for understanding your buyer’s needs. If you ask too many situation questions, you risk boring your prospect and damaging your credibility, so ask situation questions sparingly. If you do careful research before your sales call, you should find out most of the basic information about your customer’s current situation before your meeting so that the situation questions you ask are only the ones that will provide information you aren’t able to track down elsewhere. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 76; Eric Wolfram, “How to Sell—SPIN Selling,” Wolfram, [http://wolfram.org/writing/howto/sell/spin\\_selling.html](http://wolfram.org/writing/howto/sell/spin_selling.html) (accessed May 16, 2010). For instance, if you are selling Internet connectivity, you might ask your buyer, “Which of your offices are currently using DSL?”

<b>Customer:</b>	Our four branch campuses use DSL, but our main offices downtown use a cable service.
<b>You:</b>	Oh, they use cable? Who is their provider?
<b>Customer:</b>	Ajax Communications. We’ve been with them for about two years.
<b>You:</b>	I understand Ajax sometimes offers their service on a contract basis. Do you currently have a contract with Ajax?
<b>Customer:</b>	We had a contract, but that ended a couple of months ago.

### Problem Questions

You already know that your prospect will only be motivated to buy if she recognizes she has a need. Asking **problem questions** helps customers understand their needs, and ultimately it paves the way for you to propose a solution that seems beneficial to your customer. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 90. Problem questions are the most effective in small sales: “Was limited storage space ever an issue with your last computer? How much has the size and weight of your current laptop affected your ability to carry it with you?” But in B2B sales it is still important to ask a few problem questions so that you and your buyer share an understanding of the problem or need. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 93. Sometimes it is tempting to jump right into presenting the benefits of your solution, but keep in mind that your prospect might not always see his problem right away, even if it is already evident to you. “SPIN Selling,” review of *SPIN Selling*, Changing Minds Book Reviews, [http://changingminds.org/books/book\\_reviews/spin.htm](http://changingminds.org/books/book_reviews/spin.htm) (accessed May 16, 2010). Imagine you sell tractors. To understand the difficulties your prospect faces with his current machines, you could ask problem questions like “How much does it cost to maintain your current farm machinery?” “How often do your tractors break down?” and “Who is usually responsible for doing the maintenance work?”

### Implication Questions

In larger sales, **implication questions** are closely linked to success because they increase a prospect’s motivation to seek change. Implication questions uncover the effects or consequences of a prospect’s problems. These questions are especially effective when your prospect is a decision maker whose success depends on understanding the underlying causes of a problem and its potential long-term consequences. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 108. Say, for instance, your prospect has offices in five locations, but he only has IT staff at two of the locations. To help him understand the implications of this problem, you might ask questions like this:

<b>You:</b>	If a computer crashes at one of your branch offices, who takes care of the problem?
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<b>Prospect:</b>	That depends. Our Bellevue and Redmond offices have their own IT people, but when we have a problem downtown or in North Seattle, we call someone from the east side offices to come fix it.
<b>You:</b>	Wow, that must be a hassle for the IT people! How often do they have to drive out to another location for computer trouble?
<b>Prospect:</b>	Usually not more than three or four times each week. If the problem isn't an urgent one, the IT guys usually make a record of it so that they can fix it during their regular visits.
<b>You:</b>	So your IT people have regularly scheduled maintenance visits that they make in addition to the occasional "emergency" trips?
<b>Prospect:</b>	Yes. Someone from IT visits each of the three locations once a week to run maintenance and fix any issues that have come up since the last visit.
<b>You:</b>	The travel time from Redmond to downtown is about half an hour each way, and it can take an hour during rush hour! Isn't the commute from Redmond to your other locations even longer? In total, how much time and money would you guess your company invests in these maintenance trips each week?

Your buyer might have told you up front that the shortage of IT staff is a problem, but he might not yet realize all the implications of this problem (like higher costs, wasted time, and inefficiency). By asking this set of implication questions you have just asked, you are helping your prospect explicitly state a need (or needs) that you can solve for him. "SPIN Selling," review of *SPIN Selling*, Changing Minds Book Reviews, [http://changingminds.org/books/book\\_reviews/spin.htm](http://changingminds.org/books/book_reviews/spin.htm) (accessed May 22, 2024).

## Need-Payoff Questions

Once you help your prospect uncover his specific needs, you can help him to discover a way out by asking how his problem could be resolved. These questions are called **need-payoff questions**. If you ask your prospect the right need-payoff questions, he will tell you how your solutions can help him; you won't even need to spend much time talking about your product's benefits because your prospect will have already convinced himself that your solution will be valuable to him. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 128. For example, following the previous conversation about your customer's IT problem you could ask "How would it help if the IT staff could fix at least half of your computer problems remotely?" or "How much time would you save if I could help you find a way to cut down on your IT support calls from the branch offices?"

## Demonstrating Capability

When you present your solution, you can tell your customer about FAB, as discussed in a previous chapter.

- The product *features*, or what the product *has*: "This car has all-wheel drive, and the back seats fold down to expand the trunk."
- Its *advantages*: "The all-wheel drive capability makes for better handling in ice and snow, and the ability to fold down the seats means you get a larger storage capacity than you would with other cars of its kind."
- What the feature *does* and its *benefits*: "The all-wheel drive will give you peace of mind when your daughter drives the car in the winter, and the added storage capacity will be especially helpful for any odds and ends you need to transport during your upcoming move." This includes what the features *mean*, or the ways in which your solution addresses your prospect's acknowledged needs. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 148.

All three methods **demonstrate capability**, but which method do you think moves you closer to a sale? If you guessed benefits, you're right. SPIN selling is all about customization; when you are demonstrating capability, you want to show your prospect how your solution applies to the needs he has expressed. Listing a product's advantages demonstrates how that product could be useful to anyone (a generic customer), but you don't want to treat your buyer like a generic customer. OK, so the car you are selling has an excellent sound system that delivers a superior music-listening experience. But what if your prospect only ever listens to talk radio? If you go on at length about the advantages of the sound system, he won't be impressed.

Rackham and his team concluded that salespeople who demonstrate capability by presenting benefits (rather than advantages) don't have to deal with as many objections from their prospects. However, you can only demonstrate benefits successfully if you have asked the right questions to uncover your prospect's specific needs. This is why the investigation stage is so important. Here are examples of some benefits you might share with your prospect:

Dr. Hogue, our software gives you the ability to organize large quantities of information (like those complicated medical records you mentioned) visually. If you use this software, it will be easy to identify relationships between patient's medical histories so that you and your staff can save time whenever you have to perform a complicated diagnosis.

Ms. Lewis, you mentioned that you have a long commute to work each day, so I think the podcast versions of our training seminars will be a good solution for you. You can download them onto your iPod and listen to them on your way to work so that you can maximize your time and leave your evenings and weekends open to spend with your family.

Our custom engagement rings will allow you to choose an antique setting in the style you said your fiancée prefers and to pair this setting with a smaller stone that will fit your current budget.

## Obtaining Commitment

In smaller sales, **obtaining commitment** is fairly straightforward: either your prospect decides to buy, or he tells you that he isn't interested. In complex sales, on the other hand, fewer than 10 percent of calls have one of these two outcomes. It might take several years before your prospect agrees to purchase your solution, so a sales call that ends without a sale is in no way a failure. In between your first sales call and your prospect's decision to buy, you will have a number of calls in which you either decide to move the process forward, terminate the process, or continue the process without an advance. Any time your prospect ends a call by agreeing on an action that moves you closer to the final sale, you have experienced a successful outcome. Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 42–43.

In the SPIN model there are three steps to obtaining commitment:

1. Check whether you have addressed key concerns.
2. Summarize the benefits you presented.
3. Propose a commitment that will move the sale forward .Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 44.

Consider this example:

<b>You:</b>	So what I understand from our discussion is that you are concerned your image has become outdated, and you want your television advertising to appeal to a younger generation?
<b>Prospect:</b>	Yes, that's the biggest issue we're facing right now.
<b>You:</b>	As I mentioned earlier, Rockstar Marketing has successfully overhauled the brand image of a number of well-known retailers, and we think we could do the same for you by creating the youthful image you are looking for.
<b>Prospect:</b>	That sounds like it might be a good fit, but I'd have to get the approval of our marketing committee before I could give you an answer.
<b>You:</b>	Then what I'd like to do, if it's OK with you, would be to write up a more specific proposal. If you could agree to arrange a meeting between our sales team and the members of your marketing committee in about two weeks from today, we could discuss the proposal options at the meeting.
<b>Prospect:</b>	All right, that sounds like a good plan. I'll have my secretary arrange the meeting and give you a call to confirm the day and time.

The commitment you propose at the end of the call will depend on your pre-call objectives. According to Rackham and his team, the most effective pre-call objectives are those that include actions on the part of the customer, such as “get the prospect to agree to call two of your past customers” or “get the prospect’s list of vendor selection criteria.” Neil Rackham, *SPIN Selling Fieldbook* (New York: McGraw-Hill, 1996), 45.

## Why Use the SPIN Model?

In relationship selling, the idea of a sales “presentation” can be misleading. To deliver customized value to your prospect, you have to understand his needs and make sure that you are in agreement with him about a solution he could use. This means the sales presentation is a two-way communication. When you make the effort to listen to your prospect this way and when you work to understand his needs, not only will you close more sales, but you will also build stronger, lasting customer relationships. Your prospect will come to trust you and to rely on you as a problem-solving expert.

## Key Takeaways

- **SPIN selling** is a four-step model that relies on the theory that successful selling is customer centered and offers customized solutions to your prospect’s problems.
- There are four steps to a SPIN sales call: **opening**, **investigation**, **demonstrating capability**, and **obtaining commitment**.
- The **opening** stage builds rapport and establishes a buyer centered purpose for your call.
- The **investigation** stage is at the heart of the SPIN model. The goal of this stage is to ask questions that will uncover your buyer’s needs.
- There are four types of investigation questions: **Situation**, **Problem**, **Implication**, and **Need-payoff** (SPIN).
- In **demonstrating capability**, you explain the benefits of your solution by showing your prospect how your product or service meets his explicit needs.
- In **obtaining commitment**, you get your prospect to agree to advance the sale, continue the sale without advancing, or make a purchase.

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## 5.5: Putting It All Together

### Learning Objectives

- Learn the five steps of a successful sales presentation.

As you have probably realized by now, there are many things to keep in mind when planning and executing a sales presentation. It can be enough to overwhelm even the most experienced sales professional.

While there is no one magic formula that will make your presentation come to life, successful presentations generally have a number of elements in common. Thinking of your presentation in terms of the following five steps will help you to plan and execute it with greater ease and success. Before the presentation, it's a good idea to ask your prospect how much time is allotted for your presentation. That will help you tailor your presentation appropriately, keeping in mind your prospect's time. It's also a good idea to start the meeting by setting expectations in terms of time: "Just as a time check, I'll spend thirty minutes on the presentation and allow fifteen minutes for discussion. We'll plan to wrap up by 11 o'clock."

### Step 1: Build Rapport

In relationship selling, building rapport with your prospect lays the foundation for a selling partnership that could continue for many years. Especially if the sales presentation will be your first in-person interaction with your prospect, put effort into making a good impression. Offer your prospect a firm handshake and start with some small talk to break the ice. This isn't difficult; you can establish a connection with a complete stranger over something as simple as the weather or a recent sporting event. Experienced salespeople use observation to their advantage, learning about the customer by noticing the environment of the prospect's office. Are their photographs or artwork displayed on the walls? What items does the customer keep on her desk? As Bruce Harris, account manager with UPS, says, "A person's office is a reflection of who they are and serves as an insight into his/her personality." Bruce Harris, "The Eyes Have It," *American Salesman* 54, no. 3 (2009): 17 You can make a personal connection and break the ice by questioning your prospect about a family photograph or a trophy he keeps on display. However, make sure not to go overboard on the small talk. Remember that your prospect is busy and has a limited amount of time to meet with you. If you spend too long on chit chat, you will eat up some of the time you need to get through your call objectives. Build rapport and then get down to business. Neil Rackham, *SPIN Selling* (New York: McGraw-Hill, 1996), 144. This is also a perfect time to confirm the time that is allocated to you for your presentation. Although you discussed it when you set up the appointment, it's always a good idea to confirm since things change at the last minute. This will help you quickly make adjustments if need be.

In group presentations, it is harder to leave room for small talk because if everyone starts talking, the meeting could lose its focus quickly—and in very large sales presentations, small talk is impossible. You could open your presentation with a memorable remark: something challenging or amusing; or a brief anecdote that establishes a common connection: "When I dropped my son off at school this morning, he told me to make sure not to give a boring presentation today...." A comment like this might get a chuckle out of your audience and will build a connection because others in the audience probably have children as well and may have had common experiences.

Leading your presentation off with situation questions is another way to break the ice and get people talking. In group settings, people are often uncomfortable sharing their opinions right away, but if you ask questions that call for factual observation, rather than opinion (How many departments in your organization would be affected by this decision? What is the average turnaround time once an issue goes to press?), people can answer without feeling threatened. Gary M. Grikscheit, Harold C. Cash, and Clifford E. Young, *The Handbook of Selling: Psychological, Managerial, and Marketing Dynamics*, 2nd ed. (Hoboken, NJ: Wiley-Blackwell, 1993), 158. Once you get people talking, you can lead into problem and implication questions that require your audience members to voice an opinion.

Recall from the last section that it's always a good idea to recap the findings of your last meeting in the opening of your call. This is another way to build rapport, remind your customer of your previous discussion, ensure that everyone is on the same page, and transition into your business topic.

### Step 2: Make a General Benefit Statement

Keep in mind that to effectively demonstrate capability, you should sell benefits—solutions that address your prospect's specific needs—rather than features or advantages. If your sales call is a follow-up on a previous call, you can make a benefit statement

early on that will address issues you discussed in your last meeting:

In our previous discussion, you mentioned that you had a minimum ROI requirement of 20 percent per year, and you said that you would be interested in pursuing this sale further if we could propose a solution that would meet your requirements. I’ve created an ROI analysis here that shows how outsourcing your back office work through our firm will yield an annual ROI of 25 percent. Other businesses like yours have experienced these results with us and have been very satisfied with the transition. Here’s what we envision for your company. (Show a slide with a diagram or chart giving a visual representation of your prospect’s cost savings with this solution.) Is this something you would be interested in?

In this general benefit statement, the salesperson has

- recapped the findings of the previous conversation to provide context,
- explained the value in an *idea* that meets the customer’s needs, rather than trying to sell a service,
- helped the customer to see himself as part of the story,
- used a closed-ended question to lead into the rest of the presentation.

**Closed-ended questions**—questions that demand a yes or no response—can help to move your presentation forward, keep your customer involved throughout the presentation, and confirm your understanding. Closed-ended questions have a role during your sales presentation, as demonstrated above.

However, closed-ended questions should be balanced with **open-ended questions** that will help you probe further into the problem your product can solve. For instance, you might ask, “What are some of your biggest frustrations with your current back office operations?” It is virtually impossible to learn more from your prospect if you don’t use open-ended questions. If you are interested in learning more and engaging your customer in your presentation, be ready with open-ended questions. For example, the situation, problem, implication, and need-payback questions in SPIN selling are all examples of open-ended questions. Open-ended questions start with “who,” “what,” “when,” “where,” or “why.” Figure 5.5.7 provides examples of closed-ended and open-ended questions.

Closed-Ended Questions	Open-Ended Questions
Do you know who your target customer is?	Who is your target customer?
Are you open on the weekends?	What are your store hours?
Are you planning to launch the new software in the second quarter?	When are you planning to launch the new software?
Is your warehouse in the area?	Where is your warehouse located?
Are you considering a change?	Why are you considering a change?

Figure 5.5.7: Examples of Closed-Ended and Open-Ended Questions

Asking the right questions is one of the skills required to be a successful salesperson. This is where your ability to ask the right questions really comes into play. It is the open-ended questions that you ask during this portion of the presentation that set the tone for the rest of your presentation. But don’t stop here. Ask open-ended questions throughout your presentation to engage the prospect and continue to gain valuable information.

### Step 3: Make a Specific Benefit Statement

Once you have investigated to uncover your prospect’s needs, deliver a specific benefit statement: one that demonstrates in detail how you are going to solve his unique problem. It’s impossible to deliver a specific benefit statement at the opening of your sales call because there is no way you can understand your prospect’s needs and expectations without listening to him first. Michael T. Bosworth, *Solution Selling: Creating Buyers in Difficult Selling Markets* (New York: McGraw-Hill, 1995), 101. Sometimes, a prospect may ask you to solve a problem that sounds similar to one you just solved for another company or customer, but if you assume you already understand your prospect’s situation and treat her just like your old customer, you might lose the sale. Approach each new presentation as if it were your first.

In B2B sales, the specific benefit statement is generally something you prepare before your presentation. However, before launching into specific benefits, you can investigate to make sure you understand and have all the necessary information: “So let me make sure I understand. What you’re saying is that a 5 percent reduction in process time will reduce your costs by 20 percent?” In any selling situation, the information you get from your prospect is usually just the tip of the iceberg, and you won’t get an idea of the pressures she is facing unless you can get her talking.

After confirming that you and your prospect are on the same page, you can move forward with your presentation, adapting if you need to based on your prospect’s answers to the questions you asked. This is the part of your presentation where the solution really



comes to life. Bring your customer into the story with videos, recordings, displays, or anything else that will allow him to experience the product for himself.

<b>You:</b>	So let me just confirm—it sounds like your biggest priorities in purchasing this SUV are gas mileage, safety, and reliability and that you would sacrifice some luxury features if your vehicle met these other conditions?
<b>Prospect:</b>	Yes, those are definitely the most important things. This is really going to be a family car, something I can use to drive the family around and take on camping trips. And our oldest child is going to college soon, so we want a car that will last for a while because we'll need to save money to pay tuition.
<b>You:</b>	OK Cindy, then I think you will be excited about the RAV4 we discussed earlier. It has the best fuel economy of almost any SUV on the market, and Toyotas are known for their reliability, so this car should last you well past the time your daughter graduates from college. You can also feel confident when you drive your kids around in this vehicle because the RAV4 received five stars in National Traffic Safety Administration crash tests. Joshua Rose, "New 2009 Toyota RAV4 Features and Prices," Auto Broker Magic, <a href="http://www.auto-broker-magic.com/2009-toyota-rav4.html">www.auto-broker-magic.com/2009-toyota-rav4.html</a> (accessed May 16, 2010). Does that sound like a good option to you?
<b>Prospect:</b>	Yes, that sounds like just the kind of thing we're looking for.
<b>You:</b>	Great! Then why don't we go for a test drive, and you can see for yourself how well this car handles on the road.

When you demonstrate your product for the prospect, make sure to draw attention to the features, advantages, and benefits that make it a good solution for her particular situation. In the example above, when your prospect takes the car out on the road, you could turn on the climate control settings that allow her to adjust for a different climate zone in the front and back seats and explain that this way she and her family can stay comfortable on long car rides. If she has her kids along, you could turn on the rear DVD player for them. These sort of extra, customer-specific benefits help your customer to make a personal connection to the product and to see her story aligning with your solution.

During this part of the presentation, make sure to ask open-ended questions that will help you learn more about the prospect's needs and her perceptions about the product: "You said that you like to go on family camping trips; how well does your current vehicle meet your family's needs on these trips? It sounds like your current vehicle gets poor gas mileage; how does this affect your frequency of use or the length of your road trips? How would the storage capacity of the RAV4 change the way you use your family vehicle? How important is the car's sound system to you?" Not only will these questions help you to uncover your customer's needs and expectations that are still below the surface, but they will also help you to anticipate potential objections as you transition to the next part of the selling process.

#### Step 4: Presentation

This is the reason you are here—to present your solution that will solve your prospect's problem. Since you started your presentation by asking questions, your presentation is a perfect way to incorporate the things you just learned from your prospect and incorporate them into your presentation. Yes, this means you have to be quick on your feet. That's another reason preparation is so important. It allows you to be comfortable with your presentation material, yet customize it on the spot to point out specific areas that address your prospect's problem.

You are taking the prospect on a journey so make it interesting, compelling, and relevant. Here are a few tips:

- **Keep your presentation concise.** A shorter presentation is better. It helps you get to the point more quickly and have more time for dialogue with your prospect.

- **Start with a quick review of the prospect’s objectives.** This is a good technique to confirm that you were listening to your prospect throughout the process so far and confirms that you are on the same page. This also provides the ideal platform on which to present your solution and why it will help your prospect reach his objectives.
- **Get a reaction from your prospect throughout your presentation.** Use a combination of open-ended and closed-ended questions to confirm that your prospect is in agreement with the information you are presenting and to gain new insights into how your product or service can help him. “This time savings in your production cycle can help you save at least 10 percent over your current processing. Would you like to see how this would work?” is an example of a closed-ended question that helps keep your prospect engaged. “How do you think your team would like to submit invoices like this?” is an example of an open-ended question that helps the prospect think about the product or service in use in his organization.
- **Use demonstrations whenever possible.** Showing how a product or service will work is far more dramatic and memorable than simply talking about it. If it’s possible to demonstrate the product in person, do it. If not, have a demonstration video. Bring samples, mock-ups, or prototypes if the actual product is not yet available.
- **Have fun.** When your passion and enthusiasm come through, it makes a difference to your prospect. A monotone or boring presentation is neither interesting nor compelling. Show your prospect you believe in your product or service with a powerful and personal presentation.

### Step 5: Close

If you have successfully delivered value to your prospect in your presentation, it is time to think about closing the sales call. This is where you obtain your customer’s commitment, either to buy or to move the sales process forward. Especially if you are expecting your prospect to make a purchase at the end of the sales call, it is a good idea to use a **trial closing** technique to test his buying readiness. How likely is he to make a commitment now? By testing the waters with a trial close (e.g., “On a scale of one to ten, how important would this opportunity be to you?”), you can ask your prospect for an opinion rather than asking him for a commitment, so there is less pressure for both of you. A negative response to a trial close doesn’t mean that your prospect won’t buy or move forward with the sale; instead, it is a signal to change your strategy. A trial close often leads to objections that you will need to overcome before your prospect feels prepared to make the purchase. Jim Holden, *The Selling Fox* (Hoboken, NJ: John Wiley and Sons, Inc., 2002), 25. Chapter 11 discusses overcoming objections in greater detail.

If your prospect responds positively to your trial close, it is time to close the sales call by asking for a commitment. There are a variety of closing techniques you might use that will be discussed in greater detail in Chapter 7. Whichever closing technique you choose will depend on the customer, the selling situation, and your goal for the end of the sales call.

### Step 5: Recap

According to sales trainer and experienced salesman Tom Hopkins, all successful presentations and demonstrations have three steps: tell your audience what you’re going to tell them, tell them what you’re there to tell them, and tell them what you’ve just told them. Tom Hopkins, “Giving Champion Presentations,” *Entrepreneur*, February 7, 2005, <http://www.entrepreneur.com/sales/presentations/article75918.html#ixzz0LqUNOCM3> (accessed May 27, 2024). After making your presentation and successfully closing, recap the important points of your meeting and the direction you and your customer have agreed to take from here: “I’ll touch base with you tomorrow once you’ve checked on that budget detail, and in the meantime, let me look up those part specifications for you.” This will reinforce the prospect’s decision and pave the way for the next steps, which may include anything from follow-up, to a next meeting, to a formal proposal, depending on the selling situation and the length of the sales cycle.

### Role of the Proposal in the Sales Presentation

In many B2B sales and some larger business-to-consumer (B2C) sales, once you have presented your solution, if your prospect is interested, she will ask for a **proposal**—a document that proposes the specific terms of the sale, including pricing, delivery time frame, and the scope of the products or services you are offering. In relationship selling there is no such thing as a standard proposal; the proposal should include the details of a customer-specific solution and should reflect the things your customer values most. Even in retail situations—like car buying—while you might have a basic template you use for your contracts, you will adapt and renegotiate the contract depending on your customer’s needs. The key is that the proposal, like your presentation, should be customized to the individual prospect.

## Nitty Gritty: The Hows and Whys of a Proposal

While every proposal should be customized, there are a few common elements that good proposals share:

- an introduction
- a definition of the project or need
- a discussion of the solution and its benefits
- the costs associated with the project
- a time frame for completion of the project or project milestones
- a call to action that asks the prospect for a response
- evidence that you are qualified to perform the job.

In addition, a proposal should accomplish three things:

1. Educate the prospect about the specifics of his need and the pertinence of your solution.
2. Convince the prospect that you have the competence to deliver what she needs.
3. Provide justification for the prospect's investment in clear terms.

In some B2B situations, your customer might submit a formal **request for proposal (RFP)**, which sets out very specific guidelines for the format of the proposal and the information it should include. Organizations usually use RFPs when they are requesting proposals from a number of potential suppliers at once. By providing a proposal structure, RFPs simplify the process of assessing risks and benefits associated with the purchase and can help your prospect make a decision in complex buying situations.

Whether or not you are responding to a formal RFP, here are a few things to keep in mind:

- *Do* make sure most of the document discusses your prospect and his objectives and how you and your company will meet them.
- *Do* keep the writing clear and concise. This will make it easy for your prospect to assess the proposal, and it demonstrates a respect for his time on your part. Select the most relevant information and present it in an efficient way.
- *Do* make sure you understand how the proposal will be reviewed, who will be reviewing the proposal, what the primary selection criteria will be, and when you can expect a response.
- *Do* use a straightforward approach to pricing that your customer can easily assess.
- *Do* pay attention to the visual presentation of the proposal.
- *Do* make it easy for the prospect to accept your services by attaching an agreement he can sign that outlines the terms of the contract.
- *Don't* forget to check grammar and spelling. This is an important part of credibility and professionalism.
- *Don't* overuse “we” or “us.” Your language should reflect a customer centered focus.

Figur

## Timing: When to Deliver Your Proposal

Have you ever noticed that when you go into a high-end clothing boutique or a store that sells expensive jewelry and watches, the price tags are hidden? The thing you immediately see is the product itself, beautifully displayed. The goal is a psychological one: to get the buyer to make an emotional connection with the product before he considers the cost. As a buyer, if the cost were one of the first things you saw, you might never make that emotional connection with the product in the first place.

This is something to keep in mind in sales. Never present a proposal—or otherwise mention pricing—early on in the sales presentation, not until your prospect has fallen in love with your product. You want your prospect to pick out the color of the car before she asks about payment; if she picks out the color, she has already imagined herself owning the car, and you have probably made your sale.

Of course, in a situation like car sales, you generally present the proposal in the same day as you present the product. You discuss your prospect's needs, show him the car, let him test drive it, and then tell him, “Let me go talk to my manager to see if we can work out the numbers.” The process is a relatively simple one. However, in complex B2B sales, your sales presentation will probably *end* with a request for a proposal, in which case you will agree to a future meeting when you can present your proposal to the customer. B2B proposals are generally more involved, and so they require careful planning and a greater investment of time. If your prospect says, “Just send us the proposal,” ask for a face-to-face meeting; you can always send them the proposal ahead of time, but following up with a meeting in-person will help you address objections, answer your prospect's questions, and demonstrate your enthusiasm for the project.

## Delivering Value in Your Proposal

Until you understand the areas in which your customer places the greatest value, it is impossible to come up with a proposal. For instance, say your organization offers advertising services, and you find out from your prospect that her company especially values competitive pricing on individual projects. You decide the best way to deliver value is to drop your pricing below the competitor's lowest price and to make up for the lower cost in your **retainer fee**—the fixed fee that your customer will pay in advance to secure your services. This way you can deliver value in the area that is most important to your customer while still generating the profits you need to run your business. In the end, you want a situation where everyone wins—but it takes some work to uncover the key to making this happen.

Sometimes your customer's area of greatest value is determined by business needs, and other times the issues are emotional. For instance, if you are selling a car to a customer that wants a good value on his trade-in, recognize that he might have an emotional connection to his old car (in his mind it has a high value), so offering a low trade-in price, even if it is combined with competitive financing options, might be enough to drive your customer away. In fact, your customer might actually be willing to pay *more* for his new car if you can give him a good price for his trade-in.

### Key Takeaways

- The most important ingredient of a successful sales presentation is you.
- While there is no single formula for a sales presentation, there are five basic steps: building rapport, making a general benefit statement, making a specific benefit statement, closing, and recapping.
- It's best to ask questions throughout your presentation to learn as much information as possible from your prospect and to keep him engaged.
- **Closed-ended questions** help keep the prospect engaged and should be balanced with **open-ended questions**, which help you probe further into the problem your product can solve.
- The proposal is a written document that includes the specific terms of the sale and is usually prepared after the sales presentation.
- Some prospects submit a **request for proposal (RFP)**, usually when they are evaluating proposals from a number of potential suppliers, which sets out specific guidelines for the format of the proposal and the information it should include.

#### ? Exercise 5.5.1

1. Develop two examples each of closed-ended questions and open-ended questions. Ask both questions to at least five of your friends and document the responses. Which type of question was easier to control? Why? Which type of question provided more information? Why? How might you use both types of questions in a sales presentation?
2. Develop a five-minute sales presentation to sell your college to high school seniors using the five steps described in this section. Role-play your presentation. Is it difficult to stay within the time constraint? How should you adjust your selling presentation when you have a limited time frame to present?
3. Assume you are selling biodegradable bags to a major grocery store chain. The bags are 100 percent biodegradable and are priced comparably to non-biodegradable bags. You are meeting the eight -person buying committee for the first time. Role-play how you would build rapport with the group before you begin your presentation. What questions would you ask to begin your presentation? What general benefit statement would you make?
4. Go to Best Buy or another electronics store and assume you are buying a new computer. What questions does the salesperson ask before he shows you a specific model? Which questions were closed-ended? Which questions were open-ended?
5. Imagine that you are selling children's books to Barnes and Noble and you arrive at the corporate office to make your presentation and your contact tells you that due to scheduling changes, he can only give you half as much time as he originally planned. How would you adjust your sales presentation?
6. Choose a product or service that can be demonstrated or sampled (e.g., a website, software, food, or a beverage). Create a five-minute sales presentation using the concepts in this section and incorporating the demonstration.
7. Assume your prospect is a restaurant on or near campus. Develop a new product or service that your prospect can offer to increase traffic during off-hours. Create a five-minute presentation using the concepts covered in this section.
8. Assume your prospect is one of your classmates. Create a five-minute sales presentation for an iPhone 15 using the concepts covered in this section. Include a trial close when you present to your prospect.

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## 5.6: The Social Style Matrix

### Learning Objectives

- Explain the concept of adaptive selling and how to use it.
- Understand how the social style matrix can help you be more effective in sales.

**Adaptive selling** occurs when a salesperson adapts, changes, and customizes her selling style based on the situation and the behavior of the customer. Adaptive selling allows you to truly listen, understand the customer's needs, and then adapt your conversation and presentation accordingly. On the other hand, if you were giving a **canned presentation**, you wouldn't be able to learn what the customer thinks is important. For example, if you were selling landscaping to a customer, you wouldn't know if the customer wanted the landscaping to provide privacy or create a view. The only way you would find out is by listening, asking questions, and adapting your recommendations and presentation accordingly. Adaptive selling is much easier to do when you establish a relationship with the customer.

Adaptive selling takes place in many situations in business and in life. It is the selling skill that allows you to adapt your communications to a person or situation. Chances are you already use adaptive selling in your everyday life, but you may not realize it. Do you approach your parents differently than your friends? Do you speak to a professor differently than you do to your roommate or significant other? These are examples of adaptive selling.

It's also likely that you interact with each of your friends differently. Do you have a friend that needs tons of information to make a decision, while another friend makes a decision in an instant? Do you know people who want to talk about their decisions before and after they make them and those who just decide and don't say a word? Understanding diversity, or the different ways people behave, is the cornerstone of adaptive selling.

### The Social Style Matrix

Understanding the social style matrix provides insight to adaptive selling as you adjust your communications to meet the social style of your customer. What makes people so different in their style, perceptions, and approaches to things is defined in the social style matrix. The social style matrix is based on patterns of communication behavior identified by David Merrill and Roger Reid back in 1999. It plots social behavior based on two dimensions: assertiveness and responsiveness. In the matrix below, the  $x$  axis is assertiveness, which indicates the degree to which a person wants to dominate or want something from someone else (control the conversation or insist on a sale for example). The  $y$  axis represents responsiveness, which is how a person responds to requests or demands (how quickly you follow-up, for example) and is considered the sociability axis. "*The Psychology of Connections: How Social Styles Impact Your Interactions*", [https://youtu.be/5w4q\\_I12tk0?si=G7bVb8CHRlcv-ff](https://youtu.be/5w4q_I12tk0?si=G7bVb8CHRlcv-ff), (accessed May 23, 2024).

In the Social Style Matrix below, you can see the four quadrants; each quadrant represents one of four social styles: analytical, driver, amiable, and expressive. Analytical is low responsiveness and low assertiveness (they want to know "how"), amiable is low assertiveness and high responsiveness (they want to know "why"), drivers are low responsiveness and high assertiveness (they want to know "what"), and expressives are high assertiveness and high responsiveness (they want to know "who").

Each of the social styles has specific characteristics that are important to keep in mind as you prepare and present your sales presentation. Each of the four styles has both positives and negatives associated with their behavior. The ability to leverage the strengths of your own style, while recognizing and responding effectively to others' unique styles, will increase your effectiveness as a communicator and, thus, as a salesperson. Considering individual differences will enable you to build productive relationships, whether they are like you or not.

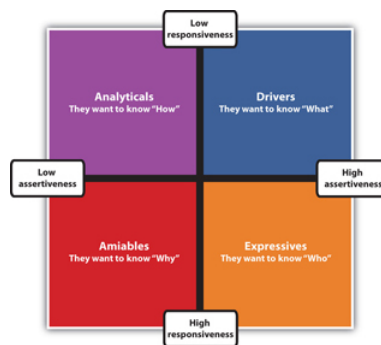


Figure 5.6.4: Social Style Matrix Todd Duncan, "Your Sales Style," *Incentive*, December 1, 1999, 64–66.

Each of the social styles has specific characteristics that are important to keep in mind as you prepare and present your sales presentation. Adapting to someone's social style demonstrates the law of psychological reciprocity, which says that when you adapt to someone's style, that person will move toward your style. In short, you are inspiring trust by acting according to the old adage of the golden rule. Ron Zemke, "Trust Inspires Trust," *Training* 10, January 1, 2002. So, whether you are asking to borrow your mother's car or asking someone on a date, understanding the social style matrix is important to get the result you want.

### Analyticals: They Want to Know "How"

Do you know someone who only wants the facts to make a decision? Perhaps it's your father or a professor. *Analyticals* are all about the facts. They are defined by low responsiveness and low assertiveness. In other words, they like to hear about the pros and cons and all the details before they decide. They are likely to have a financial or technical background, and they pride themselves on being an expert in their field. They want to hear about the tangible results, timelines, and details before they make a decision. In fact, they are the ones who will actually read the directions before they put together a new grill or set up a wireless home network. They are so focused on facts that they prefer to disregard personal opinions in their decision making. They like to understand all the facts before they decide so they know exactly how the product, service, or contract arrangement will work. Barton A. Weitz, Stephen B. Castleberry, and John F. Tanner, Jr., *Selling: Building Partnerships*, 7th ed. (New York: McGraw-Hill Irwin, 2009), 158.

You might have some visual cues that will help you identify an analytical. She probably dresses conservatively and has her achievement awards proudly displayed on her office wall. She is organized and focused on work activities. Barton A. Weitz, Stephen B. Castleberry, and John F. Tanner, Jr., *Selling: Building Partnerships*, 7th ed. (New York: McGraw-Hill Irwin, 2009), 159.

If you are selling to a customer who is an analytical, she will ask you very specific questions about all the details, and she will respond positively if you make her feel as if she is right. In other words, don't challenge her facts and point of view. Rather, provide history, data, financial details, and other facts in an organized, structured format. She will ask many questions so that she clearly understands the product or service. Since it's important for her to make the right decision, she will take the time to gather all the facts. Because she puts so much effort into making the right decision, she tends to be loyal to the people from whom she buys, believing she doesn't need to reevaluate the same facts.

Adapt your style to an analytical by focusing on the "how." Slow down your presentation and let her take it all in; don't make her feel rushed. Be willing to answer questions. Use facts, historical data, and details to be sure she has all the information she needs to make the decision. Give her the time she needs to analyze, evaluate, and decide. "*The 4 Buyer Personality Types (And How To Sell to Them)*"; Indeed, <https://www.indeed.com/career-advice/career-development/types-of-sales-personalities> (accessed May 23, 2024).

### Drivers: They Want to Know "What"

Drivers have some characteristics that are the same as analyticals in that they like to have all the facts to make their decision. However, drivers are different from analyticals because they make decisions quickly. On the social style matrix, they are in the low responsiveness, high assertiveness quadrant. Think "control freak." They work with people because they have to; they see other people only as a means to their end of achievement. "Drivers are action-oriented, ambitious and like to get on with things: they fear falling behind, missing an opportunity, or wasting time. They tend to be quite industrious, dream big, and see opportunities that other don't. Neither are they afraid of others standing in their way." "*The Social Styles model: communicate better with this powerful theory*", <https://www.bitesizelearning.co.uk/resources/how-social-styles-can-help-you-to-achieve-your-communication-goals> (accessed May 23, 2024). They don't want facts just for the sake of having them; they want relevant information that will help them decide quickly.

Like the analyticals, drivers dress conservatively and display their achievement awards on the wall of their office. A calendar is usually prominent to keep focus on how long it will take to achieve something. Because they are not focused on the feelings or attitudes of other people, drivers usually do business across the desk rather than on the same side of the desk. Barton A. Weitz, Stephen B. Castleberry, and John F. Tanner, Jr., *Selling: Building Partnerships*, 7th ed. (New York: McGraw-Hill Irwin, 2009), 158.

The best way to adapt to a driver is to be professional and to the point. Don't spend too much time on small talk; get to the point quickly. Provide options so that he can feel as if he is in control. Include a timeline so he can see how quickly he can get results.

### Amiables: They Want to Know “Why”

An amiable is most likely to be described as a “people person.” Amiables are team players who focus on innovation and long-term problem solving. They value relationships and like to engage with people whom they feel they can trust. They are less controlling than drivers and more people oriented than analyticals because they are in the low assertiveness, high responsiveness quadrant of the matrix.

Amiables provide some visual clues because their offices are typically open and friendly. They often display pictures of family, and they prefer to work in an open environment rather than sitting across the desk from you. They tend to have a personal style in their dress, being casual or less conservative than analytics or drivers. Barton A. Weitz, Stephen B. Castleberry, and John F. Tanner, Jr., *Selling: Building Partnerships*, 7th ed. (New York: McGraw-Hill Irwin, 2009), 159. Further, “a key motivator is simply seeing others happy, and they're keen to try and please others and build strong relationships. When change comes, their first thought is how this will affect the people around them.” *The Social Styles model: communicate better with this powerful theory*, <https://www.bitesizelearning.co.uk/resources/how-social-styles-can-help-you-to-achieve-your-communication-goals> (accessed May 23, 2024).

When you are presenting to an amiable, establish a personal relationship. She will be more likely to discuss issues with you. When you demonstrate your personal commitment, she will be open to doing business with you.

### Expressives: They Want to Know “Who”

An *expressive* is intuitive, charismatic, persuasive, nurturing, and engaging. Oprah Winfrey is an expressive; she has excellent rapport with people, even people she has never met. Relationships are important to her, but only to help her achieve her higher goal of giving her viewers inspiration and a better way to live their lives.

Expressives are creative and can see the big picture clearly; they have a vision and use their style to communicate it and inspire people. They don't get caught up in the day-to-day details. Expressives build relationships to gain power, so people like employees, viewers, or voters are very important to them. Status and recognition are also important to them.

Since expressives are not big on details, you might find their offices to be a bit disorganized, even cluttered and messy. Their offices are set up in an open format, as they would prefer to sit next to you rather than across the desk from you. They avoid conservative dress and are more casual with their personal style. They want to engage with you and talk about the next big idea. Barton A. Weitz, Stephen B. Castleberry, and John F. Tanner, Jr., *Selling: Building Partnerships*, 7th ed. (New York: McGraw-Hill Irwin, 2009), 159.

When you are selling to an expressive, take extra time to discuss everything. Give them recognition and approval. Appeal to their emotions by asking them how they feel about the product or service; focus on the big picture of what is possible as a result of buying your product or service. If you try to dazzle them with facts and figures, you won't get very far.

Table 5.6.1: Selling Style Summary

Social Style You're Selling to	How to Adapt
Analyticals	<ul style="list-style-type: none"> <li>• Focus on “how”</li> <li>• Include facts</li> <li>• Communicate the pros and cons</li> <li>• Provide history, data, financial details</li> <li>• Don't challenge her facts</li> <li>• Demonstrate results</li> <li>• Mention guarantees and warranties</li> <li>• Give her time to decide</li> </ul>



Social Style You're Selling to	How to Adapt
Drivers	<ul style="list-style-type: none"> <li>• Focus on “what”</li> <li>• Get to the point quickly</li> <li>• Provide options</li> <li>• Use facts</li> <li>• Focus on results</li> <li>• Provide timelines</li> <li>• Make him feel as if he is in control</li> </ul>
Amiables	<ul style="list-style-type: none"> <li>• Focus on “why”</li> <li>• Establish a personal relationship</li> <li>• Demonstrate personal commitment</li> <li>• Work as a team</li> </ul>
Expressives	<ul style="list-style-type: none"> <li>• Focus on “who”</li> <li>• Take extra time to discuss everything</li> <li>• Give her recognition and approval</li> <li>• Ask her how she feels about the product or service</li> <li>• Focus on the big picture</li> <li>• Use facts and figures to demonstrate what is possible</li> </ul>

Source: Todd Duncan, “Your Sales Style,” *Incentive*, December 1, 1999, 64–66.

## What Is Your Selling Style?

Before you think about the social styles of other people, you might find it helpful to think about your own social style. Are you very emotional when you express your opinions, or are you more reserved and formal? Are you the type of person who agrees with everyone, or are you extremely interested in the details? You might want to take a few minutes to take the Keirsey Temperament Sorter to understand your social style. But don't stop here; you can visit Career Services for assessment tools that can further help you identify your personality, interests, values, and workplace preferences.

### ✓ Link

Take the Personality Assessment to Determine Your Social Style

<https://trainingcoursematerial.com/free-assessment-tools/what-is-your-personality-style>

It would be easy to get stuck in your own style preference. But getting out of your comfort zone and adapting quickly to your customer's style preference (know as "style flexing") you can make the difference between a sale and a “no thanks.” It's important to note that most people are a combination of styles, but when you understand the basic behaviors of each style and how to adapt, you can increase your chances for success.

## Key Takeaways

- **Adaptive selling** occurs when you adapt and customize your selling style based on the behavior of the customer.
- The **social style matrix** is based on patterns of communication that characterize communication behavior based on two dimensions: assertiveness and responsiveness.
- **Analyticals** focus on facts, details, and analysis to decide but are reserved in their interactions with people. They want to know the “how.”
- **Drivers** are similar to *analyticals* in that they like facts, but only the ones that will quickly help them achieve their goals. They are people who are in a hurry and don't really care about personal relationships, except as a means to their goal. They want to know the “what.”
- **Amiables** focus on personal relationships in their communication style. They like to agree with everyone and focus on team building. They want to know the “why.”
- **Expressives** enjoy building relationships, but don't like focusing on day-to-day details; they like to paint a vision and inspire everyone to follow it. They like to focus on the “who.”

- Most people use a combination of styles, depending on the situation. Style flexing is a valuable skill.

### ? Exercise 5.6.1

1. Think about your professor for this course. What social style would you use if you went to see her about your grade on an assignment? Discuss why you would choose this style.
2. Using the social matrix in this section, identify a situation in which you would use each style. Discuss why you would choose the style for each situation.
3. For each of the following situations, identify the social style of the buyer and suggest how you would adapt to appeal to the buyer:
  - You are a salesperson for a floral wholesaler. Your customer owns a flower shop. When you arrive to meet her you notice her office is a bit messy (in fact, you can't understand how she finds anything), but she is very cordial and takes the time to hear about your product.
  - You are a salesperson for a company that specializes in social networking software for retailers. Your customer is the chief information officer for a growing online retailer. He was very precise about the meeting time and agenda. You hope you can establish rapport with him quickly as he was a bit brusque on the phone.
  - You are a commercial real estate agent. Your customer is the founder and CEO of a start-up Web site development company. Her enthusiasm is contagious as she describes her vision for the company and her office needs for the next five years.

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## CHAPTER OVERVIEW

### 6: Handling Objections

6.1: Objections Are Opportunities to Learn

6.2: Objection Types and How to Handle

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## 6.1: Objections Are Opportunities to Learn

### Handling Objections: The Power of Learning from Opportunities

#### Learning Objectives

- Understand what a sales objection is and why they occur.
- Learn how overcoming objections can strengthen a relationship.

Since you are constantly selling in your everyday life, you have also undoubtedly encountered objections: your friend doesn't want to see the same movie as you, your brother doesn't want to share the car, your parents want you home earlier than you would like. When you attempt to convince someone or "sell" him on your point of view, you are not always successful. But each time you "sell" your idea, you usually have additional information or a fallback position so that you can get what you want while meeting the other person's needs. You are probably more skilled in overcoming objections than you realize.

Occasionally in your sales career, you will encounter a situation in which you are able to close the sale directly after giving your sales presentation. Such a situation, however, is the *exception* not the *rule*. Objections are simply a natural outcome of the sales process. Each potential prospect has his own set of unique needs, and, though you may identify most of them during the pre-approach stage of the selling process when you do your research, you will not be able to anticipate all of them. After all, you are not a mind reader. Besides, if all it took to excel in sales was to deliver a perfect script, anyone could do it. But that is not the case. The essence of sales is handling objections and truly understanding how you can help your prospect meet her needs. It is a demonstration of your skills as a salesperson to find the opportunity in these objections, listen to your prospect, and then respond. So an objection is simply a question from a prospect that indicates that she wants more information. If she weren't interested, she wouldn't be asking questions.

Objections are not *bad* or an omen foreshadowing failure. On the contrary, resistance usually portends commitment. If a prospect is asking you questions, you can at least assume that he is interested in your product or service. In fact, in all likelihood, he already knows whether or not he needs or wants to make the purchase. Thus, the reason he is objecting isn't necessarily because your presentation failed to communicate the features, advantages, and benefits of your offering. Rather, he is objecting because he is seeking reassurance; he is on the fence of indecision, and he wants you to provide him with the incentive that justifies an immediate purchase. Supply your prospect with the right information, that is, show him why he wants to buy your product or service.

#### What Are Objections?

"Sales objections are issues that prospects communicate to sales professionals as reasons why they can't buy a product or service from them." Bryan Gonzalez, "*The 8 Most Common Sales Objections by Prospects & How to Overcome Them*", October 22, 2021, <https://blog.hubspot.com/sales/the-5-most-common-objections-during-prospecting-and-how-to-overcome-them>, (accessed May 23, 2024). While *objection* may sound like *rejection*, you should never assume that when a prospect asks a question or expresses a concern that you have failed to generate interest in your product or service—it is more about the need to clarify misconceptions about the product or service to reassure the prospect about their buying decision. Yes, it is true sometimes that your prospect will object when they truly cannot or do not want to buy. Usually, though, objections mask—intentionally or unintentionally—a request for more information. They simply signal your prospect's level of interest and alert you to what actions need to be taken to bring the sale to a close. If your prospect expresses objections, consider them invitations to continue to sell. Furthermore, leverage these objections into an opportunity to continue to build your relationship with your prospect so that you can continue to create a positive influence on the buyer's decision. The fact is objections help you build your relationship and find the true reason for resistance. Think of objections as opportunities. You may find it interesting to know that in sales, 80% of prospects say no four times before they say yes. Ramin Assemi, "*55 Shocking Sales Statistics That'll Change the Way You Sell in 2024*", <https://close.ghost.io/39-shocking-stats-that-will-change-the-way-you-sell/>, December 8, 2023, (accessed May 23, 2024). That means that it's more likely than not that you will experience a prospect who poses at least one objection: asking a question, requesting more information or time, or pushing back due to financial constraints. Without objections, you would have no way of knowing what a prospect is thinking, what concerns they have or what barriers might be in the way of them saying, "Where do I sign?"

Think back to the steps of the selling process that you have covered so far: prospecting and qualifying, pre-approach, approach, and presentation. Throughout each of these steps, your focus is on understanding your prospect's needs and building a relationship. "Addressing objections not only helps you close more sales, but it also strengthens your relationship with the prospect. By showing that you understand their concerns and are committed to finding a solution that works for them, you build trust and establish yourself as a valuable partner." "*Objections Are Opportunities!*" <https://linkedin.com/pulse/objection...-shane-arnott/>, April 19, 2023, (accessed May 24, 2024.) The same is true for this step: handling objections. This is all about learning more, finding common ground, and providing the solution that is best for your prospect. Objections and conversation help you better understand exactly what your prospect wants and needs. The bottom line is that you don't want to avoid objections; you actually want to encourage objections and ask for them.

## Why Prospects Object

While prospects may voice their objections in different ways, just about every objection comes down to one of four reasons: not enough money, no perceived need, no sense of urgency, and no trust. David Shaby, "*The Four Types Of Sales Objections And How To Overcome Them*", <https://www.forbes.com/sites/forbesbusinesscouncil/2021/12/22/the-four-types-of-sales-objections-and-how-to-overcome-them/?sh=48b96cde6803>, December 22, 2021, (accessed May 23, 2024). As a selling professional, you have control over each one of these objections but it's too late if you address it only when the prospect objects. In other words, you are actually handling objections at every step of the selling process. For example, you can avoid the price objection with a thorough overview during your first step of the selling process. If a prospect does not have a perceived need or high sense of urgency to buy your product or service, your challenge is to understand the drivers of their business. Every business has challenges, and your role from the time you qualify the prospect is to understand your prospect's "pain points," those issues that cause problems for them and their company and present barriers to growth. If you truly understand your prospect's business, it is much easier to present a solution that addresses the perceived need and reasons to buy it now.

- **Anticipate objections.** Put yourself in the shoes of the customer. Think about every possible objection you might get—before you get it. That means making a list of every objection before you even make your presentation and building in the response into the presentation. Your success as a salesperson will largely be determined by your ability to anticipate and handle objections. Then, give your presentation to a friend or colleague and see if they can find any additional objections. Although you can't make your presentation "objection proof," you can anticipate and be prepared for most objections that will be raised. Anticipating objections helps you be responsive, rather than reactive.
- **Raise objections first.** Since you have done so much preparation and you understand and have a good relationship with your prospect, be proactive and be prepared to raise objections first. When you raise an objection, you actually turn it into a discussion point rather than an objection. It shows your prospect that you are thinking about the sale from her perspective and helps you build the relationship. Let's say you are a retail salesperson at a major department store. You know price is a common objection. Instead of waiting for the customer to raise it, Josh Turner suggests saying: "You know, a lot of the women I help in here think that Nordstrom is too expensive. We have stylish outfits for any budget, is there a price point you had in mind?" Wow, they salesperson understands the potential hesitancy due to price and normalized it! Now, the customer knows others feel the same way, and the customer and salesperson are on the same team. Let's take a B2B example. You are a financial advisor and you're speaking with a prospective client. You know they already work with a financial advisor and that this will be a big objection – in fact, the customer feels he's doing fine and they're not in the market for another financial advisor. This is where you can say, "A lot of the clients I work with think their financial advisors are doing a great job..." When prospects self-identify (they are thinking about what you are saying, at the same time!) you have created interest and trust, and they are receptive to learning more. Josh Turner, "*How To Defuse Sales Objections Before Your Prospect Even Brings Them Up*", <https://www.linkedin.com/pulse/how-defuse-sales-objections-before-your-prospect-even-josh-turner/>, August 7, 2018, (accessed May 24, 2024).
- **Handle objections as they come up.** When you are giving a sales presentation, very often the prospect will ask you questions as you go. It is unlikely that your prospect will wait until you have finished your presentation before asking you questions. However, the experienced salesperson will actually encourage questions throughout her presentation since she knows that responding to them supplies her with precious time that she can use to further demonstrate how her offering can solve her prospect's problem. As a rule, you will want to acknowledge objections as they arise. If you feel that the objection will be addressed at a later point during the presentation, you may postpone your response, but you will need to communicate this information to your prospect.

Objections should not intimidate you or dissuade you from continuing the selling process. Rather, you should consider objections opportunities to learn more about your prospect's needs. The more you understand about your prospect's needs, the greater your ability to determine how your product or service can satisfy them or how your product or service *can be improved* to satisfy them. Remember, selling is about solving problems. The solution that you offer will demonstrate to your prospect whether or not you truly understand his needs and whether or not you have his best interests at heart. By embracing your prospect's objections and handling them effectively, you will inspire his trust, confidence, and most important, loyalty. As a result, both you and the prospect benefit.

## The Trial Close: Rooting Out Unknown Objections

While you may not be able to predict your prospect's every objection, you can at least predict that *they will object*. Knowing when to expect objections is the first step to handling them: you will eliminate the chance of appearing caught off guard or unprepared to discuss the product or service that you are selling. Given that it is possible that the prospect may object at any time during your sales call—from introduction to close— Rhys Metler says you should trial close whenever want to see how your prospect or customer feels about the sale or a particular feature (whereas closing is asking for the sale). Rhys Metler, "*The 8 Best Sales Trial Closing Questions to Guarantee the Best Deal*", <https://www.salesforcerearch.com/blog/8-best-sales-trial-closing-questions-guarantee-deal/>, November 9, 2017, (accessed May 24, 2024).

Examples of trial closes include:

1. So, you are looking to get started on {insert date}?
2. Does the product/solution make sense to you?
3. How do you feel about the solutions we have discussed so far?
4. What do you think about {insert product feature/benefit}?
5. Based on what we have discussed, do you have any questions about XYZ?
6. What do you think of the proposal?
7. What do you see as the next step in the process?
8. When is a good time to send you the paperwork?

You trial close so that you can move onto the next phase in the sales call. Once you ask the trial close question, simply stop talking and wait for the customer to reply. What they say will tell you where you are in the sales process and the next steps you should take. Rhys Metler, "*The 8 Best Sales Trial Closing Questions to Guarantee the Best Deal*", <https://www.salesforcerearch.com/blog/8-best-sales-trial-closing-questions-guarantee-deal/>, November 9, 2017, (accessed May 24, 2024).

## Key Takeaways

- **Objections** are a normal part of the selling process and are not a personal reflection on you but rather an opportunity to learn more about how the customer is evaluating the potential purchase.
- **Objections** actually help build relationships because they give you the opportunity to clarify communication and revisit your relationship with the prospect.
- The best way to handle **objections** is to be thorough in every part of the selling process from qualifying through the pre-approach, approach, and presentation.
- It's a good idea to anticipate **objections** by reviewing your presentation, writing down every possible objection, and building it into your presentation.
- Prospects object for four key reasons: **money, no perceived need, no sense of urgency, and no trust**.
- Prospects may pose **objections** at any time in the selling process.

### ? Exercise 6.1.1

1. Go to a local health club and go through the sales presentation as if you were going to join. What objections would you have for the salesperson? Which objections did the salesperson address to your satisfaction? Which objections did the salesperson not address to your satisfaction? Why?
2. Try to sell your professor on conducting class as a study period next week. How would you prepare for the "presentation" to make your case? What are some objections you might receive? How might you handle the objections?
3. Identify the three most common points at which objections occur in a sales presentation. Provide an example of each one in your everyday life.

4. Assume you are selling real estate and you are calling a prospect to set up an appointment. How would you handle an objection that she doesn't have the time to meet with you?
5. Assume you are a financial services salesperson. You have presented an investment strategy to your prospect, and he has objected because he is concerned about the state of the market. How would you handle this objection by making him feel more comfortable with the risk?
6. Contact a salesperson for a local business and ask him how he handles objections. Share your findings with the class.

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## 6.2: Objection Types and How to Handle

### Learning Objectives

- Learn strategies to handle objections.
- Understand the different types of objections and how to handle them.

Learning how to handle objections is key, especially when many of the same ones occur regularly. There are six strategies that can help you handle virtually any objection.

1. **View the objection as a question.** Many times salespeople hear an objection as a personal attack. Instead, an objection such as “Why are your prices so high?” should be considered a question. That allows a more positive conversation rather than a defensive one.

2. **Respond to the objection with a question.** As in every step of the selling process, asking the right questions is critical, and handling objections is no exception. Questions, such as “Can you share your concerns in this area?” or “Is there another way to look at this to make it work for you?” are good ways to engage prospects in dialogue that will help you better solve their problems.

3. **Restate the objection before answering the objection.** It’s a good idea to check for understanding and demonstrate that you are listening by restating your prospect’s objection. For example, “So what you’re saying is you’re concerned about the capacity during peak periods” is a good way not only to acknowledge the objection but also to give you time to formulate your response.

4. **Take a pause before responding.** Many times salespeople “oversell” when they are answering an objection. When a prospect raises an objection, stop, listen, and pause for a few seconds. This shows the prospect that you are legitimately listening to her objection, not just trying to sell.

5. **Use testimonials and past experiences.** Don’t avoid answering any part of an objection. In fact, objections are the perfect time to share testimonials. For example, “I have another customer who was concerned about the turnaround time. He found that not only were we able to deliver on time, we were slightly under budget.”

Testimonials can be very powerful at any point in your sales presentation, but especially when a prospect presents an objection.

<b>Prospect:</b>	I’m not sure this is the right database management tool for us. Technology is not our strong suit, and I’m concerned that we would be buying a product that has more horsepower than we need.
<b>You:</b>	I have several other clients with businesses that are about the size of yours, and they felt that way initially, too. In fact, John Jackson at Premier Services felt the same way, but he said that the product is so easy to use that it took very little time to train his people. He was able to increase his sales by 3 percent and reduce his sales and marketing costs by 5 percent when using our database management tool. Chris Ling at IBS was worried about the same issue. He increased his sales over 5 percent with an 8 percent reduction in selling and marketing costs. Let’s take a look at the demo again.

6. **Never argue with the prospect.** “The customer is always right” is always true when it comes to handling objections. It’s never a good idea to disagree or argue with the customer, even when he is wrong. Relationships are built on trust, so it’s best to use an objection to build the trust, not break it.



## ✓ Dos and Don'ts of Handling Objections

The following are things you should concentrate on doing when you are handling objections:

- **Do** maintain a positive attitude and be enthusiastic.
- **Do** remember that objections are a natural part of the sales process and should not be considered as a personal affront.
- **Do** maintain good eye contact, even when under fire.
- **Do** listen closely to an objection.
- **Do** acknowledge the objection and then give your point of view.
- **Do** prepare to prove your position with testimonials, references, and documentation.

The following are things you should avoid doing when you are handling objections:

- **Don't** knock the competition. That takes the focus off you and your company, and you never want to do that.
- **Don't** say anything negative about your company.
- **Don't** say anything negative about your product or service.
- **Don't** tell the customer that they are wrong.
- **Don't** tell the customer, "You don't understand."
- **Don't** argue with a customer.
- **Don't** lie to a customer. Long-term relationships are built on trust and honesty. It is far better to say, "I don't know, but I'll find out and get right back to you."
- **Don't** be defensive. That's not a positive approach to an objection.
- **Don't** lose your cool with the customer.
- **Don't** let an objection go by without an answer.

## Types of Objections

Prospects may object for any reason, but there are six major categories into which most objections fall. When you are prepared for all these types of objections, you will be able to successfully handle them.

- Product objection
- Source objection
- Price objection
- Money objection
- "I'm already satisfied" objection
- "I have to think about it" objection

## Product Objection

Sometimes prospects voice an objection as it relates to the product, called a **product objection**. Comments such as "This isn't as good as your competitor's product" or "The color is all wrong" are a reflection of a concern about the performance of the product. For complex purchases, prospects may not fully understand all the functions of the product due to lack of familiarity. Listening is an important skill to use, especially when a prospect voices a product objection. It's a good idea to handle product objections by describing warranties, using testimonials, getting the prospect engaged in a product demonstration, or presenting industry or third-party research to support your claims. Charles M. Futrell, *Fundamentals of Selling: Customers for Life through Service*, 10th ed. (New York: McGraw-Hill Irwin, 2008), 385. For example, consider the following:

<b>Prospect:</b>	I'm not sure your product stacks up to your competition.
<b>You:</b>	So what you're saying is you are not convinced that this product will perform as well as others on the market? I'm glad you brought that up. I have customers who felt the same way when I began talking with them. Now they actually speak for the product themselves. Let's take a look at these three short videos from some of our current customers talking about the product performance and how much better it is than that of the competitors.

## Source Objection

Some prospects voice objections about the company or about doing business with you as a salesperson. This is called a **source objection** and usually tie to the concern of a customer about the quality/impact of the company or your training/service you will delivery, or the relationship with you as their sales contact. This is an opportunity for you to help your prospect understand your company's strengths.

Source objections as they relate to the company may be voiced with comments about the stability or financial health of the company or about how the company does business. But this is an opportunity for you to help your prospect understand your company's strengths. Consider the following example:

<b>Prospect:</b>	Your company hasn't been around for very long. How can I trust that your company will be here in three years to support the warranty?
<b>You:</b>	I'm glad you brought that up. I can see why that might be a concern for you, but let me give you some information about the company that I think will put your mind at ease. Our company is backed by some of the largest investors in the industry. The reason they invested in the company is because they see the vision of how we can bring more solutions to companies like yours. They have made a commitment to support all customer warranties for the next ten years. Talk about putting your money where your mouth is. The bottom line is that we are trying to reduce your risk.

When a prospect has a source objection as it relates to you as a salesperson, it might not be as obvious to overcome. As with other objections, the best way to handle it is to get it out in the open.

<b>Prospect:</b>	You are way to young to handle this size of an order?
<b>You:</b>	I appreciate you have concerns about my experience. Let me share feedback from a recent customer who also shared your concern...

## Price Objection

One of the most common objections is the **price objection**. It is important to ask probing questions to really understand the nature of this objection. Many prospects use the price objection as a negotiating ploy to determine how much flexibility there is in the pricing, while others use it as a way to object due to budget constraints. It's best to always be prepared for the price objection. The bottom line on the price objection is that people buy when they see the **value**. Cost (or price) is what the customer actually pays for the product or service. Value is the benefit that the customer receives from the product or service. It is value that customers assign to a product or service that determines the price. For example, value is what dictates that a shack on the beach in Monterey, California, is worth more than a similar home in Omaha, Nebraska. Or in another example, value is what causes customers to pay more for LuluLemon leggings than a comparable pair. This is the essence of value. Even when budgets are tight, companies may adjustments to purchase the products or services that the find compelling and can help them profitably grow their business. If you think about it, the same is probably true for your personal purchasing; when you want something bad enough, you are able to somehow find the money for it.

"The customer is typically going to throw the price objection out there just out of habit, out of rote," according to sales trainer Chuck Reeves. When salespeople really listen to customers, Reeves says that they actually hear customers saying, "I don't see the value, and if you can convince me there is value, there is return, then I just might pay." Rick Weber, "How to Overcome the Price Objection," Trailer/Body Builders, January 1, 2003, [http://trailer-bodybuilders.com/mag/trucks\\_overcome\\_price\\_objection](http://trailer-bodybuilders.com/mag/trucks_overcome_price_objection) (accessed November 7, 2009). Even when budgets are tight, companies make adjustments to purchase the products or services that they find compelling and can help them profitably grow their business. If you think about it, the same is probably true for your personal purchasing; when you want something bad enough, you are able to somehow find the money for it.

Many salespeople believe that price is the barrier standing in the way of making a sale. That is, they think that cutting the price will help them get the sale. Many times salespeople are willing to cut the price or a product or service when a prospect objects because

they feel that if the product or service is priced lower, they will get the sale. This situation is sometimes compounded if the salesperson rationalizes cutting the prices because she believes the margins are high enough, or even too high. This “sense of fairness” approach never recognizes the value that the product or service brings to the prospect. If simply reducing the price were the answer, selling would be easy—and probably wouldn’t require your skills and intuition.

So be prepared for the price objection. Preparation will make you look at the product or service through the eyes of the prospect and will help you establish the value. The price objection might be handled in the following way:

<b>Prospect:</b>	Your prices are much higher than anyone else I’ve looked at.
<b>You:</b>	So what you’re saying is you think that our prices are higher than others? Certainly, price is part of the equation, but it’s also important to look at the value for the price. You mentioned that real-time inventory information was an important strategic issue for your business. Ours is the only product on the market that provides real-time inventory information without any integration costs. Our system is a true plug-and-play application so you can begin getting real-time inventory the day we sign the deal. In fact, one of my customers was concerned about the same thing, and now we provide his entire backend logistics.

### ✓ Timing Is Everything

Timing is everything when it comes to objections. While a prospect may raise an objection at any time during the selling process, it’s best to keep the pricing discussion until the end of your sales presentation rather than discussing it early on. (In fact, the same is true about salary when you are on a job interview—always postpone the conversation about salary until an offer is made.) The reason for this is simple: it gives you the opportunity to talk about *value* rather than price.

Think about the process of buying a new car. First, you go into the showroom and talk to a salesperson, then you go for a test drive and really fall in love with the car—how it handles, the smooth ride, the sound system, the features, the smell of the leather seats. While you probably looked at the sticker price before you got into the car, you don’t really start talking about price until after you determined that this car has what you want. At this point, the value has been established, which makes it easier for the salesperson to sell on value than to simply sell on price.

## Money Objection

An objection that is related to the price objection is the **money objection**, sometimes called the budget objection, which relates to the prospect’s financial ability to make the purchase. While some budget objections are true, when the prospect really doesn’t have the means to purchase the product or service, it’s important to avoid these types of objections with proper qualifying.

Even if you do your homework before you begin the selling process, there is still a good chance that a prospect may present a money objection. In some cases, the prospect’s budget may not be large enough to accommodate the cost of your product or service. If this is true, you may determine that this is a prospect for the future when his business is large enough to afford your offering. However, it is worth probing to determine if the objection is price or budget related. Like the price objection, this objection is also related to value. When prospects can’t see the value for the price, they object by saying either the price is too high or they can’t afford it. The best way to handle it is to anticipate it and be prepared:

<b>Prospect:</b>	I really can’t afford this right now.
<b>You:</b>	

<b>You:</b>	You mentioned that you are already paying \$5,000 per month on your current plan. This plan even gives you a broader service at a lower cost per transaction cost. If you continue with your current plan, you will actually be paying a higher cost per customer. The fact is you really can't afford not to switch. Let's try this service for thirty days, and I can prove to you that your cost per transaction will be lower.
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In this example, the broader service, which results in a lower cost per transaction, is what establishes the value in this example. It's the value that allows the salesperson to handle the money objection and make a trial close.

Another approach to this objection is to help the prospect see how they can afford your product or service. Consider the following example:

<b>Prospect:</b>	We really can't afford this in our budget right now.
<b>You:</b>	It sounds like this can really help you increase your sales. If I can show you how this product can pay for itself, would you be interested?

### "I'm Already Satisfied" Objection

Many times prospects will object with what is called the **"I'm already satisfied" objection** (also called the no need objection). This can be a more challenging objection than price because it might include a **hidden objection**, an objection that is not openly stated by the prospect but is an obstacle in the way of making the sale. In this situation, a prospect doesn't state his concern about making the purchase. Instead, he might ask trivial questions to avoid the issue or he might not ask any questions at all and simply state that he does not have a need for the product or service. Charles M. Futrell, *Fundamentals of Selling: Customers for Life through Service*, 10th ed. (New York: McGraw-Hill Irwin, 2008), 378. The best way to handle hidden objections is to bring them to the surface. In other words, ask questions to get your prospect to talk openly about her objections.

Anticipation is best to avoid the "I'm already satisfied" objection. According to sales maven Jeffrey Gitomer, engaging the prospect is key. He preaches that there is a huge difference between customers being satisfied and being ecstatic and profitable. The secret is in engaging the prospect and talking about the value that other customers have received. According to him, when a prospect is satisfied with their current supplier, it's the perfect time to make a sale. Watch him handle this objection here: Jeffrey Gitomer, "Engage the Prospect", video, <https://www.youtube.com/watch?v=04KnEx8CsbE&t=13s>, (accessed May 24, 2024).

### "I Have to Think about It" Objection

While the **"I have to think about it" objection** might sound like an objection, it is actually a stall. This "objection" usually occurs when a prospect isn't completely comfortable with you and your product or service. This is the classic stall tactic and is a signal for you to build your relationship. Prospects usually use this objection when they are trying to mask some fear or risk that they have about committing to the sale. Your challenge is to uncover the risk that the prospect sees and build your relationship with him to build a deeper trust. Jeffrey Gitomer, "I'd Like to Think about It—and Other Sales Stalls," video, <http://www.youtube.com/watch?v=cCyf8af78A8&feature=related> (accessed October 24, 2009). Just as with other objections, asking questions is important to understand why the prospect is stalling and what kind of information will help him feel more comfortable. In reality, this objection is one that is a signal for you to work on improving your relationship with the prospect:

<b>Prospect:</b>	I need some time to think about it.
<b>You:</b>	I want to give you the time you need to think about it. But let's talk specifically about your reasons for buying now versus later.

This type of approach will help you engage the prospect in conversation so you can understand more specifically what the barriers are to the sale.

## Feel, Felt, Found Method

This technique helps normalize the prospect's concerns while building trust, and likely you have seen evidence of it in this chapter!

**Feel:** Reiterate the buyer's objection. Show that you understand and are listening; you build empathy and rapport.

**Felt:** Help the buyer feel that they are not alone in this concern. You have helped other customers with similar issues; you built trust.

**Found:** Explain the misconception behind the original expectation. What truth did other customers learn to satisfy their problem?

Here is an example:

*"I understand how you feel.*

*Mr Jones over at Allied Inc felt the same way for a long time.*

*Then after he started using our service he found that the added cost*

*was minimal and was far outweighed by the benefits of our premium service."*

Greg Woodley, "Feel, Felt, Found Technique", <https://www.sellingandpersuasionechniques.com/feel-felt-found.html>, (accessed May 24, 2024).

## Key Takeaways

- There are six strategies that will help you handle any objection: view the objection as a question, respond to the objection with a question, restate the objection before answering the objection, take a pause before responding, use testimonials and past experiences, and never argue with the customer.
- There are six major types of objections: **product**, **source**, **price**, **money**, **need**, and **thinking about it** (which is actually a stall).
- Feel, felt, found is a powerful tool to create empathy and built trust.

### ? Exercise 6.2.1

1. Assume you are a sales rep for an interactive advertising company. Your prospect is learning about how social networking works and has responded to your presentation with the following comment: "I'm not sure this is really for us." What type of objection is this? How would you respond?
2. Imagine that you are a sales rep for a commercial landscaping company. You have just finished a presentation that includes a five-year landscaping plan for your client's property. She responded by saying that she doesn't think there's enough money in the budget for the plan. What kind of objection is this? How would you respond to her?
3. Assume you just presented your ideas to help your prospect increase traffic to his store by adding a sign on the side of the building. The customer was polite and listened to the presentation but said that he's not sure he really needs the additional sign since there is already one in front of the store. What type of objection is this? How would you respond?
4. Choose a type of car that you might like to own. Review the company's Web site along with Edmonds.com to identify the elements that create value for the car. How does the value relate to the price?
5. Assume you work for the school you are attending and are responsible for selling sponsorships of campus events to local companies such as restaurants, gyms, and retail stores. If your prospects say the price is too high, how would you overcome this objection?
6. Visit a retail store that engages in personal selling. Assume you are a customer for the product and present an objection to the salesperson. Record how she responds to it. Is it an effective handling of your objection? If so, why? If not, what you would suggest to make it more effective?
7. Read the objection outlined in this article: [blogs.bnet.com/salesmachine/?p=5207&tag=content;col1](https://blogs.bnet.com/salesmachine/?p=5207&tag=content;col1). Then, take the quiz to identify the correct answer.

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## CHAPTER OVERVIEW

### 7: Closing the Sale

[7.1: Closing Starts at the Beginning](#)

[7.2: Collaborate to Negotiate](#)

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## 7.1: Closing Starts at the Beginning

### Closing the Sale: The Power of Negotiating to Win

#### Learning Objectives

- Discuss how to successfully close a sale.

“Show me the money.”

It’s this line from the classic 1996 movie *Jerry Maguire* that says it all about negotiating and closing the deal. In the movie, Jerry Maguire (Tom Cruise) is a sports agent who has second thoughts about the way business is conducted, and when he voices his concerns, he loses his job and all his clients except one. Maguire’s passionate plea to his sole client, NFL player Rod Tidwell (Cuba Gooding, Jr.), has become a dramatic metaphor for negotiations and deal making ever since. Jean-Marc Rocher, “Plot Summary for Jerry Maguire,” IMDb, [www.imdb.com/title/tt0116695/plotsummary](http://www.imdb.com/title/tt0116695/plotsummary) (accessed May 24, 2024).

While the movie is fictional, Maguire’s character was based on real-life sports agent Leigh Steinberg, whose firm has negotiated and closed more than one hundred multimillion-dollar deals for high-profile clients in every professional sport. Steinberg’s philosophy on negotiations and closing deals is based on the fact that life is filled with negotiations and deals—from deciding where to eat to buying houses and cars—and each should be handled with “a clear focus and principled philosophy.” Alan M. Webber, “How to Get Them to Show You the Money,” December 18, 2007, *Fast Company*, [www.fastcompany.com/magazine/19/showmoney.html](http://www.fastcompany.com/magazine/19/showmoney.html) (accessed May 24, 2024). There’s nothing better than closing a big deal... the right way.

Whether it’s a major professional sports deal, business deal, or a major purchase, it’s easy to visualize what the “desired state” is in any kind of deal. You can actually see the athlete in your team’s uniform, imagine two companies merging together as one, or see yourself in the car you want to buy. In fact, you negotiate every day. You negotiate with everyone from your roommate about how to arrange the furniture to your siblings about who will use the car. You might even negotiate with your professor about when you can hand in an assignment that is late.

The step in the selling process that moves the conversation to a sale (or the desired resolution) is the **close**. Many people believe that the close takes place at the end of the selling process because that’s when the prospect agrees to buy the product or service. But nothing could be farther from the truth. **Closing** the sale, or getting the order, starts at the beginning of the selling process, long before you even come in contact with the prospect.

Remember, **if you don’t ask, you don’t get**. You would not believe the number of salespeople who never ask the customer to buy. You don’t have to be a sales superstar with a bunch of stock closes. Saying things like “want to take it home?”, “OK with you?” or “should I write it up?” might be all the close you need.

Closing can be a simple process but it does need to be done. Think back to the 7-step sales process.

- You have done your research (steps 1 and 2)
- You have determined the right approach (step 3)
- You have developed and presented a solution (step 4)
- You have handled objections as they have come up (step 5)

So now, the prospect has no reason not to want to buy whatever you are selling. Right? This is the theory. It does not always work this way. There are reasons why closes don’t happen in a sales call. *Harvard Business Review* surveyed 230 businesses and here are the top 7 reasons why a sales call fails to close:

1. The salesperson is not trustworthy or respected. So, using good communication skills and doing your research will help build trust and respect.
2. Salespeople don’t know how to talk effectively with senior executives. Again the focus is on communication and doing your research on your prospect. The survey noted that fewer than one out of three salespeople could hold an effective conversation with senior executives
3. The salesperson cannot clearly explain how their solution helps the buyer’s business. The salesperson needs to be very clear on the **BENEFITS** of the product or service (not just features) and then able to communicate that into solutions specific to the customer.

4. Salespeople are too self-centered. The survey revealed that customers feel the salesperson may not have their best interest in mind. Again, salespeople need to communicate the benefits for the customer clearly and focus on the relationship.
5. Salespeople are using the wrong closing strategy. It is important to customize your sales presentation and in particular, the close to the customer. We will look at closing techniques in this chapter.
6. Salespeople don't reduce the feeling of risk with buying their solutions. Salespeople need to communicate the benefits clearly and help reduce skepticism. Take the time to build a relationship.
7. Salespeople cannot establish a personal connection to the buyer. Again, communication styles, research and knowing your product or service well (doing your research) will help build a connection and bring you closer to a close and a sale.

Steve W. Martin, *7 Reasons Salespeople Don't Close the Deal*, <https://hbr.org/2017/08/7-reasons-salespeople-dont-close-the-deal>, August 2, 2017, (accessed May 24, 2024).

This short survey demonstrates the value of building trust, focusing on communication techniques, and understanding the value from the customer's perspective. One more technique is to develop a list of questions that help uncover needs and problems so that you can learn how to translate your product or service into benefits. Some suggestions include:

"What has been your experience with....?"

What makes you choose....?"

"What do you like about ....?"

"What one thing would you improve about...?"

"How do your customers react to....?"

Also powerful are statements that start with:

"Tell me more about..."

"Help me understand why/how/when..."

So, you have done your research and followed the 7 step process to selling and are at the closing of the sales presentation. Now what? The next section outlines different closing techniques.

## When to Close

It's rare that a prospect will say, "I'm ready to close this deal." That step in the process usually belongs to the salesperson to actively close the sale. The best way to know when to close is to listen and watch. There are verbal and nonverbal cues that prospects provide that help you understand when she is ready for you to close. Here are some of the signals that the prospect is ready to buy:

- **When the prospect displays positive body language and interaction.** The prospect is engaged, interested, asks questions, reviews literature, and provides insights about his business.
- **When the prospect asks questions.** It is a good time to close after answering a question. Questions like "How long will delivery take?" or "How would that integrate into our current system?" are good cues that the prospect is close to buying.
- **After you handle an objection.** This can be the perfect time to close, as you have just provided some insight that will help the customer make her decision.

## Types of Closes

There is not a single surefire way to close every sale. You should be prepared with several different types of closes and use them as appropriate for each situation. Some situations may require a combination of closes.

### Direct Close

**Direct close** means that you simply ask for the order. This is the most straightforward approach to a close. The fact is customers expect salespeople to ask for the order. This is a simple but effective way to close the sale.

<b>You:</b>	Can I write up the order as we discussed?
<b>Prospect:</b>	I think we have covered everything. Yes, let's wrap it up.



## Summary Close

The **summary close** is a natural extension of the selling process. It simply summarizes the benefits of everything you have discussed throughout the process. This approach is especially effective when you are able to integrate and present benefits from the prospect's point of view that you have discussed over the course of several meetings. This is an opportunity to focus on how you can help her solve the largest problem that she faces. Barton A. Weitz, Setphen B. Castleberry, and John F. Tanner, Jr., *Selling: Building Partnerships*, 7th ed. (New York: McGraw-Hill, 2008), 319.

<b>You:</b>	We've talked about the fact that speed is extremely important to you and your company. We can deliver your complete order to your twenty-seven construction sites within forty-eight hours of your commitment. In addition, you'll never be at risk for product performance because we guarantee the product 100 percent. If you ever have a problem, you just call us, and we'll replace it, no questions asked. Will you be willing to commit to an initial order of fifty?
<b>Prospect:</b>	Yes, we are looking for a partner who will not only provide the highest quality product but also be able to deliver it on time to all our locations. It sounds like you have your bases covered. If you can deliver what you say, we have a deal.

## Assumptive Close

The **assumptive close** asks a question that when the prospect replies, she is committing to the sale. Geoffrey James, "Close More Sales," *Selling Power*, <http://www.sellingpower.com/content/article.php?a=6389> (accessed May 24, 2024). In other words, you are assuming that the customer is going to make the purchase. This close can be effective if you have done your job of developing trust and rapport with your prospect.

<b>You:</b>	Shall we set you up on automatic billing?
<b>Prospect:</b>	Automatic billing definitely works best for us.

## Alternative Choice Close

The **alternative choice close** gives the prospect a choice between two options rather than a choice between buying and not buying. "Alternative Close," ChangingMinds.org, [http://changingminds.org/disciplines/sales/closing/alternative\\_close.htm](http://changingminds.org/disciplines/sales/closing/alternative_close.htm) (accessed May 24, 2024). This close is related to the assumptive close but gives your prospect the option of which product or service they will buy.

<b>You:</b>	Would you prefer the white or blue?
<b>Prospect:</b>	White is a more neutral color.

## Objection Close

The **objection close** works when you don't know why a prospect is stalling. Often, the prospect still has a few objections. After you're certain that your prospect knows what your product offers, ask if they have more objections. By asking this question, you can address their objection instantly and get them to sign. Adam Turkington, "How to Close a Sale: Tips, Techniques & Why They Work", *HubSpot*, <https://blog.hubspot.com/sales/sales-closing-techniques-and-why-they-work>, (accessed May 24, 2024).

<b>You:</b>	Is there any reason that's holding you back from signing this deal today?
<b>Prospect:</b>	Well, I still have concerns about...

## Combination Close

It's best to have several types of closes ready to deliver. In some cases, it's a **combination of closes** that helps you ultimately gain agreement with the prospect. Virtually any of the different closes can be used together.

<b>You:</b>	The horsepower on this model is the highest in the industry. And the model is so efficient that it will lower your cost per unit in all your factories starting on day one. Can we wrap this up?
<b>Prospect:</b>	It looks like this is going to be a good short-term and long-term investment for us. Yes, let's get the paperwork ready.

Whatever close you use, it's best to keep it focused and brief. Salespeople have a habit of talking too much, especially when they're ready to close!

## Remember the Trial Close

One key tool in your sales toolbox is the trial close. A trial close helps test the water to get an idea on what the customer is thinking about the product or service. Trial closes are low risk because it is asking for an opinion or check on how well you handled an objection; it is not asking for a decision from the client. As international sales expert Grant Cardone says, "you're taking their temperature. Trial closes are valuable and low risk. A trial close asks for an opinion while a close asks for a decision." Grant Cardone, "How 'Trial Closes' Can Make You Rich", October 11, 2017, <https://www.entrepreneur.com/growing-a-business/how-trial-closes-can-make-you-rich/302451>, (accessed May 24, 2024). An example would be something like "On a scale from 1-10, how would you rate this new phone?" or "Now that you have seen how the product works in water, what do you think of its durability?" The best use of a trial close is after you have made a strong selling point or when you have answered objections. It can be simple like "It looks like you really like this. Is that true? Or "How would this look on your shelf back at home?" In essence, you are putting the idea of closing in their mind. So, given the ease of using trial closes and the 7 step process, why are salespeople reluctant to close? The number one reason is the fear of rejection. What if you ask for the sale and they say no? Research shows that this fear is attached to our culture where career success is directly linked to our self-worth and this impacts our willingness to close a sale. "9 top tips on how to deal with rejection in sales", <https://www.pipedrive.com/en/blog/fear-of-rejection-in-sales>, (accessed May 24, 2024). One of the best ways to overcome this fear of rejection is to build confidence through sales training (like taking this course!), having realistic goals, analyzing your calls afterwards to help improve, and practicing. Recognizing that it takes time to build relationships and that a No is not personal.

Some suggestions to help with closing challenges:

Source: Jeff Hoffman, "24 Sales Mistakes to Avoid in 2022 (and Beyond)", <https://blog.hubspot.com/sales/sales-closing-mistakes>, (accessed May 24, 2024):

1. Don't just close once. If you wait until the very end to close, how do you know if you have answered the customers' questions and objections? It's important to consistently close through the sales presentation using trial closes and a variety of techniques.
2. Not asking for what you want. This seems straightforward but as a salesperson might fear rejection, they soften their ask to minimize the change of hearing "no" or they don't write out clear objectives for the sales call and leave without really getting what they want.
3. Using statements instead of questions. This comes back to listening more than speaking and using good communication methods. Questions get at the root of the customer's problems so that you can sell on the benefits. Try and remember that talking too much is one main cause for not getting a sale.
4. Closing to someone who can't deliver. This challenge results from not doing your research to properly qualify a lead or not understanding the decision criteria in a business to business sales call.
5. Not embracing silence. Silence can be uncomfortable, but it's golden when closing. Many salespeople rush to comment on their prospects' responses immediately after being uttered, which is a sales mistake to avoid.

## Key Takeaways

- **Closing** is not an event but an ongoing part of the selling process that starts with prospecting and qualifying.
- **Closing** is all about helping the customer solve the single largest challenge he faces.

- Salespeople should always ask for the sale and make it easy for the customer to go from the conversation or sales presentation to the sale.
- The prospect provides verbal and nonverbal cues that make it easier to know when to close.
- There are several different types of **closes**. Each can effectively be used alone or in combination with other **closes**.
- The **trial close** will help you "test" whether you have answered objections and understood your customer's need, and whether they are ready to on to a full close.

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## 7.2: Collaborate to Negotiate

### Learning Objectives

- Learn how to negotiate so that all parties win.

Now that you have learned about the role of closing in the selling process and techniques to close the sale, it's time to dig a bit deeper into the process of negotiating. Depending on the product, service, or prospect, some sales might be straightforward like, for example, buying a computer ("I'll take the MacBook Pro with the fifteen-inch screen"). The price is posted and there is no room for negotiation. However in many situations, especially in business-to-business (B2B) selling, the pricing, length of contract, terms, options, delivery dates, services, and other aspects of the sale can all be negotiated. Negotiation, like selling, is a process. Following the process helps improve your chances of getting what you want.

### The Art of Negotiation

Simply put, "**negotiating** is the act of discussing an issue between two or more parties with competing interests with the aim of coming to an agreement." "Negotiation," *Entrepreneur*, <http://www.entrepreneur.com/encyclopedia/term/82556.html> (accessed May 24, 2024). While that might sound like an impossible task, it is not as difficult as you might think. Even people with differing positions or points of view share a common interest, which becomes the basis for finding common ground. It's these common interests—security, economic health, personal recognition, control—that motivate people. If you take the time to understand your prospect's interests in a negotiation, you can successfully collaborate and find a solution that supports the interests of all parties. "The best negotiators are also excellent communicators." "The Art Of Negotiation: 15 Tips For Business Leaders To Master", October 31, 2022, <https://www.forbes.com/sites/forbesbusinessdevelopmentcouncil/2022/10/31/the-art-of-negotiation-15-tips-for-business-leaders-to-master/>, (accessed May 24, 2024). It might be helpful to think about a negotiation like an iceberg. Although you can see the tip of the iceberg, it can be deceiving because it does not tell the entire story. The same is true when you are negotiating; your prospect may say something that appears to be obvious but really wants to achieve other things that are hidden below the surface. Using the process of negotiation to learn more about your prospect's motivations and interests, you can understand what is below the tip of the iceberg. It's usually the part of the iceberg that you can't see that is more substantial and has more impact than the portion that is visible. When you come prepared, listen, and probe during the negotiation process, you can learn a lot about what lies below the tip of the iceberg and use this information to collaborate and eventually reach a common ground on the issues. For example, assume you are selling advertising space for a men's magazine to the hottest new beer company. Your contact at the beer company wants to get the word out about this new brand but has a very small budget, so he doesn't want to pay the full published rate for the ads. You don't want to sell at less than the published rate because that will lower the value of your ad space. The tip of the iceberg shows that this is a price negotiation. However, if you ask the right questions and listen more, you will learn that his ultimate objective is to get people to taste the beer because that is the best way to get new customers. If he can get a major sampling opportunity, then he can use it to go to other media partners to get other sampling campaigns. Now you have gotten below the surface of the iceberg and understand his motivations. With this additional information that wasn't readily visible on the surface, you can offer him an advertising package that includes ads in the magazine in addition to sampling opportunities at three upcoming national events that the magazine sponsors. Now the negotiation is focused on all parties winning by getting something they want, rather than simply negotiating on price. Getting below the surface provides valuable information and insights for negotiating.

### Negotiate to Win-Win-Win

A successful negotiation can be measured by its ability to deliver a mutually beneficial solution to all parties. Some people believe that negotiation is an act that yields a "win" for one side and therefore a "lose" for the other side. The win-lose approach usually ends up in a lose-lose deal that doesn't work for anyone. "The **win-win paradigm** (Franklin Covey) is the key to all successful negotiations, so infuse it into your being. Lay the foundation by discussing it at the start of every sales pitch and negotiation. It not only builds credibility and trust, it also relieves pressure and gives you the upper hand. Always remember that no deal is sometimes the best deal." "The Art Of Negotiation: 15 Tips For Business Leaders To Master", October 31, 2022, <https://www.forbes.com/sites/forbesbusinessdevelopmentcouncil/2022/10/31/the-art-of-negotiation-15-tips-for-business-leaders-to-master/>, (accessed May 24, 2024).

In selling, negotiating and closing go hand-in-hand. Just as closing is not a one-time event, negotiating is a process that has both short-term and long-term impacts. The best negotiations are collaborative in nature and focus on delivering mutual satisfaction. According to Leigh Steinberg, lawyer and sports agent, “The goal is not to destroy the other side. The goal is to find the most profitable way to complete a deal that works for both sides.” Alan M. Webber, “How to Get Them to Show You the Money,” *Fast Company*, [www.fastcompany.com/magazine/19/showmoney.html](http://www.fastcompany.com/magazine/19/showmoney.html) (accessed May 24, 2024). Effective negotiating is based on respect and is seeded with open communication. Collaborative negotiating is dependent on the following three elements: Herb Cohen, *You Can Negotiate Anything* (New York: McGraw-Hill, 1980), 163.

### The Three Elements of Negotiation

Every negotiation, whether it is in business, politics, or your personal life, includes three critical elements. Understanding the role of these elements can help make you a better negotiator.

1. **Information.** When you do your homework, research, and ask questions about what is important to your prospect, you may be able to avoid negotiating on price all together. If you have information, and share information at the appropriate time, you can make a negotiation a huge win for everyone. Herb Cohen, *You Can Negotiate Anything* (New York: McGraw-Hill, 1980), 19.
2. **Power.** According to Herb Cohen, known as the world’s best negotiator, power is based on perception. If you perceive you have the power to influence your situation, you do (conversely, if you don’t believe you have the power, you don’t). Herb Cohen, *You Can Negotiate Anything* (New York: McGraw-Hill, 1980), 20.
3. **Time.** Time is the great negotiator. Ninety percent of all negotiating occurs during the last 10 percent of the set time frame. Deadlines force decisions to be made and negotiations to come to fruition. Use time to your advantage by never revealing your deadline. Don’t negotiate when you’re in a hurry; chances are you won’t get the result you want.

### Everything Is Negotiable

Many salespeople are afraid of negotiating. They are worried that they won’t be up to the challenge to persuade someone to do what they want or to pay their price. Confidence and preparation go a long way to achieving a satisfactory result on both sides. Negotiating and closing are ways of gaining agreement. The old saying goes, “Everything is negotiable,” and it’s true. Your prospect believes the same thing so be prepared to negotiate about virtually every aspect of the sale. For less complex sales, the close might come as a result of a simple question at the end of the presentation. However, for more complex sales, there are various elements of the sale that must be agreed upon to close the sale. Elements such as price, length of contract, service, terms, and options are common points to be negotiated as part of the close.

Many salespeople are concerned about negotiating price. They think that lowering the price will make the sale. In fact, price is rarely the motivating factor behind any purchase. That’s not to say that price isn’t important, but customers buy *value*, not price. If price were always the determining factor in purchases, premium brand such as Porsche, Apple, and Neiman Marcus would not exist. If you’ve ever shopped at Nordstrom, Macy’s, or Abercrombie & Fitch, you decided that those retailers offered more value than Old Navy, Target, or WalMart for the item you bought. Price is a part of the value equation but not all of it. That means establishing value with your presentation, demonstration, testimonials, follow-up, and everything that comes before the actual negotiation. How is your product or service different? What advantage does it offer? What is the most important problem it will solve for your prospect?

If your prospect wants to negotiate on price, use your creative problem solving skills to get to the end that will work for all parties. Use **concessions**, something that you are willing to compromise, to create value during the negotiation. For example, use length of the contract, payment terms, service, delivery date, training, or other elements to demonstrate to your prospect that you are willing to work with him and give him something that has value to him.

<b>You:</b>	I’m not able to meet that price, but I can offer you three months of training worth \$3,000 at no charge.
<b>Prospect:</b>	How many employees would be included in the training?

The following is another example:

<b>You:</b>	That pricing is only available if you carry the entire product line. If you add all ten of the products into all your stores, I can meet that pricing.
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**Prospect:**

We can take a look at that.

The bottom line is that it's best not to make a concession without getting a concession. In these examples, the salesperson always used another part of the deal to give something and get something in return. Think of it as "yes, if..." This win-win-win approach helps reach common ground and close the sale faster.

## Steps of the Negotiation Process

While negotiation has some elements of being an art, there are three specific steps that can be followed to help ensure success with each negotiation.

Steps	Activities
1. Pre-negotiation	<ul style="list-style-type: none"> <li>• Get in the right frame of mind; be confident about the value of your product.</li> <li>• Do your homework; know who's sitting on the other side of the table and what's important to him.</li> <li>• Set pre-negotiation goals; identify the minimum that you will accept for the deal and be ready to walk away if you can't get it.</li> <li>• Identify an offer that is higher than your pre-negotiation goals to allow some room for negotiating.</li> </ul>
2. Negotiation	<ul style="list-style-type: none"> <li>• Make your initial offer and hold firm.</li> <li>• Identify other "currencies" with which to negotiate to reach common ground.</li> <li>• Be specific and identify every element of the deal in detail; put it on paper to avoid surprises later.</li> <li>• If you encounter a deadlock, put the issue aside and come back to it at a later time in the negotiation.</li> <li>• Avoid getting emotionally involved; be ready to walk away if you can't make a deal that is mutually beneficial.</li> </ul>
3. Postnegotiation	<ul style="list-style-type: none"> <li>• -Celebrate with all appropriate people; consider dinner, cocktails, or another get-together.</li> <li>• Use the negotiation to build your relationship.</li> <li>• Record what you've learned.</li> <li>• Be ready for the next negotiation.</li> </ul>

## Key Takeaways

- Many times closing includes **negotiating**, the act of discussing an issue between two or more parties with competing interests with the aim of coming to an agreement.
- A successful **negotiation** is one that focuses on open, honest communication and yields a win-win resolution.
- **Negotiations** require building trust, gaining commitment, and managing opposition.
- Every **negotiation** includes three elements—information, power, and time.
- **Negotiating** starts long before the formal exchange; it begins with your first communication with the prospect and includes every contact you have had with her. Those communications establish the value of your product or service.
- While price is a common **negotiating** point, it is rarely the deal breaker that most salespeople perceive it is.
- Every **negotiation** includes three parts—pre-negotiation, negotiation, and post-negotiation.
- Avoid getting emotionally involved in a **negotiation** as it makes it easier to walk away, if need be.

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## CHAPTER OVERVIEW

### 8: Building Relationships

8.1: Follow-Up is the Lasting Impression

8.2: Customer Satisfaction Is Not Enough

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## 8.1: Follow-Up is the Lasting Impression

### Follow-Up: The Power of Providing Service That Sells

#### Learning Objectives

- Understand what follow-up entails and why it is so important.
- Discuss the ongoing nature of follow-up.

#### What Is Follow-Up?

Follow-up entails everything that takes place after the sale is closed from getting signatures on all contracts and paperwork to scheduling delivery. It also includes your ongoing relationship with your customer. Relationship is the key word here. If you were involved in transactional selling, only focused on making the short-term sale, you would not be worried about follow-up because someone else in your company would take care of it. You would move on to the next customer. In many retail selling environments, this may be the case. You would not expect to receive a thank-you note from the checker at the grocery store or the cashier at a fast-food restaurant. However, you would expect to hear from a real estate agent who sold you a new home, or from a financial services consultant who is managing your money or a physiotherapist when you have injured yourself.

It's the attention to detail that makes you feel like a valuable customer. Chances are, when you need something else (another house or more money to invest), the first person you will call will be the salesperson who continues to follow up with you. When one of your friends wants to buy a house or invest some money, you will be very likely to go out of your way to recommend your salesperson.

Many companies have a checklist or best practices that are used as guidelines to ensure that all details are covered. This can include dates and timing on delivery of the product or service, scheduling training, generating invoices, sending a welcome package, or all the methods used for a thank you. In the case of complex sales, follow-up may include a transition team with members from both the company and the customer. The transition team may work closely together, including weekly or in some cases daily status calls, to ensure that the transition to the new product or service goes smoothly. For example, the implementation of a new logistics system or software program may require that the old system runs parallel with the new system until all aspects are completely set up and appropriate training is conducted. This is especially true for products or services like these that have a direct impact on the operation of the customer's business.

#### Why Follow Up?

No matter what product or service you are selling, the sales process can be challenging. The selling process starts with prospecting and qualifying (that was five chapters ago!). Depending on the complexity and buying cycle of the product or service, it could take weeks, months, or even years until you close the sale. In fact, "80% of sales require 5 follow-up calls after the meeting. 44% of sales reps give up after 1 follow-up." Brian Williams, "21 Mind-Blowing Sales Stats", <https://blog.thebrevetgroup.com/21-mind-blowing-sales-stats/>, (accessed May 24, 2024). It takes time, energy, and commitment to get to the point where the deal is done.

Relationship selling doesn't work that way. The relationship really begins with the close of the sale; follow-up is what makes a relationship grow and prosper. Follow-up is how most customers evaluate the performance of the product or service they just bought. How you proactively handle follow-ups will make all the difference in your relationships and your sales. In other words, the best way to make the sale is by the way you handle things *after* the sale. By follow up with your customers, you communicate to them that you're actively interested and involved in ensuring that their needs have been met and that you have solved their problem." And, customers will be more open to future suggestions, will trust you with more business, and may offer referral business! "Why Follow-Up is Important After a Successful Sale", <https://salesethics.net/blog/why-follow-up-is-important-after-a-successful-sale/>, (accessed May 24, 2024).

Here's the not-so-subtle point here. Even though the sale is closed, you should never assume the sale is closed. This is especially important when there is a gap in time between the closing of the sale and the delivery of the product or service (as in the delivery of a major software package, installation of new equipment, or bringing on board a new product or service vendor). A customer can have second thoughts, sometimes called buyer's remorse or cognitive dissonance. This is when a customer may think that the decision she made is not the right one. She may be in contact with a competitor, receive additional information, or be concerned

that she made the wrong decision, paid too much, or didn't consider some alternatives properly. You can help avoid letting your customers be vulnerable to alternatives. "

## Plan Your Follow-Up

It may seem more exciting to be working on a new proposal rather than doing follow-up for a sale that has already closed. Think about your follow-up plan with the following five elements in mind:

1. *Demonstrate your personal commitment and connection to the customer.* Start by saying thank you to your customer for their business. A heart of gratitude is the foundation to your follow-up making your customer feel valued and assured in their decision to choose your product or service. How you follow up after the sale is a good indication of how you will respond throughout the relationship. Start off on the right foot by sending a thank-you letter. Everyone likes to feel appreciated, especially right after they have made a commitment to spend money. Your letter should be professional, yet personal, and sincere. This is the perfect opportunity to reinforce to the customer that they have made a wise decision.
2. *Deliver as promised.* While you are the person on the front line with the customer, you have a team of people who are responsible for delivering the product or service as specified. "Don't just check the box," says executive coach and author Marshall Goldsmith, "Don't just check the box", <https://www.fastcompany.com/52305/dont-just-check-box>, (accessed May 24, 2024). Take the time to follow up internally to be sure all the i's are dotted and t's are crossed so that your customer's delivery is flawless. That means taking the time to share details and insights about the customer's business and preferences with your entire team (whether your team is large or small). There are most likely internal processes for communication and delivery, contracts to be signed, schedules to be communicated, and other operational activities that require the entire team to be working in harmony. You'll also be surprised to see that everyone involved will add value when each has a connection to the customer. And don't forget to say thank you to your team. You couldn't do it without them; share the positive feedback from your customer with the team. Call the customer to be sure the delivery was made as promised and everything is to the customer's liking. Why Follow-Up is Important After a Successful Sale", <https://salesethics.net/blog/why-follow-up-is-important-after-a-successful-sale/>, (accessed May 24, 2024).
3. *Keep the lines of communication open.* Follow-up isn't a one-time event. Rather, it is an ongoing process that takes place after the sale is closed. Just like when you researched, asked questions, and listened to your customer to learn as much as possible about you might solve their business challenges before they made the commitment to buy, you want to continue to do the same thing as part of your ongoing follow-up. Ask your clients for permission to communicate with them by their preferred method of communication (email, phone, social media, etc.) Regular contact helps you understand their needs—focus on high value content such as educational material, guides, articles and information that is useful (Boost your revenues with effective after sales follow-up, 2020). Think about what is important to your customer, and make that important to you so that they feel truly valued and heard, thus, building trust (Sales ethics, 2018).
4. *Get feedback.* You have the opportunity to get feedback directly from someone who has engaged with you and the company—ask for feedback. How can a product be improved or features changes or services enhanced? You can do this through email, feedback cards, social media surveys, interviews, or analyzing your sales call. Knowing how to improve will increase the opportunity to build the relationship.
5. *Make your customers into fans.* Focusing on your customers' businesses as if they were yours, adding value, and showing your customers that you appreciate their business makes them more than customers—it makes them fans. Fans share stories of their great experiences. Your customers can help you sell with testimonials, referrals, and references. One of the most effective ways to handle objections from prospects is to call on excited and energized customers who are more than satisfied with your product and service. Delighted customers make the best advocates and carry the most weight. "Boost your revenues with effective after sales follow-up", <https://www.bdc.ca/en/articles-tools/marketing-sales-export/sales/effective-sales-follow-up-5-simple-steps>, (accessed May 24, 2024). Use customer testimonials as part of your selling presentation, on your company's website, or in customer communications. You can also ask customers to write a recommendation for you on LinkedIn.

Reward your best customers with special offers and added value such as additional training, additional advertising space or time, or other additional service (Schmitt, 2019). While you may extend a special pricing offer, focus on delivering value and giving your best customers the opportunity to experience the other services you have to offer. This lets your best customers know you appreciate their business and gives you an opportunity to move your relationship to the next level by becoming an even more important business partner to them. It is these loyal customers who build your business in two ways. First, they buy more from you because they feel that you are bringing them value in more ways than simply selling a product. Second, when they are loyal customers, they become fans or advocates of your product or service, and they tell their friends about you.

## Key Takeaways

- Follow-up is what builds a relationship after the sale. You should never assume the sale is closed.
- Follow-up should take place regularly so your customer knows he can count on hearing from you.
- A personal thank-you note or letter is appropriate after the close of the sale. The letter can also include some operational information such as contact information and receipts.
- Follow up to be sure everything is delivered as promised. Do your follow-up inside the company and touch base with the customer to be sure everything is to her satisfaction.
- Add value to your customer's business with industry information, white papers, blogs, and newsletters. These bring value to your customer and keep your name in front of him.
- Feedback is an important part of follow-up.
- Customers can become your best-selling tool with testimonials and referrals.

### ? Exercise 8.1.1

1. Identify a company with whom you have a relationship (you purchase its products or services on an ongoing basis). What makes the relationship work? What role does follow-up play in the relationship?
2. Identify a company from which you have purchased products or services that doesn't follow up with you. Why do you continue to purchase the products or services? If another alternative comes along, will you be open to trying the new alternative? Why or why not?
3. Assume you work for a video game manufacturer and you sell video games to bricks-and-mortar and online retailers. Identify three things you would do as part of your follow-up plan after you close the sale to Best Buy.
4. Assume you are selling security systems to businesses, how would you use a news article about recent security issues as part of your follow-up with your customers?
5. Assume you sell landscaping to businesses. Once you have arranged for the landscaping to be installed, are there any other opportunities for follow-up?
  - If so, what would you do to follow up during the spring and summer?
  - What would you do to follow up during the fall and winter?
6. Imagine that you are a sales rep for a major insurance company. How can you gather customer feedback to improve your service? How can you use customer feedback that you receive about products and services for which you are not responsible?

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## 8.2: Customer Satisfaction Is Not Enough

### Learning Objectives

- Understand how customer satisfaction relates to customer loyalty.

Customer loyalty and retention are the holy grail in sales—and in all areas of business, for that matter. Loyal customers are how successful businesses are built. Not only is it easier to sell more to existing customers, it is financially prudent to do so. Some companies have increased their profit by as much as 100 percent by focusing on retaining an additional 5 percent of customers. Harvard Business says it costs 5 to 25 more times to sell to a new client than an existing client so a big focus should be on retaining existing customers.

### Follow-Up, Feedback, and Fans

Earlier in this chapter, the five elements of follow-up were discussed including getting feedback from customers. This concept is so important, it's worth drilling a little deeper into it. It is loyal customers who buy more from you in the form of more products and services more often. Companies that focus on creating customer loyalty usually invest in developing an effective customer feedback loop, a formal process for gathering, synthesizing, and acting on customer feedback. The most successful customer feedback loops are simple, focus on understanding what is important to customers, and empower front-line employees (i.e., those who interact with customers on a day-to-day basis, such as salespeople). For example, Charles Schwab, an online investment services company, has a process whereby managers review customer feedback daily from comments on the company Web site, transactions, and other communications with the company. Managers and sales reps respond personally to negative customer comments. Simply asking customers what they think can defeat the purpose if companies don't act quickly on the feedback.

### One Simple Question

Successful companies have found that customers can be more than customers; they can be advocates, supporters, promoters, and fans. It's these passionate fans that not only spend their money with these companies but also tell their friends and ultimately their friends' friends to patronize the company. The mutual admiration of brand and customer starts with the culture of the company. Those companies that not only listen to their customers but also engage them in communities, new product development, and other improvements are the ones that have a maniacal focus on the customer. They get it.

Many companies have found that Net Promoter Score (NPS) is the ideal customer feedback tool because it is simple, keeps the customer at the forefront, allows frontline employees to act, thereby closing the customer feedback loop. "Definitive Guide to Net Promoter Score", <https://www.salesforce.com/eu/learning-centre/customer-service/calculate-net-promoter-score/>, (accessed May 24, 2024). Net Promoter Score is based on asking customers the ultimate question: "How likely are you to recommend this product or company to a colleague or friend?" It uses a scale of 1-10. Scores from 0-6 are considered to be negative responses, or "detractors." Scores between 7-8 are neutral, or "passive." Finally, scores of nine and ten symbolize positive experiences and are called "promoters." It's quick, easy to record and analyze the results, and doesn't require a huge time investment from the customer.

To implement a NPS, you survey customers and ask them "On a scale from 0-10, how likely would you recommend us to a friend". Tally the scores.

- **Promoters** (customers who answer with a 9 or 10). These are customers who are advocates or loyal fans who will willingly tell their friends to do business with the company.
- **Passives** (customers who answer with a 7 or 8). These are customers who might be categorized as satisfied, but do not enthusiastically support the company. They are vulnerable to competitive offerings.
- **Detractors** (customers who answer with a 0 to 6). These are customers who are not happy and are likely to pass along stories about their bad experiences to their friends via word of mouth or social networking.

Companies usually disregard the passives, subtract the percentage of detractor responses (customers who would not recommend you) from that of the Promoter responses (customers who would recommend you) and the end result is the Net Promoter Score.

For example, assume that Widgets, Inc., received the following ratings:

Promoters (score of 9 or 10) = 40% Passives (score of 7 or 8) = 40% Detractors (score of 0 to 6) = 20%

The Net Promoter Score for Widgets, Inc., is calculated as follows:

Promoters – Detractors = NPS

In this case: 40% – 20% = 20% NPS

## What is a good Net Promoter Score?

There are no organizations that will totally satisfy each and every customer, as customers are different people with different needs. As different people, customers have different levels of tolerance to negative experiences. Some may get more angry than others, while others may have much lower expectations than others. Aaron Carpenter, "What is a good Net Promoter Score?", <https://www.qualtrics.com/experience-management/customer/good-net-promoter-score/#>, (accessed May 24, 2024).

The Widgets' company score calculated above is 20%, is that good? According to the creators of NPS, Bain and Company:

- Above 0 is good
- Above 20 is favorable
- Above 50 is excellent
- Above 80 is world class

It is important to remember NPS is a "health check". According to Aaron Carpenter, It's good to measure progress continuously to have real-time continuous updates as you operate. Consistently surveying customers and learning about how to improve is helpful and so it is always recommended to leave space on the NPS survey for qualitative feedback about how you can improve. The main purpose of NPS is to evaluate brand loyalty. This is important because, as we have already learned, it is more effective (cheaper) to keep customer than to continually acquire new customers. Research from Bain & Company found that an increase in customer retention of only 5% can increase profits up to 95%. So, while you want to attract and convert new customers, retaining and empowering existing customers has an even higher ROI. Aaron Carpenter, "What is a good Net Promoter Score?", <https://www.qualtrics.com/experience-management/customer/good-net-promoter-score/#>, (accessed May 24, 2024).

## Key Takeaways

- Customer loyalty pays. It costs five times more to acquire a new customer than to keep an existing customer.
- A **customer feedback loop** is a formal process for gathering, synthesizing, and acting on customer feedback. Customer feedback loops are most effective when front-line employees have the power to respond to customer feedback to turn "critics into fans."
- **Net Promoter Score (NPS)** is a closed **customer feedback loop** that is based on the theory that a loyal customer is one that will recommend the brand to their friends.
- **NPS** is determined based on a brand's percentage of **promoters** minus the percentage of **detractors**.

### Learning Objectives

- Describe why Net Promoter Score is a closed customer feedback loop.
- Assume you worked as a financial planner. How would you use Net Promoter Score with your customers? How would you respond to promoters? How would you respond to passives? How would you respond to detractors?
- Imagine that you are a sales rep for a medical supply company and you have just received your Net Promoter Score for the past month, which is as follows: Promoters: 63 percent Passives: 28 percent Detractors: 9 percent  
Calculate your overall Net Promoter Score. What steps would you take to communicate with the customers in each of the categories?
- Research one of the companies that use Net Promoter Score and identify at least one way it impacts how the company does business.
- Research Net Promoter Score online and find some articles that discuss the drawbacks of using it as the customer feedback loop. What do you think? Is Net Promoter Score something you think you might find helpful in sales?
- Imagine that you are a salesperson for a software company and a portion of your compensation is based on your Net Promoter Score. Is it ethical for you to tell your customers that you need their positive comments to earn your salary? Why or why not?

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